



ANNUAL REPORT 2016

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED





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### Remarks:-

“ In this regards, investors may obtain further information from the Disclosure report concerning additional information (Form 56-1) at [www.sec.or.th](http://www.sec.or.th) / [www.set.or.th](http://www.set.or.th) or [www.synteccon.com](http://www.synteccon.com) ”

## Corporate Information

### General Information

<b>Name</b>	Syntec Construction Public Company Limited
<b>Business Type</b>	Construction Contracts and Civil Engineering Works
<b>Headquarter Address</b>	555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klong Ton Nua Sub-district, Wattana District, Bangkok 10110 Thailand
<b>Company Registration No.</b>	Registered as Juristic Person as Limited Public Company Act  On October 14, 1992 (B.E. 2535), Registration No. 0107535000184 (Previously BorMorJor.51)
<b>Telephone</b>	0-2381-6333 Fax 0-2711-4596
<b>Homepage</b>	<a href="http://www.synteccon.com">www.synteccon.com</a>
<b>Investor Relation</b>	0-2711-7423 or 0-2381-6333 Ext. 5941  E-mail : <a href="mailto:compliance@synteccon.com">compliance@synteccon.com</a>
<b>Registered Capital</b>	1,600,000,000 Baht
<b>Common Stock</b>	1,600,000,000 Shares
<b>Par Value</b>	1.00 Baht per share
<b>Auditor</b>	Mr. Manit Warakitjaporn C.P.A. (Thailand) Registration No. 7326  Miss Maliwan Phahuwattanakorn  C.P.A. (Thailand) Registration No. 4701 NPS Siam Audit Limited 555/5-6, SSP Tower, 5 <sup>th</sup> Floor, Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klong Ton Nua Sub-district, Wattana District, Bangkok 10110 Thailand Tel. (02) 711-5300 Fax. (02) 711-5866 E-mail : <a href="mailto:info@npssiam.co.th">info@npssiam.co.th</a>
<b>Share Registrar</b>	Thailand Securities Depository Company Limited  62 Ratchadaphisek Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110 Tel. (02) 229-2800 Fax. (02) 359-1259

**More than 10% of Shares held by Juristic Persons**

Company Name & Address	Business Type	No. of Entire Shares	No. of Shares Held by the Company	Paid-up Share Capital	Shares' Equity (%)	Type of Share
1. SCR Asset Management Co., Ltd. 555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongtoey-Nua Sub-district, Wattana District, Bangkok 10110	Development of Real Estate for Rent	4,000,000	2,080,000	2,080,000	52.00	Ordinary
2.Natural Hotel Sukhumvit Co., Ltd. 555/5 Soi Sukhumvit63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok 10110	Operation and Management for the Business of Hotel & Service Apartment and other properties	1,500,000	375,000	375,000	25.00	Ordinary
3.Syntec Asset Management Co., Ltd. 555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok 10110	Operation and Management for the Business of Hotel & Service Apartment and other properties	** registered for dissolution on December 28, 2015 (B.E. 2558) and registered for liquidation December 26, 2016 (B.E. 2559)**				
4. Natural Ville Service Apartment and Management Co., Ltd. 555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok 10110	Human Resource operation and management for the Business of Hotel & Service Apartment and other Properties for Rent	20,000	19,997	19,997	99.97	Ordinary
5. CSM Capital Partners Co., Ltd. 555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok 10110 ** Registered for company establishment on October 9, 2015 (B.E. 2558) **	Investment and Development on Real Estates for Rent	10,000,000	6,000,000	6,000,000	60.00	Ordinary
6. Joint Venture of Syntec-Mivan 555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok 10110 ** Mivan (Thailand) Co., Ltd. was bankrupted on October 19, 2015 (B.E. 2558) **	Construction of residential housing projects to the National Housing Authority	-	-	-	65.00	-

**Other Important Information**

Other required importation information beneficial for the investors' determination are appeared as the document titled risk factors.

## Financial Information

Unit: Million Baht

<b><u>Consolidated Financial Statements</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Assets	9,523.22	6,721.83	6,105.63
Total Liabilities	4,721.02	3,109.56	3,099.76
Total Shareholders' Equity	4,802.19	3,612.27	3,005.87
Revenue from construction	7,504.94	7,051.05	6,888.86
Revenue from Accommodation Service	338.09	138.96	104.89
Total Revenue	8,028.12	7,374.36	7,083.86
Gross Profit	1,331.84	914.01	783.02
Net Profit (Loss)	852.07	627.57	365.50
Earnings per Share	0.54	0.40	0.23

Unit: Million Baht

<b><u>Separated Financial Statements</u></b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b><u>Company Financial Statements</u></b>	7,226.51	6,372.54	5,816.00
Total Assets	2,918.48	2,298.93	2,903.25
Total Liabilities	4,308.03	3,474.61	2,912.75
Total Shareholders' Equity	7,504.94	7,051.05	6,888.86
Revenue from construction	117.18	106.99	104.89
Revenue from Accommodation Service	7,782.84	7,347.18	7,099.94
Total Revenue	1,331.84	917.61	783.02
Gross Profit	896.24	659.82	385.00
Net Profit (Loss)	0.56	0.41	0.24

Financial Ratios	Consolidated FS			Separated FS		
	2016	2015	2014	2016	2015	2014
<b><u>Liquidity Ratio</u></b>						
Current Ratio (times)	1.32	1.42	1.48	1.48	1.43	1.48
Quick Ratio (times)	0.58	0.58	0.86	0.93	0.95	0.86
Account Receivable Turnover (times)	7.94	7.28	8.64	7.75	7.26	8.64
Average Collection Period (Days)	45.97	50.12	42.23	47.10	50.29	42.23
Inventory Turnover (times)	45.28	39.06	42.40	44.33	38.48	42.51
Average Inventory Days (Days)	8.06	9.34	8.61	8.23	9.49	8.59
Account Payment Turnover (times)	13.76	10.68	8.62	13.49	10.76	9.15
Average Payment Period (Days)	26.52	34.18	42.35	27.05	33.92	39.91
Cash Cycle (Days)	27.51	25.28	8.48	28.29	25.86	10.91
<b><u>Profitability Ratio</u></b>						
Gross Profit Margin (%)	18.55%	14.13%	11.55%	17.93%	14.08%	11.38%
Operating Profit Margin (%)	12.79%	8.99%	6.19%	13.74%	9.48%	6.47%
Net Profit Margin (%)	10.61%	8.59%	5.16%	11.52%	9.06%	5.42%
Return on Equity (%)	22.19%	19.83%	13.63%	23.03%	20.66%	14.31%
<b><u>Efficiency Ratio</u></b>						
Return on Assets (%)	10.49%	9.78%	6.37%	13.18%	10.83%	6.98%
Return on Fixed Assets (%)	41.19%	54.49%	41.37%	118.77%	92.11%	61.22%
Total Assets Turnover (times)	0.99	1.14	1.23	1.14	1.19	1.29
<b><u>Leverage Ratio</u></b>						
Debt Ratio (times)	0.50	0.46	0.51	0.40	0.45	0.50
Debt to Equity (times)	0.98	0.86	1.03	0.68	0.83	1.00
Interest coverage ratio (times)	24.98	22.24	18.04	93.25	25.41	18.22

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**The Calculation Formula of Financial Ratios**

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Liquidity Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$
Quick Ratio (Times)	$\frac{\text{Cash} + \text{Current Investment} + \text{Net Receivables}}{\text{Total Current Liabilities}}$
Account Receivable Turnover (times)	$\frac{\text{Net Sales}}{\text{Average Gross Account Receivables}}$
Average Collection Period (Days)	$\frac{365}{\text{Account Receivable Turnover (times)}}$
Inventory Turnover (times)	$\frac{\text{Cost of Sales} + \text{Selling Expenses}}{\text{Average Inventory}}$
Average Inventory Days (days)	$\frac{365}{\text{Inventory Turnover (times)}}$
Account Payment Turnover (times)	$\frac{\text{Cost of Sales} + \text{Selling Expenses}}{\text{Average Accounts Payable}}$
Average Payment Period (days)	$\frac{365}{\text{Account Payment Turnover (times)}}$
Cash Cycle (days)	$\text{Collection Period} + \text{Average Inventory Day} - \text{Average Payment Period}$



### **Message from the Chairman**

The Company believes that the sustainable business operation is derived from the solid foundation establishment and the Company's significant foundation is our precious people. In 2016, the Company had announced its intention of "Good Man Good Job" which is to aim on continuously developing and increased personnel's potentiality and competence in order to improve and develop the Company's better performance.

Additionally, in previous year, the Company had improved "Code of Conduct" and "Corporate Governance Policy" to be compliance with the Company's Vision, Mission, Objectives and Operational Methods as well as Rules and Regulations imposed by the governing authorities.

Although there were many challenging factors including politic problems and economic slowdown in 2016, the past potentiality and performance had enabled the Company to be entrusted by existing and new customers by achieving totally 15 construction project contracts with value of 8,223 Million Baht.

Last but not least, on behalf of the Board of Directors, all executives and employees, I would like to express our sincere appreciation to all shareholders, customers and stakeholders who always support the Company's business operation and would like to commit that we will operate our business with Good Corporate Governance under the responsibilities to communities, society, environment and our country; and unceasingly develop our company to be prosperous forever.



Mr. Somchai Sirilertpanich  
Managing Director

## **Report of the Audit Committee**

Syntec Construction Public Co., Ltd.'s Audit Committee consists of 3 independent directors who are acknowledged as experts from several fields such as accounting, finance, law etc. and sufficiently qualified to perform the function of reviewing the reliability of financial reports. Members of the Audit Committee are as follows:

- |                   |                |                                 |
|-------------------|----------------|---------------------------------|
| 1. Mr. Chaiwat    | Atsawintarakul | Chairman of the Audit Committee |
| 2. Miss. Benjawan | Sinkunakorn    | Member of the Audit Committee   |
| 3. Dr. Arichai    | Ractham        | Member of the Audit Committee   |

In 2016, the Audit Committee had regularly arranged 6 meetings in total to perform duties according to the scope and responsibilities specified in the Charter of the Audit Committee, all meetings were approved by the Board of Directors and all minutes were proposed to the Board of Directors for acknowledgement, followings are the summary of duty performance:

### **Review of Financial Statements**

With the support and comments from the auditor, accounting and administrative executives, the review was made on the Company's financial statements both of Quarterly Financial Statements and 2016 Annual Financial Statements of the Company and its subsidiaries, accuracy and completeness of financial report and requirements of other relevant laws, adequacy of information disclosure according to the General Accepted Accounting Principles, internal control in relation to financial statement preparation, as well as consideration on observation from the audit and review of the auditor on financial statements in order to propose to the Board of Directors for consideration. The Audit Committee also attended the meeting with the auditor in determined duration.

### **Internal Control System and Internal Audit**

The annual audit plan and the significant internal audit result were considered and approved through the consideration from reporting, follow-up and suggestion according to the report of internal audit result, the audit process focusing risk assessment in activity level covering important and high risky works/units was proposed for more effective operations. Additionally, in order to ensure that the Company's internal control system was proper and sufficient to business operation, adequacy of internal control system was evaluated for consideration by the Board of Directors.

### **Connected Transactions or Transactions that may have conflict of interest**

The connected transactions or transactions that may have conflict of interest were reviewed and commented to be in line with the notifications of Securities and Exchange Commission and Stock Exchange of Thailand as well as the guideline of relevant law provisions. Such transactions were in line with the general trade condition without cause of benefit transfer and with fairness and rationality. In addition, the information was disclosed accurately and sufficiently in line with the Good Corporate Governance Principle, and useful for the Company and shareholders.

### **Certified Auditor**

The annual selection of auditor was considered from the auditor's performance in function during previous period and the auditor's independence and remuneration with knowledge, capability, experience of auditing, reliability and resources' adequacy. The suggestion was given in appointing the auditor and defining the auditor's annual remuneration to the Board of Directors.

The Audit Committee considered and nominated to appoint the Company's auditor from NPS Siam Audit Company Limited and proposed the proper remuneration to the Board of Directors in order to propose the shareholders for consideration in the appointment of the Company's auditor for 2016.

### **Good Corporate Governance**

The review and comments were made about Good Corporate Governance Policy to be consistent with the requirement of the Securities and Exchange Commission and Stock Exchange of Thailand such as rights of shareholders, equal treatment to shareholders, role of interested people, information disclosure and transparency, and responsibility of the Board, etc.

### **Compliance with Relevant Regulations**

The Audit Committee examined and reviewed the Company's function to accurately execute activities in line with relevant laws such as Securities and Exchange Act, Public Limited Companies Act, and other laws relevant to the Company's business operations as well as the "Self-Evaluation of Anti-Corruption" which is considering of certification by CAC Council under the campaign of Private Sector Collective Action Coalition Against Corruption (CAC).

The Audit Committee had the opinion that the Company and its subsidiaries' financial reports presented the reliable and material information with information disclosure that was sufficient and in line with the General Accepted Accounting Principles. The auditor responsible in the audit of financial reports performed his duty with independence in the similar manner as the professional. The information disclosure of connected transactions or transactions that may have conflict of interest adequately complied

with Stock Exchange and Securities Law and other laws relevant to the Company's business. Moreover, the internal audit system was accurately and properly executed and consistent with business operation's environment under promotion on execution according to the Good Corporate Governance Principle.



(Mr. Chaiwat Atsawintarangkul)

Chairman of the Audit Committee

## Board of Directors



Mr. Somchai Sirilertpanich

Acting Chairman, Vice Chairman, Director of Nomination and Remuneration Committee, Chairman of the Managing Committee, Managing Director and the Authorized Signatory.



Mr. Chaiwat Atsawintarakul

Independent Director, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee

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Miss Benjawan Sinkuknakorn

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



Dr. Arichai Ractham

Independent Director, Director of the Audit Committee,  
Director of the Nomination and Remuneration  
Committee, Chairman of the Risk Management  
Committee

- Translate -



Mr. Tavee Kullertprasert

Independent Director



Mr. Jiramote Phahusutr

Director, Vice Managing Director and the  
Authorized Signatory

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Mr. Paisarn Tangyuenyong

Independent Director



Mrs. Angsana Munkongcharoen

Director, Company Secretary Director of the Nomination  
and Remuneration Committee, the Director of Human  
Resources and Administration Department and the  
Authorized Signatory



Name / Position	Educational Qualification	5-Year- Backtracked Job Experience		
		Term	Position	Organization/ Company Name/Business Type
Mr. Somchai Sirilertpanich - Chairman (Acting), Vice Chairman of the Board, Director of Nomination and Remuneration Committee, Chairman of the Management Committee, Managing Director and the Authorized Signatory	- MBA of Operation Management University of Scranton, Pennsylvania, USA * Training of IOD - DAP No. 1/2003	2015 – Present 2013 – Present 2013 – Present  2012 – Present 2004 – Present 2000 – Present 2001 - 2011	- Director - Director - Director  - Director - Director, Managing Director - Director - Director	- CSM Capital Partners Co., Ltd. - Syntec Asset Management Co.,Ltd. - Natural Ville Service Apartment and Management Co., Ltd. - SCR Asset Management Co., Ltd. - Syntec Construction PCL. - Siam Syntech Planner Co.,Ltd. - Naraiphand Co.,Ltd.
Mr. Chaiwat Atsawintarangkul -Independent Director, Chairman of the Audit Committee, and Chairman of the Nomination and Remuneration Committee	- Master of Education (Curriculum and Teaching Methodology), Beijing Languages and Cultural University - Master of Science in Business Administration, Thammasat University - Barrister-at-Law, The Barrister Association * IOD-DAP No. 24/2004 , DCP No. 81/2006 and ACP No. 12/2006	2005 – Present 2005 – Present 2005 – Present 2004 - Present 2004 – Present 2005 – Present 2004 – Present 2003 – Present 2002 – Present 1997 – Present 1989 – Present 2000 – 2015	- Chairman of the Audit Committee - Chairman of the Audit Committee - Director of the Audit Committee - Chairman of the Audit Committee - Chairman of the Audit Committee - Director - Director - Director - Director - Director - Director	- Natural Park PLC. - U City PLC. - Eastern Printing PLC. - Syntec Construction PCL. - Krungthai Car Rent & Lease PCL. - Boathouse Hua Hin Co., Ltd. - Andaman Long Beach Resort Co., Ltd. - Chiangmai Hot Spring Co., Ltd. - Resort Holding Co., Ltd. - Prospect Consulting Co., Ltd. - MJL Inter Trade Co., Ltd. - Bright Lilly Co., Ltd.

- Translate -

Name / Position	Educational Qualification	5-Year- Backtracked Job Experience		
		Term	Position	Organization/ Company Name/Business Type
Miss Benjawan Sinkuknakorn -Independent Director, Director of the Audit Committee and Director of the Nomination and Remuneration Committee	- Literature Chinese Language (Economics and Trade), Beijing Language and Culture University - MBA, BBA, LL.B., Thammasat University - Barrister-at-Law, The Barrister Association - DAP No. 24/2004, DCP No. 79/ 2006 and ACP No. 12/2006	2015 – Present  2009 – Present  2004 – Present  1997 – Present	- Director  - Independent Director and Director of the Audit Committee  - Independent Director and Director of the Audit Committee  - Managing Director	- Wealth Magik Mutual Fund Brokerage Co., Ltd.  - Multibax PCL.  - Syntec Construction PCL.  - Prospect Consulting Co., Ltd.
Mrs. Angsana Munkongcharoen -Director, Director of the Nomination and Remuneration Committee, the Authorized Signatory, Company Secretary and the Director of Human Resources and Administration Department	- The Oxford and County Secretarial College  * Training of IOD DAP No.2/2003	2013 – Present  2005 – Present 2004 – Present 2013 – 2014 2005 – 2011	- Director  - Director - Director - Director - Director	- Natural Ville Service Apartment and Management Co.,Ltd.  - Natural Hotel Sukhumvit Co., Ltd.  - Syntec Construction PCL.  - Syntec Asset Management Co., Ltd.  - Naraiphand Co., Ltd.

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Name / Position	Educational Qualification	5-Year- Backtracked Job Experience		
		Term	Position	Organization/ Company Name/Business Type
Dr. Arichai Ractham  - Independent Director, Director of the Audit Committee, Director of the Nomination and Remuneration Committee and Chairman of the Risk Management Committee	- PH.D in Financial Economics – Peter Drucker Graduate School of Management, Claremont Graduate School, CA-USA.  - Master of finance and Economics, Claremont Graduate School, CA-USA.  - Master of Science in International Finance, University of Idaho, USA  * Training of IOD in  DAP No., 35/2004 ,  DCP No. 61/2005 and  ACP No. 15/2006	2010 – Present	- Independent Director and  Director of the Audit Committee	- M-LINK Asia Corporation PCL.
		2007 – Present	- Independent Director and  Director of the Audit Committee	- Syntec Construction PCL.
		2010 – Present	- Risk Management Advisor	- Crown Seal PCL
		1998 – Present	- Lecturer International  Finance for continuing  education center	- Kasetsart University, Chulalongkorn University, College of Management Mahidol University (CMMU)
		2006 – 2012	- Risk Management Advisor	- Office of FDA Food and Drug Administration, Ministry of Health
Mr. Jiramote Pharusutr  - Director, the Authorized Signatory, Vice Managing Director	- Bachelor and Master Degree, Imperial College of Science, Technology and Medicine , London, UK  - High School Education, Sherborne School for boys, Sherborne, UK  * Training of IOD - DAP No. 105/2013	2015 – Present	- Director	- CSM Capital Partners Co., Ltd.
		2013 – Present	- Director	- Syntec Construction PCL.
		2013 – Present	- Director	- SCR Asset Management Co., Ltd. -
		2013 – Present	- Director	Syntec Asset Management Co.,Ltd.
		2013 – Present	- Director	- Natural Ville Service Apartment and Management Co., Ltd.
		2013 – Present	- Director	- N & J Building Co., Ltd.
		2013 – Present	- Director	- N & J Asset Management Co., Ltd.
		2008 - 2009	- Financial Analyst in Investment  and Development Team	- Pacific Star International (Thailand) Bangkok

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Name / Position	Educational Qualification	5-Year- Backtracked Job Experience		
		Term	Position	Organization/ Company Name/Business Type
Mr. Tawee Kullertprasert - Independent Director	- Master Degree of Financial, Golden Gate University - Bachelor of Laws (LL.B), 1 <sup>st</sup> class honors, Chulalongkorn University - Bachelor Degree of Financial, Thai Chamber of Commerce University - Certificate of TLCA Executive Development Program, No.4, Thai Listed Companies Association - Certificate of Senior Executive Program, No.20, Sasin Graduate Institute of Business Administration of Chulalongkorn University *Training of IOD-DAP No. 35/2005, DCP No.79/2006 and ACP No. 12/2006 * Training of TLCA Leadership Development Program (LDP) No. 3/2015	2015 – Present	- Director	- ACME 1975 Co., Ltd.
		2014 - Present	- Director	- Dark Horse Development Co., Ltd.
		2012 – Present	- Director	- Knight Club Capital Asset Management Co., Ltd.
		2008 – Present	- Director	- Steel Plus Fabrication Co., Ltd.
		2008 – Present	- Director	- Steeler Steel Works Co., Ltd.
		2007 – Present	- Director	- Practicum Engineering Co., Ltd.
		2004 – Present	- Director	- Syntec Construction PCL.
		2000 – Present	- Director	- Siam Syntech Planner Co., Ltd.
		2009 – 2011	- Executive Director	- Office of Small and Medium Enterprises Promotion (OSMEP)

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Name / Position	Educational Qualification	5-Year- Backtracked Job Experience		
		Term	Position	Organization/ Company Name/Business Type
Mr. Paisarn Tangyuenyong -Independent Director	- Master Degree of Mechanical Engineering, University of Wisconsin-Madison, USA.  - Bachelor Degree of Mechanical Engineering, University of Wisconsin-Madison, USA  * Training of IOD-DAP No. 28/2004	2016 – Present	- Independent Director	- Syntec Construction PCL.
		2011 – 2015	- Senior Deputy M.D	- Natural Park PLC.
		2003 – 2010	- Director and Executive Director	- Natural Park PLC.
		2005 - 2010	- Director	- Park Cuisine Co., Ltd.
		2004 - 2010	- Director	- Natural Hotel Panwa Co. Ltd.,
		2004 - 2010	- Director	- Natural Hotel Sukhumvit Co., Ltd.
		2003 - 2010	- Director	- Natural Real Estate Co., Ltd.
		2003 – 2010	- Director	- Kempin Siam Co., Ltd.
		2003 – 2010	- Director	- Natural Park Ville Co., Ltd.
		2003 – 2010	- Director	- Syntec Construction PLC.
		2003- 2005	- Director	- Pacific Assets PLC.

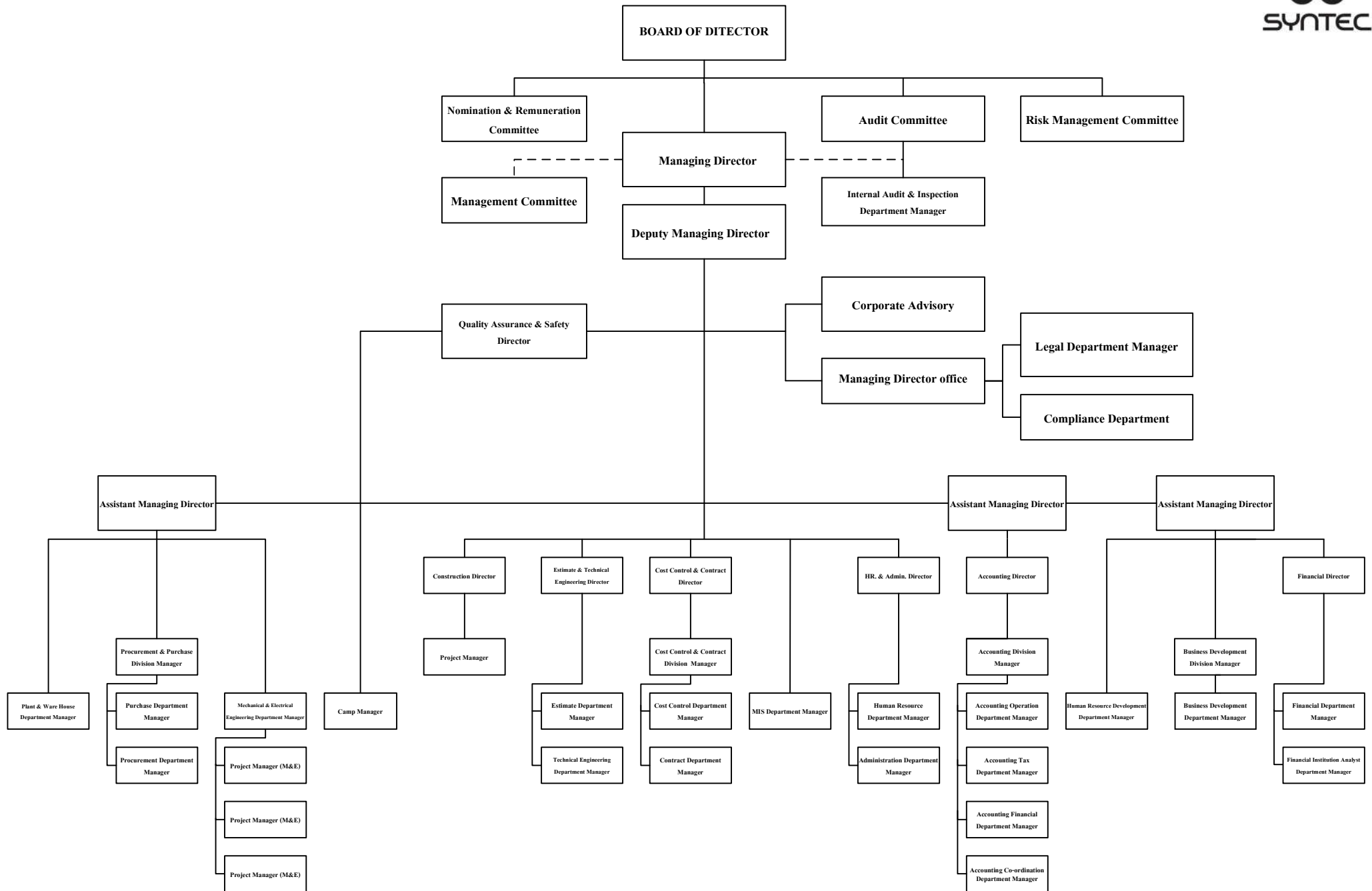
Remarks:- \* The training of Thai Institute of Directors (IOD)

\* DAP = Director Accreditation Program

\* DCP = Director Certification Program

\* ACP = Audit Committee Program

# SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED



## **History, Major Changes and Development**

### **History**

Syntec Construction Public Company, Limited. (“Company”) was formerly named as “Siam Syntech Construction Company Limited” and had registered as a juristic person incorporated in Thailand on 22<sup>nd</sup> December, 1988 (B.E. 2531). It was registered for transformation to become a public company on 14<sup>th</sup> October, 1992 (B.E. 2535), later on 12<sup>th</sup> February, 1993 (B.E. 1993), it was registered in Stock Exchange of Thailand. The Company’s head office is located at 555/711, Soi Sukhumvit 63 (Ekamai), Klong Tan Nua Subdistrict, Wattana District, Bangkok 10110 and another branch office is located at 61 Soi Langsuan, Ploenchit Road, Lumpini Subdistrict, Pathuwan District, Bangkok 10330, having its principle business in construction services and real estate development for accommodation or serviced apartments service.

### **The Company’s Vision, Mission, Corporate Culture, Shared Value and Business Operational Strategies:**

#### **Vision**

To become a market leader in Thailand on Construction of high rise buildings with the key focus on Cost, Quality, Time,

#### **Mission**

1. Driving towards operational efficiency through innovation and process improvement.
2. Building trust and value for all of our stake holders.
3. Recognised as a preferred partner when it comes to creating solutions that meet the customer’s requirements.
4. Creating an injury free and ethical working environment.Safety and Society.

#### **Corporate Culture**

The Company has built and strongly complied with corporate culture for long time like tower construction. The quiddity has been based on strong and secure grounding of foundation. The corporate culture has been such like that, when it has been performed and transmitted from a generation to another generation, it can be formed and merged the organization into unanimity to mutually overcome the obstacles for benefit of maximum work efficiency creation under following commitment.

1. We will help each other in working;
2. We will share resources to each other;
3. We will mutually develop the organization;
4. We will openly reveal our feelings to discuss among us;
5. We will utilize resources at maximum worthiness.

## **Business Operational Strategies**

In 2016, the Company determined the intense strategies for business operations in order to maximize competitive potentiality for the Company and its customers as following keys:

1. Quality: focusing on the accurate construction in line with professionalism, full service, creativity with quality along with the concern on operators' safety through the use of modern technologies, and the support of innovation in entire working.

2. Time: providing the confidence to the customers that work will be delivered on determined schedule and completely followed the construction contract.

3. Cost: suitably managing project's cost and construction expense according to the predetermined plan to support customers' competitiveness.

4. Social and Environmental Responsibility: operating works with good corporate governance, supporting all employees to perform duties according to the code of conduct and cooperatively maintain environment, especially protecting environment surrounding communities, society, residents in construction areas to be affected as least as possible.

## **Major Changes and Development**

All the time, the Company has significantly changed and developed as following major events and key issues:

1988 - December : Siam Syntech Construction Company Limited was incorporated with registered capital of 1,000,000 Baht to run construction business under the joint venture between Thai company and 3 Singaporean Construction groups.

1993 - October : The Company was transformed its limited company to be a Public Company Limited with a purpose of offering share trading to the public and registering in the Stock Exchange of Thailand, changing its name from "Siam Syntech Construction Company Limited" to be "Siam Syntech Construction Public Company Limited".

- July : The Company was registered in the Stock Exchange of Thailand

2000 - August : The Company entered into a debt-restructuring scheme due to the effect from the employment of floating exchange rate system.

2001 - March : The Central Bankruptcy Court granted an approval for the rehabilitation plan according to the resolution of the creditor meeting with the 80% of the vote.

- June : The registered capital was reduced from 397,060,000 Baht to 3,970,000 Baht and in the same month, increased from 3,970,000 Baht to 400,000,000 Baht according to the debt settlement plan.



- 2002 - April: The Board's meeting resolved to approve the investment in Natural Hotel Sukhumvit Co, Ltd. (Joint Company) to operate the business of real estate development with the registered capital of 240,000,000 Baht for total 2,400,000 shares with par value of 100 Baht, the Company holds 25% of total shares or 600,000 shares or equivalent to 60,000,000 Baht.
- 2003 - April: The Central Bankruptcy Court granted the cancellation of rehabilitation order due to the Company's achievement in practicing the debt settlement plan.
- July : The Company's accounting period was changed from formerly 1<sup>st</sup> July- 30<sup>th</sup> June of the following year to be 1<sup>st</sup> January - 31<sup>st</sup> December of the same year. The new accounting period was first applied on 1<sup>st</sup> July to 31<sup>st</sup> December, 2003 and has been continuously applied after that.
- July: The company entered the joint venture contract of Siam Syntec- Vijitaphan-Krung Thon (Joint Venture) with the investment ratio of 51.00 %: 24.50% : 24.50 % respectively to offer the quotation for the construction project of Thai Airways International Public Co., Ltd., the project was sited at Suvarnabhumi International Airport with the contract value of 875,000,000 Baht.
- December: The Board' meeting resolved to approve the increase of the Company's registered capital from 400,000,000 Baht to be 1,600,000,000 Baht divided as 1,600,000,000 shares with par value of 1 Baht, the existing shareholders was increased their shares based on the ratio of 1: 4.
- 2004 - April: The Company's shareholder meeting agreed to change the Company's title from "Siam Syntec Construction Public Company Limited" to be "Syntec Construction Public Company Limited".
- May: The Company registered the new title as "Syntec Construction Public Company Limited" according to the business registration certificate and Memorandum of Association issued by the Department of Business Development, Ministry of Commerce on 21<sup>st</sup> May, 2004.
- August: The Stock Exchange of Thailand granted an approval for removing the Company's trading from Rehabilitation Company section (REHABCO) to Property and Construction group with the effect since 10<sup>th</sup> September, 2004 because the financial status and performance of the Company has fulfilled the regulation.
- 2005 - November: The Company and Mivan (Thailand) Co., Ltd. jointly entered the primary joint venture contract on 18<sup>th</sup> November, 2005 to jointly prepare proposal documents for subsidized ready-made housing project of National Housing Authority. The joint venture consists of Syntec Construction Public Co., Ltd. (65% of shares) and Mivan (Thailand) Co., Ltd. (35% of shares).
- 2007 - The Board's meeting approved the investment at United Arab Emirates under "Syntec Construction PCL (L.L.C.)" to operate the construction business in overseas with the registered capital of 36,700,000 AED (UAE DIRHAM). The Company holds 46% equivalent to 16,882,000 AED (UAE DIRHAM).

- 2008 - June: The Board's meeting approved to reduce the registered capital by the portion in Natural Hotel Sukhumvit Co., Ltd (Joint Venture), the Company holds 25.00% of shares from the previous registered capital of 240,000,000 Baht or 2,400,000 shares, decreasing 90,000,000 Baht or 900,000 shares, to remain at 150,000,000 Baht or 1,500,000 shares, resulting the Company's investment value in this Joint Venture company at 37,500,000 Baht or 375,000 shares.
- November: The Board of Director reached the solution to sell shares in Natural Hotel Siam Co., Ltd. (N-Siam), the related company, to the original shareholder in such company, Al Manar Limited and/or other third person designated by Al Manar Limited at its par value for the amount of 384,998,500 Baht.
- 2009 - January: Syntec Construction PCL (L.L.C.) called up the first share capital of 10,000,000 AED. (UAE DIRHAM) or 27.25% of the registered capital. Therefore, the Company had made payment by the portion in amount of 4,600,000 AED (UAE DIRHAM) equivalent to 43,830,000 Baht.
- October : The Board's meeting reached the solution to dissolve Syntec Construction PCL (L.L.C.) because Syntec Construction PCL (L.L.C.)'s performance was failed to achieve the target due to the global financial crisis.
- 2012 - March: The Board's meeting resolved to set up S C R Asset Management Co., Ltd. (a subsidiary) to engage in the investment business of real estate for rent with the registered capital of 100,000,000 Baht equivalent to 1,000,000 shares with par value of 100 Baht, the Company holds 52.00% of total shares or 52,000,000 Baht for investment or 520,000 shares.
- 2013 - July: The Board's meeting approved to buy the 1<sup>st</sup> newly issued ordinary shares of S C R Asset Management Co., Ltd. (a subsidiary), from existing registered capital of 100,000,000 Baht or 1,000,000 shares, by increasing 50,000,000 Baht or 500,000 shares to be 150,000,000 Baht or 1,500,000 shares. The Company holds 52.00% of total shares, after the increase of capital by portion, the Company's investment value is at 78,000,000 Baht or 780,000 shares.
- October: The Board's meeting resolved to set up 2 subsidiaries which are Sam H R Co., Ltd. (a subsidiary) to engage in the business of personnel management for hotel, serviced apartment and other properties for rent with the registered capital of 1,000,000 Baht or 10,000 shares (100 Baht per share), the Company holds 99.97% of total shares or 999,700 Baht equivalent to 9,997 shares; and Syntec Asset Management Co., Ltd. (a subsidiary) to engage in the business of management of hotel, serviced apartment and other properties for rent with the registered capital of 1,000,000 Baht or 10,000 shares with par value of 100 Baht, the Company holds 74.97% of total shares or 749,700 Baht equivalent to 7,497 shares.
- November: The Board's meeting approved to buy the 2<sup>nd</sup> newly issued ordinary shares of S C R Asset Management Co., Ltd. (a subsidiary), from existing registered capital of 150,000,000 Baht or 1,500,000 shares, by increasing 40,000,000 Baht or 400,000 shares to be 190,000,000 Baht or 1,900,000 shares. The

Company holds 52.00% of total shares, after the increase of capital by portion, the Company's investment value is at 98,800,000 Baht or 988,000 shares.

- November: The Board's meeting approved to adopt anti-corruption policy specified in the business code of conduct as a part of the Company's good governance policy by which the Company will be part of the group refusing bribery under the campaign of Private Sector Collective Action Coalition Against Corruption (CAC).

- December: The Board's Meeting resolved to approve the name change of a subsidiary from Sam HR Co., Ltd. to be Natural Ville Serviced Apartment and Management Co., Ltd. and also approve its increase of registered capital from 1,000,000 Baht or 10,000 shares to be 2,000,000 Baht or 20,000 shares, the Company holds 99.97% of total share, after the increase of capital, then the new shareholding ratio became 99.985% of total shares or 1,999,700 Baht for investment or equivalent to 19,997 shares.

- December: The Board's meeting resolved to reduce the investment proportion in Syntec Asset Management Co. Ltd. (a subsidiary) to be compliance with the current operational plan, from existing registered capital of 1,000,000 Baht or 10,000 shares with par value of 100 Baht, the Company's shareholding of 74.97% or 749,700 Baht or equivalent to 7,497 shares was reduced 20%, resulting the Company's shareholding of 54.97% or 549,700 Baht.

2014 - June: The Board's meeting approved to buy the 3<sup>rd</sup> newly issued ordinary shares of S C R Asset Management Co., Ltd. (a subsidiary), from existing registered capital of 190,000,000 Baht or 1,900,000 shares, by increasing 50,000,000 Baht or 500,000 shares to be 240,000,000 Baht or 2,400,000 shares. The Company holds 52.00% of total shares, after the increase of capital by portion, the Company's investment value is at 124,800,000 Baht or 1,248,000 shares.

- November: The Board's meeting approved the signing of "Collective Action Coalition" of Thai private sector as a part of the group refusing bribery under the campaign of "Private Sector Collective Action Coalition Against Corruption (CAC)".

2015 - April: The Board's meeting resolved to cut off the investment in Salintara Co., Ltd. (related company) from the Company's financial statement and shareholding structure chart which the Company holds 5.00% of its total shares because on 22 April, 2015, the Supreme Court issued absolute receivership order for the related companies under the supervision of asset protection officer and it has been under the lawful process.

- June: The Board's meeting approved to buy the 4<sup>th</sup> newly issued ordinary shares of S C R Asset Management Co., Ltd. (a subsidiary), from existing registered capital of 240,000,000 Baht or 2,400,000 shares, by increasing 160,000,000 Baht or 1,600,000 shares to be 400,000,000 Baht or 4,000,000 shares.

The Company holds 52.00% of total shares, after the increase of capital by portion, the Company's investment value is at 208,000,000 Baht or 2,080,000 shares.

- August: The Central Bankruptcy Court granted the absolute receivership order to Mivan (Thailand) Co., Ltd. (Syntec-Mivan Joint Venture)'s assets on 14 August 2015 and later, on 19 October, 2015, Mivan (Thailand) Co., Ltd. was bankrupted according to the order of the Central Bankruptcy Court, the Company as the Joint Venturer holds 65% of its total shares.

- October: The Board's Meeting resolved to set up C S M Capital Partners Co., Ltd. (a subsidiary) to engages in the business of real estate development for rent with the registered capital of 1,000,000 Baht or 10,000 shares, the Company holds 60 % of total shares or 600,000 Baht or being equal to 6,000 shares.

- December: Since Bangkok Expressway Public Co, Ltd. (BECL) merged its business with Bangkok Metro Public Company Limited (BMCL) to be Bangkok Expressway and Metro Public Company Limited (BEM), the Board's meeting resolved to maintain the existing investment value without capital increase by portion, then the Company's shareholding ratio was changed from holding BMCL shares at 1.18% to be holding BEM share at 0.49%.

2016 - 22 April: The Board's Meeting approved to increase the registered capital of C S M Capital Partners Co., Ltd. (a subsidiary) from existing registered capital at 1,000,000 Baht or 10,000 shares (100 Baht per share), by increasing 999,000,000 Baht or 9,990,000 shares, to be 1,000,000,000 Baht or 10,000,000 shares, the Company holds 60 % of total shares or 600,000,000 Baht or being equal to 6,000,000 shares, the objective of capital increase is to support the asset acquisition in the Eight Thonglor Residences project.

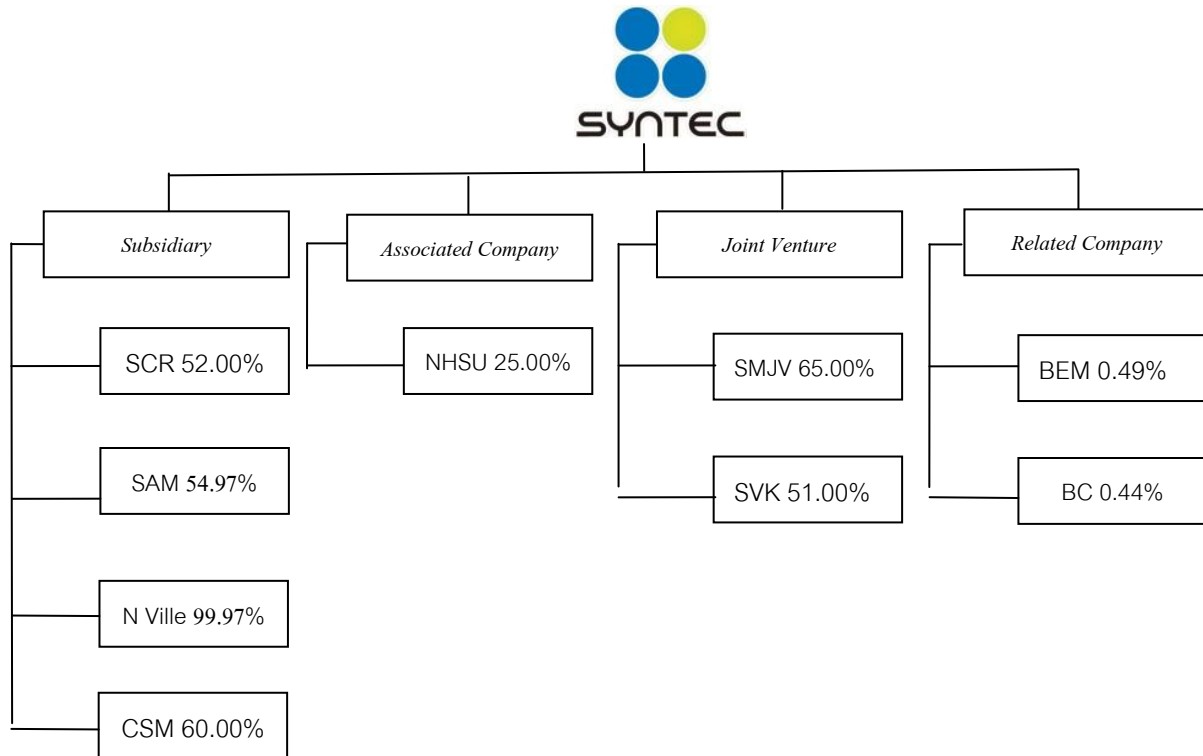
- 27 April: C S M Capital Partners Co., Ltd. (a subsidiary) was registered to accept the transfer of condominium rooms under the Eight Thonglor Residences project from UOB Freehold Property Fund with total value of 2,495,000,000 Baht, such property is 137 condominium rooms with equipment and public utilities and located at 88 Soi Sukhumvit 55 (Thonglor), Sukhumvit Road, Klongton Nua Subdistrict, Wattana District, Bangkok 10110.

- 10 May : C S M Capital Partners Co., Ltd. was registered its capital increase with Ministry of Commerce.

- 26 December: Syntec Asset Management Co., Ltd. was registered for its dissolution and liquidation.

### Chart of the shareholding structure of the Company

The Company has policy to divide the operation of companies in the Group into 4 main categories such as Subsidiary, Associated Company, Joint Venture and Related Company as shown in below chart:



**Remarks :**

1. SCR : SCR Asset Management Co., Ltd.
2. SAM : Syntec Asset Management Co., Ltd. // registered on dissolution dated 28 December, 2015
3. CSM : CSM Capital Partners Co., Ltd. // registered on business establishment dated 9 October, 2015
4. N Ville : Natural Ville Service Apartment and Management Co., Ltd.
5. NHSU : Natural Hotel Sukhumvit Co., Ltd.
6. STR : Salin Tara Co., Ltd. // The Board of Directors resolved to discontinue the investment dated 22 April, 2015
7. BMCL : Bangkok Metro PCL. // it was changed name to BEM dated 4 January, 2016 and reduced the ratio to 0.49
8. BC : Bangkok Club Co., Ltd.
9. SMJV : Syntec – Mivan Joint Venture // Mivan (Thailand) Co., Ltd. was bankrupted as of 19 October, 2015
10. SVK : Siam Syntec – Vijitrphan - Krungthon

## **Policy and Business Overview**

The integrated approach construction services has continuously been the Company's major business, it is offered for both government and private sectors ranging from the beginning to completion of construction in a manner of "One-Stop Shopping" construction including preparation, piling, foundation establishment, bracing system, structural, architectural, landscape architect, and system engineering works such as electrical system, mechanical system, sanitation system, elevator system, air-conditioning system and other building automation works, etc.

The Company's construction work acceptance is rightfully and suitably proceeded according to the procedure in all cases the hirer is a government bureau, state enterprise or private sector, the procedure is included of different processes, price offer methods, operation timeframes and construction conditions. In case the Company is selected, price negotiation and construction conditions must be considered and mutually satisfied by all concerned parties then the Company will be eventually hired for the construction.

After being hired, the Company is generally the main contractor. However, if the project is big and requires the specialization, the Company will consider the co-operation as a joint venture with other company or other people possessing the required specialization. Consequently, the Company can be transferred the modern technologies in construction along with much knowledge such as the construction management including the increase of staffs' capabilities. These are to ensure the hirer that the construction will be achieved with the specific agreement or contract. Furthermore, the Company is likely to have a new co-operator (in trade) who possesses enough potentiality to cooperate in the construction of a big project in the future agreeing with the government policy.

The Company does not only conduct the construction by using our own labors alone but for some parts we also hire the subcontractor having correctly registered with the Company and possessing at least the required minimum qualification. The benefit is we can determine the proper number of labors to suitably serve each period's demand, leading the effective cost control.

## **Business Characteristics of Subsidiary, Associated Company and Joint Venture**

### **S C R Asset Management Co., Ltd. (S C R)**

S C R Assets Management Co., Ltd. engages in business of investment in properties for rent (start its commercial business on 1 April, 2015) and is considered one of the Company's affiliated companies of which its paid-up capital shares are held by the Company for 52% of paid registered capital 240,000,000 Baht dividing into 2,400,000 shares with par value of 100 Baht. Presently, there are 3 projects under its operations as follows:

- Citadines Grand Central Sriracha Project : it is located at No. 99/9 Thetsaban Road 1, Sri Racha Sub-district, Sri Racha District, Chon Buri Province and has started its operation since March 2015 with 137 accommodation rooms in total area of 9,492 square meters. Since it is located in Chon Buri Province with convenient location, then it is the premium choice for tourists for easily travelling to many tourist spots. Additionally, clients will be served by the first-class package and facilities from hotels in Ascott International Group, for example, free Wi-Fi in every rooms and public area, 24-hours-service reception, smoking room, car parks and shuttle bus service between hotel and airport, etc. including full entertainment facilities such as Fitness room, Sauna and outdoor swimming pool;

- Somerset Central Sriracha Project: it is located at Sri Racha District, Chon Buri Province and has been constructed since 2016, expecting to be finished and launch its operation at the end of 2018 with 188 accommodation rooms and total area of 19,422 square meters;

- The Zone Prachinburi Project : it is located at Maha Phot District, Prachin Buri Province and expected to be constructed in 2018. It is the large-scale project dividing into the part of accommodation rooms in 2 buildings with 306 rooms, and the shop area for rent approximately 2,000 square meters, the total area is 20,578 square meters. The project is prepared to support the economic expansion of the customers in nearby industrial estates of which disbursement power will increase in the future.

**Syntec Asset Management Co., Ltd. (SAM)**

*Remarks : \*SAM (it was registered for dissolution and liquidation on 26<sup>th</sup> December, 2016)*

**Natural Ville Service Apartment and Management Co., Ltd. (N Ville)**

It engages in the business of personnel management for hotel business, serviced apartment and other properties. The Company holds 99.97% of its paid-up authorized capital (presently at 2,000,000 Baht divided into 20,000 shares, par value 100 Baht). At present, it is managing lease right of Natural Ville Residence.

**C S M Capital Partners Co., Ltd. (CSM)**

It engages in business of investment in properties for rent and the Company holds 60% of its paid-up authorized capital (presently at 1,000,000 Baht divided into 10,000 shares, par value 100 Baht).

**Natural Hotel Sukhumvit Co., Ltd. (NHSU)**

It engages in the business of real estate development and the Company holds 25% of its paid-up authorized capital (presently at 150,000,000 Baht divided into 1,500,000 shares, par value 100 Baht).

**Syntec-Mivan Joint Venture (SMJV)**

Syntec-Mivan Joint Venture consists of 2 enterprises, namely, the Company and Mivan (Thailand) Co., Ltd. ("Mivan") with ration of investment at 65% : 35%, respectively. Profit or loss shall be divided with respect to such ratio of investment. The objective for establishment is to provide construction service in the project of subsidized ready-made house (Baan Eur Arthorn) for the National Housing Authority by entering into construction contract for the amount of 50,000 units. However, the circumstances in the country have presented an impact on such authority where the Company has request and been granted the amount of unit to only 13,674 units. Nowadays, the project was completed and delivered and it is on warranting project and following the rest debt from National Housing Authority. At the moment, the Company is demanding the National Housing Authority to pay outstanding amount of installment through the suspending case filed at the Central Administrative Court since 7<sup>th</sup> September, 2012 with amount in dispute of 874,250,718 Baht. Mivan (Thailand) Co., Ltd. was ordered to be bankrupted by the Court on 19<sup>th</sup> October, 2015.

### **Business Tendency of Listed Company, Subsidiary and Associated Company of Listed Company**

The Company has the policy to expand its operation to other related businesses with the strategy of Forwarding Vertical Integration in parallel with the expansion of main business to be more growing. Business Expansion to related businesses is also considered as another channel of income, for example, newly constructed serviced apartment for rent or investment in potential real estate with good location, ready-to-use and prompt income making such as management of lease rights with building, hotel, serviced apartment, etc.

In 2016, the Company determined the intense strategies for business operation in order to maximize the competitive potentiality for the Company and its customers as following keys:

1. Quality: focusing on the accurate construction in line with professionalism, full service, creativity with quality along with the concern on operators' safety through the use of modern technologies, and the support of innovation in entire working.

2. Time: providing the confidence to the customers that work will be delivered on determined schedule and completely followed the construction contract.

3. Cost: suitably managing project's cost and construction expense according to the predetermined plan to support customers' competitiveness.

4. Social and Environmental Responsibility: operating works with good corporate governance, supporting all employees to perform duties according to the code of conduct and cooperatively maintain environment, especially protecting the environment surrounding communities, society, residents in construction areas to be affected as least as possible.



## **Summary of Business Characteristics**

### **Product and service characteristics**

The company's products or services are divided into 2 categories as follows:

1. Construction Business which is considered as the Company's major business presents the high-income ratio and has been operated for a long time, its service characteristic is based on construction types as follows:

1.1 Residential such as condominium, serviced apartment, housing development project, subsidized ready-made house project, etc. At present, the Company is accepting a lot of works in high-rise building for residential.

1.2 Commercial such as general office high-rise building, multipurpose building, system work building, recreation center building, conference hall, product and automotive show room, etc.

1.3 Institutions such as school, hospital, medical center, subsidized house for officials, embassy, district office, metro maintenance area, air traffic control center or temple, etc.

1.4 Leisure such as hotel, villa, resort, etc.

1.5 Retails such as department store, supermarket, duty free shop or shopping mall, etc.

1.6 Industrial such as industrial estate, manufacturing facility, warehouse building or storehouse, etc.

1.7 Infrastructure Projects such as wastewater treatment project, flood reinforced concrete barrier, water quality control plant, clarifier construction and pipe jacking work, etc. All works are belonged to government sector.

The operational characteristic of this construction business can be divided into 2 types as follows:

- **Main Contractor:** The Company will directly offer the price under the Company's name to the project owner, works from private sector, government sector and state enterprise will be utilized of bidding, auction and price negotiation upon satisfaction of both parties, then the employment will be proceeded (details will be appeared in the subject of work acceptance and construction process). In general, the Company is engaged as a Main Contractor, except those exceptional large projects requiring extensive field of expertise, the Company may consider setting up a joint venture or consortium to make it more reliable from the client's point of view in terms of contractual performance and construction work quality. The Company has its own workmen and partly contracted out from subcontractor listed by the Company under regular competency assessment.

- **Subcontractor:** The Company will accept works from other Main Contractors who are hired by the project owner, this kind of work is always the large-scaled project requiring multi-technology of construction. The Company will consider to accept works from well-known main contractors with solid financial status, reliable business operation experience and good partner to the Company, however, the Company will principally consider to be hired of works which are compatible to the Company's potentiality, knowledge and competence, for example, subcontracting the construction of high-rise building, office building or air traffic control center, etc.

2. Serviced apartment business which is considered as the Company's secondary business generates the steady and higher income ratio. It is operated through the Company and its subsidiaries based on the ownership categories as follows:

2.1 Project Developer: it is operated by S C R Asset Management Co., Ltd., presently, there are 3 projects under operation, one project which has been operated is Citadines Grand Central Sriracha Project, having been operated since March, 2015. Another 2 projects which are Somerset Central Sriracha Project and The Zone Prachinburi Project will be operated in 2018.

2.2 Freehold: it is operated by C S M Capital Partners Co., Ltd. as the owner of condominium rooms at the Eight Thonglor Residence Project from 26<sup>th</sup> April, 2016.

2.3 Leasehold: it is operated by Natural Ville Serviced Apartment and Management Co., Ltd. and Syntec Asset Management Co., Ltd. (formerly known as Sam HR Co., Ltd.) to manage Natural Ville Residence Building with the lease rights period for 19 years, 7 months and 17 days or from 15<sup>th</sup> October, 2013 until 31<sup>st</sup> May, 2033.

## Revenue Structure

Unit: Billion Baht

Construction Type	2016		2015		2014	
	Value	%	Value	%	Value	%
Residential	5,759.46	76.74	5,728.37	81.24	5,634.63	81.79
Commercial	362.21	4.83	757.68	10.75	1,081.56	15.70
Institution	-	-	-	-	-	-
Leisure	700.85	9.34	255.51	3.62	-	-
Retail	29.22	0.39	-	-	-	-
Industrial	319.33	4.25	266.28	3.78	-	-
Infrastructure	333.87	4.45	43.21	0.61	172.67	2.51
<b>รวม</b>	<b>7,504.94</b>	<b>100.00</b>	<b>7,051.05</b>	<b>100.00</b>	<b>6,888.86</b>	<b>100.00</b>

Type of the Company's Construction Works can be classified as follows:

1. Infrastructure
2. Institutional
3. Resident Building
4. Commercial Building
5. Hotel or Resort
6. Retail
7. Industrial

The construction works of basic public utility project are the construction works relating to basic public utilities and all construction works are under the responsibility of the government agencies realizing the significance of country development, the company focused on carrying out the construction works to meet the objective of each type of work; the construction of man-hole and cable tube, water waste treatment project, reinforced concrete wall acting as barrier against floodwater. The company planned to participate in the auction of basic public utility project by probably considering the cooperation with the potential, domestic and international alliances. This is to support the development of basic structure that the government sector must undertake according to National Economic and Social Development.

The construction works of institution are the construction works relating to building, laying systems. The company's construction works of institution are as follows: school, hospital, embassy, district office, air traffic control center.

The construction works of residential are the inclusive construction works of buildings starting from foundation establishment, structure, architecture, sanitary work, electric work, communication system, air conditioning, elevator system. The company's works are as follows: residential condominium project, luxury home project, Subsidized Ready-made House (Baan Eur-arthorn) Project, etc.

The construction works of office and commercial building are the construction works of every kind of office buildings starting from general building to high-rise building including all system service pursuant to the specified standard. The company's works for office and commercial building are as follows: recreation center building, office building, commercial building, product exhibition building, etc.

The construction works of hotel or resort are the inclusive construction works of every category of hotels or resorts including related system works. The company's construction works of hotel or resort are as follows: luxury hotels, resorts, villa, etc.

The construction works of department store, supermarket or shopping mall are the projects that apply technology and construction technic by providing service from construction work until the work is completely done such as shopping center, department store, supermarket or shopping mall, etc.

The construction works of industrial factory are the construction of every kind of plants including standard system works required in the industrial plant and responding the use in industrial plant. The Company's construction works of industrial plants are industrial estate, industrial plants, etc.

## **Marketing and Competition**

In order to conduct business to attain sustainable growth and competitiveness, the Company emphasizes to operate its business to achieve its Vision as "We shall be the leader in construction industry with continuous development in effective quality, time, cost, safety as well as social and environmental responsibility".

The Company's Mission is considered as the Company's target as follows:

1. To develop personnel's skills, knowledge, capability, expertise in construction works for high quality performance;
2. To develop working approach by innovation in order to create leadership;
3. To effectively manage cost to maximize competitiveness;
4. To maintain commitment to achieve customers' reliability and satisfaction;
5. To conduct the construction in consideration of safety and social and environmental responsibility with standard.

### **Competitive Strategies**

In 2016, the Company determined the intense strategies for business operations in order to maximize competitive potentiality as following keys:

1. Quality: focusing on the accurate construction in line with professionalism, full service, creativity with quality along with the concern on operators' safety through the use of modern technologies, and the support of innovation in entire working.
2. Time: providing the confidence to the customers that work will be delivered on determined schedule and completely followed the construction contract.
3. Cost: suitably managing project's cost and construction expense according to the predetermined plan to support customers' competitiveness.
4. Social and Environmental Responsibility: operating works with good corporate governance, supporting all employees to perform duties according to the code of conduct and cooperatively maintain environment, especially protecting environment surrounding communities, society, residents in construction areas to be affected as least as possible.

### **Customer's Characteristics**

The Company has mainly offered construction services to customers from private sector such as construction works for resident building, office building, commercial building, hotel etc. However, governmental customers have also assigned the Company for construction projects such as Subsidized Ready-made House (Baan Eur-arthorn) Project, maintenance workshop at Suvarnabhumi International Project, Bangkok Metropolitan Administration (BMA) District Office buildings and road flood way on the Chao Phraya River of BMA and Klong Chan Reinforced Dam Project from Lat Phrao Road to Pradit Manutham Road by Canal System Division, Division of Drainage and Sewerage, Bangkok Metropolitan Administration etc.

**List of Projects the Company is entrusted to enter the Construction Contract for the year 2016**

Unit: Million Baht

No.	Project Name	Project Owner	Project Value (Include VAT 7%)
Table showing a list of construction projects carried out by the Company in the year 2016			
1	Supalai Lite Ratchada – Narathiwat - Sathorn	Supalai PCL	325
2	Supalai Elite Surawong	Supalai PCL	293
3	Supalai Elite Si-Phraya	Supalai PCL	336
4	Chapter Ine Eco Ratchada – Hua Khwang	Prukha Real Estate PCL	30
5	The Esse Asoke	Singha Estate PCL	969
6	MI 3	The Erawan Group PCL	328
7	The Politan Rive (Phase 2)	Everland PCL	474
8	Terminal 21 Pattaya	LH Mall & Hotel Co., Ltd.	1,382
9	Noble Recole	Continental City Co., Ltd.	687
10	Chamchuri Park	Property Management Office of Chulalongkorn University	862
11	AIS Conference and Training Center, Nakhon Ratchasima	Fax Lite Co., Ltd.	570
12	Hotel Nikko Bangkok	Aspire Enterprise Co., Ltd.	599
13	Swan Lake Khao Yai	Elysian Development Co., Ltd.	229
14	Infinity One Condo	Pan Plus Property Co., Ltd.	429
15	Kraam Sukhumvit 26	NYE Aree Co., Ltd.	630
Total 15 projects			8,143

Table showing a list of sales office carried out by the Company in the year 2016

1	U Condo Sales Office Kaset - Nawamin	Grand Unity Development Co., Ltd.	23
2	The Politan Rive (Phase 4) Sales Office	Bangkok Riva Development Co., Ltd.	48
3	Laviq Sukhumvit 57 Sales Office	Real Asset Development Co., Ltd.	9
Total 3 projects			80

Total 18 projects carried out by the Company in the year 2016 Total Value 8,223 Million Baht

Although the Company is mostly hired by the private sector for the construction work of high-rise building, however, the company is still interested in infrastructure construction work and large-scaled infrastructure construction work, for example, MRT System Project, road construction work, expressway construction work, etc. The Company's qualification may be insufficient, but the Company prepares its readiness to join with commercial alliances to jointly offer the bid and still aims and prepares itself to further join the bidding of government works.

### Target Group Customers

The Company's target group includes the project owners both in public and private sector nationwide especially those demonstrating financial stability, sufficient assets, high operational fund and well-known. During the past time, the Company has been mainly hired by the Public Limited Companies such as Supalai Plc., Major

Development Plc., Prueksa Real Estate Plc., etc., however, the Company has been also hired by the limited companies with additional criteria for consideration such as financial status, reputation, etc. clients of limited companies which the Company accepted their construction works such as Real Estate Development Co., Ltd., Chaiphattana Teedin Co., Ltd., etc.

### **Selling and Distribution Channels**

The Company's distribution channels mostly come from selecting projects, following up invitation of bidding for construction of both governmental and private sectors via media, proceeding the bidding to compete with other companies through bid envelop submission, sometimes, in the auction of projects, the Company is recommended by customers entrusting the Company's performance and by the Company's business partners, business alliances and related companies.

### **Situation of Competition**

For the overview in 2016, the construction industry has been continuously expanded due to the quick investment in infrastructure of government sector for both new projects and ongoing projects. In addition, the government sector also approved economic stimulation measures such as Baan Thanarak Pracharat Project and measure to support the wellbeing in district level pushing the investment to local projects, the investment stimulation measures of government sector resulted the indirect support to encourage the investment of private sector. Besides, the private sector group of residential development along the skytrain lines has continuously implemented new projects. In the same time, the construction projects of industrial plant and large-scaled commercial building such as department store, were reduced due to the national economic and political situations

Generally, in 2016, the construction industry has been continuously expanded, especially in the latter half of the year, government sector had pushed the bidding of large-scaled construction projects which were the good opportunity for construction companies and related companies.

### **Tendency of future industry situation and competitive condition**

The overview of Thai industries in 2015 and the trend in 2017 was forecasted by the Federation of Thai Industries that the direction of industrial sector in 2017 is expected to have better momentum from the domestic economy which has been continually recovered from 2015, leading by the investment of government and tourism sector. As for the domestic demands, the consumption and expenditure of private sector are expected to be increased due to the better revenue of farmers from agricultural product price with expansion direction while government sector shall continuously launch economic stimulation measures. The investment of private sector will be increased due to the investment of government sector, especially, the infrastructure investment of transportation pulling more investment fund into the economic system in 2017, the support of investment in 10 target industries, driving

mechanism for Thailand's economy, the investment promotion under the Eastern Economic Corridor Development (ECC) plan, promotion investment in technology and innovation to enhance the country into "Thailand 4.0"; while the expansion of overseas demands are possibly better than 2016 due to the recovery of global economic and trading situations, leading by the USA economy expected to be in better direction after the national election. Another factor to support the demand of products in industrial sector is the tourism in 2017 which is gradually maximized, the Ministry of Tourism and Sports has set the revenue target in 2017 at 2.5 Million Baht, increasing from 2016 which the revenue target was 2.4 Million Baht, the tourism has been continuously encouraged, for example, temporary free visa fee amounting 1,000 Baht for foreign tourists supports the increase of tourist numbers, many entertainment activities are arranged to be proper to the circumstance and atmosphere of the country, etc.

### **Risk factors from the uncertainty of global-national economic situations**

Factors to be continuously concerned for 2017 consist of global trade tendency which is unstable due to the trade policy of USA under the new President who prefers trade barrier, the United Kingdom's prospective withdrawal from the European Union (Brexit), economic recovery of Europe, Japan and China which may be below expectation, the fluctuation of monetary and fund markets due to the different monetary and finance policies in the world's leading countries including the tendency of the interest increase by the Central Bank of the United States (FED), etc.

### **2017 Construction Business Trend**

In 2017, the construction of private section will be gradually increased, the residential construction will grow along with the skytrain routes, the construction of industrial plants will obtain the benefit from the projects of Border Special Economic Zones (Border SEZs) which the government sector is pushing the construction of infrastructure and public utility system to be completed within 2017. This project will encourage the increase of investment in new factories and the investment promotion measures organized by the Board of Investment of Thailand (BOI) may attract more investment from both Thai and foreign investors. Although the overview of construction industry in 2017 will continue to be increased from 2016, however, the construction industry is having risk factors to construction business which the contractors need to have good and effective management. Followings are the summary of main risks:

1. Future labor shortage due to the increase of labors demands in construction sector;
2. Price of construction materials tending to increase due to the high demands;
3. Wage which may be increased due to the high demand of skillful labors.

Also, many measures from the government sector such as the large-scaled investment on infrastructure since 2016 amounting more than 1.79 Trillion Baht, real estate stimulation measures including the reduction of many taxes

e.g. transfer tax, housing tax, etc. and the support of investment in Special Economic Zone (SEZ) have driven and supported more confidence of investment in the construction material business which will get following benefits:

- Benefits from the investment of government sector, especially the investment of transport infrastructure according to the Action Plan of Transportation, Emergency Phase, B.E. 2559 consisting of 20 projects with value of 1,410,763.35 Million Baht; the development of infrastructure in Special Economic Zone (SEZ) and the expansion of real estate sector in provincial markets, especially provinces near the border trade areas, to support the growth of border cities.

- Opportunities to export construction materials to CLMV countries adjacent to Thailand's borders due to the large-scaled investment in infrastructure system of those countries, resulting the good benefit for Thailand's construction and construction material industries to be progressive along with the expansion of cities in ASEAN countries.

- Risk Factors the possibly slow payment of government budget and the high level of household debt may affect the demands of residential sector.

### **Number of Competitors**

Presently, the construction business is the high competitive business because at present, there are more new contractors penetrating into construction business, however, there are only 20 listed companies under the group of "Contractor Service" in the Securities Exchange of Thailand.

When comparing the revenue from construction works in 2016, the Company was ranked at No. 8<sup>th</sup> in case of revenue (Information from the Financial Statement ended 31<sup>st</sup> December, 2016) among 20 listed construction companies.

### **Status and Potentiality of Competition**

At present, the Company is hired of more construction works having large scale area and higher value of construction including the constructions of residential building, office building, hotels, the Company has therefore focused on providing service with quality within scheduled time under the contract and budget requirements, key factors making success in construction business. The Company has closely cooperated with the owners or customers while there is a tendency that the customers will not choose the contractor by only based lowest price as in the past but they will take into account reasonable price with ability to finish the project within specified time and quality of works inducing safety factor which make the Company to be their option.



## **Product or Service Supply**

### **1. Product Supply Characteristic:**

The Company's distribution channels come from selecting projects, following up invitation of bidding for construction of both governmental and private sectors via media including direct employment from customers. Prior to bidding offer, all Departments and sections will jointly study the construction design and study the feasibility such as the construction Department will make the construction plan and technical information while the cost control Department is responsible for information relating construction cos, subcontractors and conditions specified by the project owner, after that the price estimation and bidding Department will proceed the price estimation from work volumes and market price survey and propose summary report related to construction cost, conditions and construction pant to the Board of Directors for examination and modification as suitable before proposing to customers. In case of additional price negotiation, the Board of Directors will join in the negotiation, consider and decide of work acceptance.

### **2. Process during the operation:**

After winning the bidding and entering the construction contract, the Company will proceed the construction process as follows:

1. Appoint the Project Manager to take care all process in the project;

2. Plan the construction process:

2.1 Project Manager :

- Prepare detailed construction plan by checking the actual requirements of project owner, following the requirements in the contract and applying all requirements to plan working;
- Prepare manpower plan by estimating number of workers and craftsmen for each type of works;
- Prepare machinery plan to use in the construction work in each phase.

2.2 Cost Control Section:

- Prepare detailed budget by consulting with Project Manager;
- Prepare Cost Control System for the project including the use of material quantity;
- Prepare the Project's financial plan.

### **3. Conducting construction works by:**

1. Management of equipment, machines and materials for construction equipment

In construction work, it is necessary to use equipment and machines in the operation, the Company has established the warehouse to store machines, construction material and equipment in order to take care the effective use of tools and machines.

## 2. Engineering Work

Engineering Department will take care and be responsible in engineering works including engineering design, planning and controlling.

## 3. Quality Control Work

The Company has a Department responsible in quality control for construction in order to ensure that the Company's construction has good quality as standard and follows requirements in design and contract.

During conducting construction works, heads of all Departments will closely work and coordinate in order to achieve the project's objectives relating work quality, work progress ratio and budget.

## 4. Report and Record

All related Departments must make reports relating the details of works and submit to higher superior as ranking.

## 5. Following up and Inspection

Heads of each Departments will accompany with the Managing Director to inspect the work quality and budget in order to improve or re-work as suitable and consult with other Departments to achieve the project's main objective.

During conducting construction, if any process fails on inspection, it will be reworked and re-inspected. If the work is delayed and impossible to deliver work as schedule in the contract and/or delayed than the plan, the Project Manager will analyze causes of delaying and further improve the plan.

## 6. Final Inspection before delivery

The Project Manager and team will jointly inspect the completeness and rework the defects which will be delivered to the project owner and also prepare important documents for the project owner.

## **Impact on Environment**

The Company has realized the impact on environment derived from the Company's operation such as dust, noise, vibration, etc., the Company therefore strictly operates in compliance with law and regulation requirement relevant to construction works. (Details of implementation to reduce environmental impact are revealed in the 2016 Sustainable Development Report, Topic: Environmental Operation).

## **Present Performance**

As of 31<sup>st</sup> December, 2016, the Company holds 40 construction projects which were signed of contract and are under construction, with the contract value approximately at 22,698 Million Baht divided into revenue recognition at 12,455 Million Baht and remaining work value at 10,243 Million Baht.

## **Risk Factors**

The Company has foreseen the importance of risk management as the basic tool for operation because risks can be happened and significantly affect the business operation. Therefore, the Company has been realized and arranged the concrete management plan. It will help not only to minimize the effects but also maximize the competitive potentiality as well as lead the organization to achieve targets.

The Company established the Risk Management Committee from December, 2014 with the objective to support the mission of the Board of the Company to determine the framework of risk management to be suitable for the business of the Company, the determination of risk, advance notice of risk, determination of preventive measure, risk management, the review and creation of risk management tools as well as the governance and follow-up to perform as specified policy.

In the last year of 2016, Thai economy faced many important domestic and international factors which might affect the business operation of the Company, surroundings and important risks as well as the guideline of risk management of the Company as follows:

### **1. Strategic Risk:**

#### **1.1 Risk from non-variety of construction works**

The Company's business always focuses on comprehensive construction services and is specialized in high-rise building in public and private sector ranging from piling to structural works, architectural works, electrical installment, mechanical works, sanitary works and finishing works.

However, the Company is still interested in infrastructure construction work and large-scaled infrastructure construction work, for example, MRT System Project, road construction work, expressway construction work, etc. The Company's qualification may be insufficient, but the Company prepares its readiness to join with business alliances to jointly offer the bid and still aims and prepares itself to further join the bidding of government works.

***Proportion of revenues classified by the types of customers (Consolidated Financial Statements)***

Unit: Billion Baht

Type	2016		2015		2014	
	Value	%	Value	%	Value	%
Revenue from government sector						
- Infrastructure projects	333.87	4.45	43.21	0.61	172.67	2.51
- Institutions	-	-	-	-	-	-
Total revenue from government sector	333.87	4.45	43.21	0.61	172.67	2.51
Revenue from private sector						
- Residential	5,759.46	76.74	5,728.37	81.24	5,634.63	81.79
- Office Building / Commercial Building	362.21	4.83	757.68	10.75	1,081.56	15.70
- Institution	-	-	-	-	-	-
- Hotel and Resort	700.85	9.34	255.51	3.62	-	-
- Industrial Plants	319.33	4.25	266.28	3.78	-	-
- Department Store/Supermarket/Shopping Mall	29.22	0.39	-	-	-	-
Total revenue from private sector	7,171.04	95.55	7,007.84	99.39	6,716.19	97.49
<b>Grand Total</b>	<b>7,504.94</b>	<b>100.00</b>	<b>7,051.05</b>	<b>100.00</b>	<b>6,888.86</b>	<b>100.00</b>

From the above table showing the revenue ratio divided by customer categories and construction types, it was found that most of income was from the construction of private sector, in 2016, the ratio was equal to 95.55% of total revenue from construction and in this amount, it was the income from residential building with the ratio of 76.74%.

In 2016, the Company was hired by many construction works including hotel and resort, industrial plant and department store/supermarket/shopping mall, when comparing to 2015, based on construction types, the revenue from other construction types excluding construction of residential building type presented higher ratio.

Also, apart from one-stop construction service, the Company has a plan to expand its operation to other related businesses in the form of forward expansion in order to increase its revenue channels in other fields of business by setting up subsidiaries. SCR Asset Management Co., Ltd. and CSM Capital and Partners Co., Ltd. were established to run business of project management and development as follows:

1. The project of Citadines Grand Central Sriracha Serviced Apartment located in the center of Sriracha city, Chon Buri Province has been operated from the beginning of 2015 with the management of Ascott International (Thailand) Co., Ltd. It mostly serves long term rental accommodation for foreigners (Japanese) who are working in industrial estates in Chon Buri and Rayong provinces. Presently,

its hotel license was approved according to the recommendation from government agency since March, 2017 and its operational performance of 2015 and 2016 presented the average ratio of accommodation occupancy at 35% and 80% respectively.



2. The project of Somerset Sriracha Serviced Apartment located not far from the first project obtained of EIA approval, presently, it is under the process of piling work and bracing system and the architectural work will be started in July 2017. The room model in the building will be built in August and finished in October 2017. The project is expected to be completed by the end of 2018.



3. The project of The Zone Prachinburi Serviced Apartment located in the area of Klong Rang, Maha Phot District, Prachin Buri Province near large industrial estates which are 304 I.E and Rojana Prachin Buri I.E. was approved of EIA permission and its construction permit is expected to be approved in May 2017. The construction will be started within June 2017 after obtaining the construction permit.



4. The Company's strategies also cover the investment in potential assets located in good location that are ready for use and generating income by setting up a subsidiary which is Natural Ville Serviced Apartment and Management Co., Ltd., however, it was merged as a branch of Syntec Construction Public Co., Ltd. in order to manage the lease right of land and Natural Ville Residence (previous name), the building was changed its name to be The Dutchess, the ratio of accommodation occupancy was 79% and 86% in 2015 and 2016 respectively.



5. In 2016, the Company increased the investment in hotel and serviced apartment industry by establishing C S M Capital and Partners Co., Ltd. to manage the Eight Thonglor Residence Project which the building consists of serviced apartment and shop area for rent. The investment value was 2,550 million baht, the building is located in Soi Sukhumvit 55 (Thonglor) where the land value has rapidly increased. It is another income channel for the Company with more stability. Presently, the Company has the improvement plan for accommodation room and central area and the improvement is expected to be completed in 2018. In the latter half of 2016, the performance showed the average ratio of accommodation occupancy at 88% and shop area renting at 97%.



### 1.2 Risk from more intense competition

The current construction business tends to be continuously expanded through the benefit from the quick investment in infrastructure of government sector, this factor produced more new contractors for construction business and more contractors of government sector works also move to private sector market which may cause the Company confronting more intense competition.

Such risk has been controlled by the selection of bidding for the works which the Company is masterful and can compete, the Company has therefore focused on providing service of quality within scheduled time under the contract and budget, key factors making success in construction business. The Company has closely cooperated with the owners or customers while there is a tendency that the customers will not choose the contractor by only based lowest price as in the past but they will take into account reasonable price with ability to finish the project within specified time and quality of works inducing safety factor which make the Company to be their option.

***Table of the Company's Projects entrusted to sign the Construction Contract in the last 3 years***

<b>Year</b>	<b>No. of Projects</b>	<b>Construction Contract Value (MB.)</b>
2014	16	8,140
2015	16	9,357
2016	18	8,223

From the above table, it was found that the number of projects and construction value in the past 3 years were slightly different due to the company's strategy on the competition with quality, time and cost because most of works hiring the Company was residential building works which needed skills and the construction must be conducted on time in order to deliver the project as scheduled by the contract.

## 2. Operational Risk:

### 2.1 Risk from labor shortage:

Labor is considered as the important factor for construction business operation, at present, there are a lot of large-scaled construction projects of government sector such as MRT System Project, Road Construction works, etc., causing the labor shortage problem. If the Company could not supply labors to work in the Company's projects, the works will be affected and delayed, causing late delivery.

In order to minimize such risk, the Company decided to hire subcontractors having registered with the company and possessing at least the required minimum qualification. As a matter of fact that the company has continuously evaluated the capability of performance, the company can control the construction to meet the restricted agreement or contract. The Company will not hire only one subcontractor to prevent the problem of monopoly such as the request to unreasonably increase wage, etc.

Moreover, the Company concerns on the camp for daily paid workmen, there are more than 20 camps provided for the daily paid workmen. Those camps are always maintained in good, clean and safe condition. The Company has also invested in Camp Knock Down construction to provide durable accommodation with solid insulated wall and roof, although the investment is high, this type of camp is worthy because it can be removed and reassembly.

### 2.2 Personnel Risk

The construction business is necessary to have personnel possessing experience and expertise to hold the position of project manager or project engineer to control and manage construction work of each project until it is completed, the Company has faced the risk from the shortage of this group of personnel.

Therefore, the measure to minimize such risk was applied by focusing on the development of employees' competence, the training plan was made for employees such as Syntec Academy project which is a part of training and development plan for personnel in construction line, for example, craftsman, assistant craftsman, worker chief and small contractors. Besides, the Company also motivates employees to work with the Company for long term by supporting employees' working progress and suitably paying compensation and properly arranging welfare.

***Table showing No. of resigned employees in the past 3 years***

	2016	2015	2014
<b>No. of Resigned Employees</b>	<b>100</b>	<b>133</b>	<b>152</b>



From the above table, in the past 3 years, number of resigned employees has been reduced every year because the Company emphasized on the personnel development policy to support the progress of employees and have criteria of paying wage and welfare to all employee impartially and equally.

### 3. Financial risk:

#### 3.1 Risk from the fluctuation of construction material price

Since presently, there are many large-scaled construction of infrastructure from government sector, it may cause the increase of construction material price due to more demands. The cost of construction materials is counted as the significant cost, the change of construction material price will affect the cost of construction.

**ดัชนีราคาวัสดุก่อสร้าง**  
**เดือน ธันวาคม 2559 และปี 2559**

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**ดัชนีราคาวัสดุก่อสร้าง**  
**เดือน ธันวาคม ปี 2559**  
**(2553 = 100 )**

หมวด	สัดส่วนน้ำหนัก	ดัชนี				อัตราการเปลี่ยนแปลง		
		ธ.ค.59	พ.ย.59	ธ.ค.58	เฉลี่ย	ธ.ค.59/พ.ย.59	ธ.ค.59/ธ.ค.58	ม.ค.-ธ.ค.59/ม.ค.-ธ.ค.58
ดัชนีรวม	100.00	103.6	102.9	102.7	103.2	0.6	0.9	-2.7
ไม้และผลิตภัณฑ์ไม้	6.31	111.6	111.6	112.8	111.6	0.0	-1.1	-1.0
ซีเมนต์	12.62	101.8	105.2	108.4	106.5	-3.3	-6.0	-5.0
ผลิตภัณฑ์คอนกรีต	16.11	128.2	128.2	128.3	128.1	0.0	-0.1	-1.6
เหล็กและผลิตภัณฑ์เหล็ก	21.31	89.8	86.2	79.2	86.3	4.2	13.4	-1.7
กระเบื้อง	6.86	101.1	101.1	101.1	101.1	0.0	0.0	0.0
วัสดุฉนวนผิว	3.67	108.2	108.2	106.3	106.9	0.0	1.8	0.6
สุขภัณฑ์	2.16	107.8	107.8	107.8	107.8	0.0	0.0	0.0
อุปกรณ์ไฟฟ้าและประปา	13.30	94.8	94.5	94.2	94.0	0.4	0.7	-1.7
วัสดุก่อสร้างอื่น ๆ	17.66	111.6	111.3	118.9	112.9	0.4	-6.1	-6.5

สำนักดัชนีเศรษฐกิจการค้า สำนักงานปลัดกระทรวง กระทรวงพาณิชย์ โทร. 0 2507 6719 โทรสาร. 0 2507 5825

The Company has realized such risk and therefore closely followed up the movement of construction material price and set up the policy to minimize the risk from the fluctuation of construction material price such as purchasing some materials used in the construction in advance e.g. steel rod. If any material has shown the rising tendency, the Company will place the order with trading large partners/producers for a large amount including centralized procurement by the head office to increase negotiating power in such purchase against dealer/subcontractor to get construction material and engagement price at the lower rate and therefore make its cost lower accordingly.

### 3.2 Risk from uncertainty of national economic and politic situations:

The economic fluctuated and unstable condition sometimes affects the national governing policy, causing the economy slowdown, the construction business also relates to the national economy. When the national economic condition was expanded, the construction business was also tended to expand, in the contrary, when the national economic condition was regressive, the ratio of construction business growth was also reduced.

#### **Summary of economic and inflation tendency**

In 2016 and 2017, Thailand's economic condition has tended to expand at 3.2%, the driving force for the next year will mainly come from the consumption of private sector, the expenditure of government sector and the export of services, this economic forecast is close to the forecast in the previous issue of financial policy report based on following factors: (1) the consumption of private sector which is maximized due to the better income of farmers (2) economic stimulation measures of government sector which has been continually launched and (3) the export which is well recovered. Such factor compensates the export of service which is slow down from the suppression of illegal tours and the tourism atmosphere during the mourning period including the still low investment of private sector and the driving force from the expenditure of government sector which is below the expectation. However, the national economic is confronting more negative factors and the instability is increased by national and overseas factors. The general inflation rate in 2016 and 2016 has been decreased from the estimated rate of 0.3% and 2.0%, to be at 0.2% and 1.5% respectively because the inflation is pressed by the demand which is recovering, the price of fresh food which is significantly below the expectation although the oil price is increased. The Board forecasts that the general inflation rate will be possible to fall down the bottom of target in the 1<sup>st</sup> quarter of 2017, the basic inflation rate will be reduced according to the slowdown of in-house and outdoor food price.

สรุปประมาณการเศรษฐกิจและเงินเฟ้อ			
ร้อยละ	2558*	2559	2560
อัตราขยายตัวทางเศรษฐกิจ	2.8	3.2 (3.2)	3.2 (3.2)
อัตราเงินเฟ้อทั่วไป	-0.9	0.2 (0.3)	1.5 (2.0)
อัตราเงินเฟ้อพื้นฐาน	1.1	0.7 (0.8)	0.8 (1.0)

\* ข้อมูลจริง  
( ) รายงานนโยบายการเงิน กันยายน 2559

### Tendency of construction industry condition

The construction investment of government sector is going to continually increase, expecting the government will drive the investment in new projects and quicken the construction process of ongoing projects to be completed on schedule. Besides, the relaxation of government regulations helps projected to be driven faster such as the enforcement of Section 44 of the Interim Constitution enables the bidding of projects to be proceeded along with the Environmental Impact Assessment (EIA), making the construction project moving faster.

The construction of private section will be gradually increased, the residential construction will grow along with the sky train lines, the construction of industrial plants will obtain the benefit from the project of Border Special Economic Zones (Border SEZs) which the government sector is pushing the construction of infrastructure and public utility system by completing within 2017. This project will encourage the increase of investment in new factories from the latter half of 2017. Also, the investment promotion measure organized by the Board of Investment of Thailand (BOI) may attract more investment from both Thai and foreign investors while the construction of commercial building will be gradually recovered in 2017 -2018 in line with Thailand's better economic condition and the better purchasing power of consumers.

### 4. Regulatory Risk:

#### 4.1 Risk from regulations, rules and laws relating the building construction

The construction business is operated by relating to many laws and regulations which may possibly be changed all the time and needs the accuracy and carefulness to completely operate in compliance with applicable laws, the partial or total failure to follow may cause risks to the Company.

The Company prepared guideline to minimize such risk by setting up responsible Department to follow up and monitor all operations to be in line with regulations and laws and the Company also has a policy to operate business strictly following laws, construction regulation and official rules.

## **5. Social and/or Environmental Risk:**

5.1 Risk from construction which may affect the surrounding community and environment.

Presently, the Company is hired to conduct the construction in the center or the inner zone of Bangkok, the construction needs to protect nearby community and environment from affects as least as possible or none of impact.

Such above risk is solved through the use of construction innovations such as dust protection system by dust protection canvas while conducting the construction, the use of dust-blocking spray in the working area, etc.



The Company's policy concerning surrounding community and environment as well as such protection measures help the Company to avoid the disputes related to the damage of surrounding community and environment.

## **6. Other Risks:**

6.1 Risk on information system security

It is categorized into 2 types as follows:

1. Risk of damage to the system resulting in interruption of normal operation. Such damage includes, for instance, broken server system, unable to access due to disconnection (with internet service provider) or severely damaged system trouble due to disasters. However, the Company has taken preventive measures as follows:

(1.1) All new servers were changed from Stand Alone system to be Virtualization system to minimize risk from hardware damage, its change was completed since February 2016 and the maintenance

agreement (M.A.) for other hardware in Network system were continually renewed as well as the Company also subscribed internet (Lease-line) with external service provider.

(1.2) Disaster Recovery (DR) Plan was improved by making system recovery contract with external service provider at the end of December 2016. The Backup system was improved by making Backup Server on VMware and data was also backed up on External Disk. Additionally, the Backup system for the whole system is installed at the outside of the office, in case the head quarter's whole system is damaged or errored, the system can be activated without 48 hours.

2. Risk from damage to information resulted from unauthorized act or access e.g. data hacking and virus etc. In this regard, the unit in charge of system maintenance (MIS) has taken preventive measures including the use of appropriate hardware and software e.g. sufficient firewall and anti-virus programs etc. and developed security system for key applications with user profile verification to prevent unauthorized access to system or data. In 2016, the firewall was upgraded to increase the effectiveness of Throughput and to detect the attack and external Malware, in addition, 200 additional licenses of Anti-Virus Software were purchased to sufficiently protect Virus, especially at Construction site.

## Shareholders

- (1) Name list of the first 10 shareholders holding the highest number of shares and Director, Executive and spouses Group as of 31 December, 2016 are as follows

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
<b>Phahusutr Group</b>			
1	Miss Jiramote Phahusutr <sup>1</sup>	176,262,160	11.01
2	Miss. Nichaya Phahusutr <sup>2</sup>	176,046,260	11.00
6	Mr. Sukhum Phahusutr <sup>3</sup>	76,820,300	4.80
16	Miss. Anicha Attaskulchai <sup>4</sup>	18,307,900	1.14
<b>Total</b>		<b>447,436,620</b>	<b>27.95</b>
3	Thai NVDR Co., Ltd.	145,388,299	9.08
4	Mr. Preecha Angkhumsab	79,910,000	4.99
5	LITTLEDOWN NOMINEES LIMITED 38	79,564,600	4.97
7	Mr. Chawalit Phunpermsuwan	67,835,800	4.24
8	Mr. Nattaphat Rungsun	50,900,000	3.18
9	RAFFLES NOMINEES (PTE) LIMITED	32,535,600	2.03
10	Mrs. Uporn Subandit	24,849,020	1.55
<b>Total</b>		<b>480,983,319</b>	<b>30.04</b>
<b>Director, Executive<sup>5</sup> and Spouses Group</b>			
	Mr. Nayot Pisanthanakun	1,000,000	0.06
	Mr. Yothin Treerattanaphan	217,300	0.01
	Mr. Phaiboon Chetchotiros	80,000	0.00
<b>Total</b>		<b>1,297,300</b>	<b>0.07</b>
<b>Other shareholders</b>		<b>670,282,761</b>	<b>41.94</b>
<b>Total Paid-up Capital</b>		<b>1,600,000,000</b>	<b>100.00</b>

### Remarks:

<sup>1</sup> Mr. Jiramote Phahusutr holds the position of Vice Managing Director and is authorized as following the certification letter of Ministry of Commerce.

<sup>2</sup> Miss Nichaya Phahusutr holds the position of Vice Managing Director and is elder sister of Mr. Jiramote Phahusutr

<sup>3</sup> Mr. Sukhum Phahusutr holds the position of Vice Managing Director and is father of Mr. Jiramote Phahusutr.

<sup>4</sup> Miss Anisha Attaskulchai is the spouse of Mr. Jiramote Phahusutr.

<sup>5</sup> Executive means the first four executives next to the Managing Director and every person who holds his or her position equal to the fourth one including the positions in financial or accounting functional line which is in the equivalent level.

- (2) The Company none have the major shareholders who through their behavior can significantly influence the policy, management and operation of the Company (Shareholding Agreement).

- (3) The Board of Directors does not hold together more than 25% of the issued shares of the Company. (Mr. Jiramote Phahusutr, Director, holding 170,036,060 shares, or 10.63 %.

- (4) The right to vote of the shareholders presented detailed in the Company's Articles on <http://www.synteccon.com/2005/TH/investor/news> and attachment 7 of the "Notice of the General Meeting of Shareholders for the year 2016"

- (5) Name list of shareholders in subsidiaries and associates

***S C R Asset Management Co., Ltd.***

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
1	Syntec Construction Plc.	2,080,000	52.00
2	Mrs. Chanida Assadathorn	640,000	16.00
3	Mr. Chosak Vongkusolkig	640,000	16.00
4	Mrs. Rattana Tokiatrungrueng	640,000	16.00
	Total	20,000	100.00

***Natural Ville Serviced Apartment and Management Co., Ltd.***

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
1	Syntec Construction Plc.	19,997	99.985
2	Mr. Somsak Hematanon	1	0.005
3	Mr. Thitipat Angpiwatsaranon	1	0.005
4	Mr. Boonkiet Keeratichaiwat	1	0.005
	Total	20,000	100.00

***C S M Capital Partners Co., Ltd.***

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
1	Syntec Construction Plc.	6,000,000	60.00
2	Mankongsangthong Holding Co., Ltd.	2,500,000	25.00
3	Mrs. Chanida Assadathorn	750,000	7.50
4	Mr. Sorasith Wannapraserth	250,000	2.50
5	Mr. Jeerasak Wannapraserth	250,000	2.50
6	Mr. Nattakorn Wannapraserth	250,000	2.50
	Total	10,000,000	100.00

***Natural Hotel Sukhumvit Co., Ltd.***

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
1	U City Plc.	1,073,630	71.5752
2	Syntec Construction Plc.	375,000	25.0000
3	Mrs. Sawang Munkongcharoen	51,366	3.4244
4	Mr. Anant Swaengtong	1	0.0001
5	Mr. Arnupab Kongna	1	0.0001
6	Miss Banjawan Klinchan	1	0.0001
7	Mr. Krit Korndechakul	1	0.0001
Total		1,500,000	100.00

(6) Shareholding changes of the Director and Executive<sup>1</sup> and spouses during the year

Director, Executive and Spouses	Brought Forward at the beginning of 2016		Changes		Balance at the end of 2016	
	No. of shares	Proportion (%)	Acquired	Sold	No. of shares	Proportion (%)
Mr. Somchai Sirilertpanich	-	-	-	-	-	-
Spouse and underage children	-	-	-	-	-	-
Mr. Jiramote Phahusutr	170,343,860	10.66	5,918,300	-	176,262,160	11.01
Miss Anisha Attaskulchai (Spouse)	15,252,900	0.95	3,055,000	-	18,307,900	1.14
Mr. Chaiwat Atsawintarangkul	-	-	-	-	-	-
Mrs. Ampai Atsawintarangkul (Spouse)	-	-	-	-	-	-
Miss Benjawan Sinkuknakorn	-	-	-	-	-	-
Spouse and underaged children	-	-	-	-	-	-
Dr. Arichai Ractham	-	-	-	-	-	-
Dr. Vichita Ractham (Spouse)	-	-	-	-	-	-
Mr. Tavee Kullertprasert	-	-	-	-	-	-
Spouse and underage children	-	-	-	-	-	-
Mr. Angsana Munkongcharoen	-	-	-	-	-	-
Spouse and underage children	-	-	-	-	-	-
Mr. Paisarn Tangyuenyong	-	-	-	-	-	-
Mrs. Patchanee Tangyuenyong (Spouse)	-	-	-	-	-	-
Executive						
Miss Anisha Attaskulchai	171,895,260	10.74	4,151,000	-	176,046,260	11.00
Spouse and underage children	-	-	-	-	-	-
Mr. Sukhum Phahusutr	16,231,200	1.01	60,589,100	-	76,820,300	4.80
Spouse and underaged children	-	-	-	-	-	-



Mr. Nayot Pisanthanakun	450,000	0.03	550,000	-	1,000,000	0.06
Spouse and underaged children	-	-	-	-	-	-
Mr.Yothin Treerattanaphan	317,300	0.02	-	100,000	217,300	0.01
Spouse and underaged children	-	-	-	-	-	-
Mr.Phaiboon Chetchotiros	80,000	0.00	-	-	80,000	0.00
Spouse and underaged children	-	-	-	-	-	-
Miss Chongchid Vitheekol	-	-	-	-	-	-
Mr.Yothin Vitheekol (Spouse)	-	-	-	-	-	-
Mr. Suwicha Savetsila	-	-	-	-	-	-
Mrs. Prapaichitr Savetsila (Spouse)	-	-	-	-	-	-
Mr. Veerapong Tungbenjakoun	-	-	-	-	-	-
Mrs. Jirapan Tungbenjakoun (Spouse)	-	-	-	-	-	-
Mr. Tawatchai Tirapairojana	-	-	-	-	-	-
Mr. Piyanetr Tirapairojana (Spouse)	-	-	-	-	-	-
Mr. Chinnatat Na Ranong	-	-	-	-	-	-
Mrs.Kingkaew Na Ranong (Spouse)	-	-	-	-	-	-
Mr. Anuwat Chutmongkolchart	-	-	-	-	-	-
Mrs. Yanida Yangdee (Spouse)	-	-	-	-	-	-
<b>Total</b>	<b>374,570,520</b>	<b>23.41</b>	<b>74,263,400</b>	<b>100,000</b>	<b>44,873,392</b>	<b>28.02</b>

Remarks :<sup>1</sup> Executive means the first four executives next to the Managing Director and every person who holds his or her position equal to the fourth one including the positions in financial or accounting functional line which is in the equivalent level.

### The Policy on Payment of Annual Dividend

Syntec Construction Public Co., Ltd.'s policy on payment of annual dividends is that dividends will allocated to the shareholders at the total amount not exceeding 40% of net profits after tax and after legal reserve when the Company has gained adequate profit amount without accumulated loss. The payment of dividends shall not affect the Company's investment plan, operation requirements and other appropriate factors in the future taking into account the best interest of the shareholders and all relevant stakeholders and the approval from the Board and the shareholders' meeting. However, the Company may consider to occasionally pay shareholders the interim dividend if the profit amount is deemed to be sufficiently paid and the Company's Board of Directors have to report the next shareholders' meeting for acknowledgement.

### History of the Dividend Payment

Details of the Dividend Payment	2013	2014	2015	2016
1. Net profit as Company Financial Statement (Million Baht)	75	385	660	896
2. Number of Shares (Million Baht)	1,600	1,600	1,600	1,600
3. Annual Dividend (Baht / Shares)	0.05	0.07	0.11	
3.1 First Half Year Dividend (Baht / Shares)	-	0.02	0.03	0.04
3.2 Second Half Year Dividend (Baht / Shares)	-	0.05	0.08	Wait consideration
4. Total Paid Dividend (Million Baht)	80	112	176	Wait consideration
5. Proportion of Dividend per Net Profits (%)	107	29	27	Wait consideration

## Management Structure

The Company's management structure consists of the Board of Directors, three Sub-committees has been appointed to consider and screen important jobs: The Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee, the Managing Director is the Company's top executive who is managing the Company through the Management Committee, following is the details of the Company's Board of Directors.

### Board of Directors

The Board of Directors' Structure consists of individuals possessing qualifications including skills, experiences, specific competencies beneficial to the Company, the policy of the Board's structural variety is set up to include gender, age, educational background and professional skill. Above and beyond, the Board of Directors and executives had never held a position as an employee or a shareholder of any external audit company in the past 2 years, in order to effectively perform their duties, the proper and adequate proportion of the Board of Directors and executives should not less than 5 people and not exceed 12 people.

As of 31<sup>st</sup> December, 2016, the Board of Directors consists of

- Executive Directors                      3                      persons
- Independent Directors                      5                      persons

The above number is adequate to balance the power to prevent any person or any group of persons to have influence on the Board's decision making.

Director Name	Position	Type of Director
Mr. Somchai Sirilertpanich	Vice Chairman/Managing Director/ Director of the Nomination and Remuneration Committee	Executive Director
Mr. Chaiwat Atsawintarakul	Director/ Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee	Independent Director
Miss Benjawan Sinkunakorn	Director / Director of the Audit Committee / Director of the Nomination and Remuneration Committee	Independent Director
Dr. Arichai Ractham	Director/ Director of the Audit Committee / Director of the Nomination and Remuneration Committee / Chairman of the Risk Management Committee	Independent Director
Mr. Tavee Kullertprasert	Director	Independent Director
Mrs. Angsana Munkongcharoen	Director / Director of the Nomination and Remuneration Committee, Company Secretary	Executive Director
Miss Yuvadee Nipattamanon		
Mr. Jiramote Phahusutr	Director /Vice M.D.	Executive Director
Mr. Paisarn Tangyuenyong	Director	Independent Director

*The details of the Company's Board of Directors are in Attachment 1.*

From the above table, Miss Yuvadee Nipattamanon resigned from the position of Director and the meeting had appointed Mr. Paisarn Tangyuenyong as her successor with the effect from 30 June, 2016 by holding the position for the period of the rest of the term of Miss Yuvadee Nipattamanon's position.

According to the Company's regulations, names and number of authorized Managing Directors are Mr. Somchai Sirilertpanich, Mrs. Angsana Munkongcharoen, and Mr. Jiramote Phahusutr. Two of these three members jointly affix the signatures and corporate seal following the registration certificate of Ministry of Commerce.

#### **Definition of the Independent Directors**

1. not hold shares in excess of one percent of the total number of voting shares of the Company, subsidiary, associated company, major shareholder, or any person having controlling power over the Company, whilst the number of shares held by any related person of such an independent director must also be counted;

2. not be and have not been a director participating in management role of the Company, or an employee or an officer of the Company, or an advisor of the Company which receives regular salary from the Company, and not be and have not been a person having controlling power over the Company or the holding Company, subsidiary, or associated company, or a subsidiary of another company in the same level of the Company, unless such an independent director has not been a person referred to above for at least two years prior to the date on which the application for being an independent director is filed with the governing official agency, provided always that such restriction or prohibition shall not apply to an independent director who has been a governmental officer or an advisor of a government authority, which is the major shareholder of the Company or the person having controlling power over the Company;

3. not be a person having relationship either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person or major shareholder of the Company, or of any person having power to control the Company or the Company's subsidiary, or of the person being nominated to be a management person of or a person having power to control the Company or the Company's subsidiary;

4. not have or has been in business relation with the Company, holding company, subsidiary, associated company, major shareholder or any person having power to control the Company, in the manner that may obstruct the independent exercise of discretion including in not being or has been a significant shareholder or authorized person of the person with business relation with the Company, holding company, subsidiary, associated company, major shareholder or any person having power to control the Company, except relieved from aforesaid characteristics at not less than two years prior to the date on which the application for being an independent director is filed with the governing official agency.

5. not being or has been auditor of the Company, holding company, subsidiary, associated company, major shareholder or any person having power to control the Company and shall not be significant shareholder, authorized person or partner of auditing office with the auditor of the Company, holding company, subsidiary, associated company, major shareholder or any person having power to control the Company, except relieved from such characteristic at not less than two years prior to the date on which the application for being an independent director is filed with the governing official agency.

6. not being or has been professional provider which includes legal consulting or financial consulting with service fee over two Million Baht a year from the Company, holding company, subsidiary, associated company, major shareholder or any person having power to control the Company, and not being a significant shareholder, authorized person or partner of the professional provider, except relieved from such characteristic at not less than two years prior to the date on which the application for being an independent director is filed with the governing official agency.

### **Extent of Roles and Responsibility**

The Board of Directors is responsible for all the Company's activities and has authorization in carrying out any process within the extent of Law and regulations, roles and responsibilities of the Board of Directors and Management are clearly separated, the followings are the Board of Directors' duties:

1. Managing business for the utmost benefits for shareholders under 4 principles as follows:
  - 1.1 Performing duty with responsibility and carefulness;
  - 1.2 Performing duty with honesty for the Company's and shareholders' benefits;
  - 1.3 Following laws, objectives, regulations and the Board of Directors' and the Shareholder meeting's resolutions;
  - 1.4 Disclosing information to shareholders with accuracy, completeness, transparency and on-time
2. Involving in the determination of Vision, Mission, Strategies and other Targets which are reviewed and approved every budgetary year in order to be compliance with the Company's operation directions.
3. Following up the Company to apply strategies.
4. Initiating and involving the preparation and approval of corporate governance policy and business code of conduct manual for directors, executives and employees.
5. Promoting the practice of business code of conduct including always following up the practice through the examination from the Risk Management Committee, then summarizing the evaluation result to use as the standard for business code of conduct.
6. Supporting employees to follow the corporate governance and establishing proper internal control system and internal audit in order to minimize risks from corruption and misuse of power and to protect the offence.

7. Determining risk management policy by establishing the Risk Management Committee to supervise the Company's risk management and set up the frame of risk management to be suitable to the Company's business, major risk management guideline, pre-warning and risk prevention measure as well as to review and create risk management tools to support and promote the business operation to achieve the target.

8. Determining a proper policy relating the conflict of interest, related transactions or interrelated transactions under the fair operation, such transactions are required to be considered and approved by the Company's Board of Directors only.

9. Making Report on the Company Board of Director's Responsibility on the Financial Report by showing together with the Auditors Report in the Annual Report.

10. Considering the development plan for top executives and successor plan for Managing Director, Supervising the annual performance evaluation of top executives and proper compensation system for top executives to be in compliance with the Company's business performance in order to motivate in short term and long term.

11. Participating the Board of Directors' Meeting and the Shareholder Meeting, except the unavoidable case preventing the directors for doing so, that director must inform the Chairman or the Company' Secretary in advance prior the meeting.

### **Scope and Authorization of the Board of Directors**

Two of three members of authorized directors jointly affix the signatures and corporate seal to authorize other directors to perform instead in a moment of period. The Board of Directors is responsible for all the Company's activities and has authority in carrying out any process within the extent of Law, the Company's objectives and regulations and resolution of the shareholders General meeting and is entitled to implement any activities as specified in business registration.

1. The authorization is as follows:

1.1 Considering the acquisition or distribution of assets, except such transaction must be approved by the shareholder meeting; such consideration and approval must follow the relevant notifications, regulation and/or rules of the Securities and Exchange Commission.

1.2 Considering and approving related transactions, except such transaction must be approved by the shareholder meeting; such consideration and approval must follow the relevant notifications, regulation and/or rules of the Securities and Exchange Commission.

1.3 Considering and approving the payment of interim dividend if considering that the Company has sufficient profit to do so, and reporting such dividend payment to the next shareholder meeting for acknowledgement.

1.4 Authorizing to consider and approve the loan or credit request from financial institutions or establish new circulating fund including the use of fund for investment.

2. Scope of Authority is as follows:

2.1 Authorizing to appoint any director as the Chairman of the Board of Directors and appoint Vice Chairman as deemed necessary.

2.2 Authorizing to appoint any director as the Chairman of the Board of Management and appoint any person as the Company's Secretary as deemed necessary.

2.3 Having rights to be trained or participate in any activity to increase knowledge relating working by using the Company's resources. ฝ

**Policy and criteria of nomination and appointment of directors (as well as new directors) and executives.**

The Company always consider to hire personnel with knowledge, proper qualification and experience in management and good corporate governance to be a competent person who will support the Company's development to achieve the target. The nomination criteria and method for selection of the individual who takes the post as the Company's director and the Company's independent director (as well as new director) includes 2 guidelines as follows.

1. The person who will be selected must possess the qualifications according to the Company's criteria and the established guidelines. The Recruitment and Consideration of the Nomination and Remuneration Committee will scrutinize and propose the list of names to the Company's Board of Directors for scrutiny and screening of such proposed candidates prior to further proposal to the Meeting of Shareholders for discussion and election. Qualifications are possessed according to the following criteria.

1.1 Knowledge, competence and comprehension on role and duty of the director according to the criteria of governing official agencies such as the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, etc.

1.2 Experience in the Company's business operation and other related experiences

1.3 Knowledge and comprehension in work system and standard of accounting, financing and managerial works.

1.4 Decision skills under accurate and sufficient reason and information

1.5 Maturity, stability, and independence in decision

1.6 Professionalism, virtue and responsibility

1.7 Apart from other necessary skills, the shortage of the current Committee's skills such as wisdom and expertise in the Company's business and relevant law, etc. has been considered.

For the appointment of high level executives from the position of the department director up, the Company will call for the Recruitment and Consideration of the Nomination and Remuneration Committee to screen and nominate the names of suitable candidates to the Board for consideration. As for the appointment of other executives, the screening will be conducted by the Company's Management Committee.

The Company's nomination of executives for every division of the Company such as Engineering Division and Internal Administration Division is based on considering eligible persons who are sophisticated and experienced in administration to contribute to the Company as much as possible and to be able to achieve the goal planned. The nomination is made via job announcement in media. Short-listed candidates who have direct experiences will be considered and invited for an interview by the division who will later report the supplementary information to the Company's executives before another interview and approval for employment.

2. In order to promote the good corporate governance and holding the shareholders as being of paramount importance, the Company therefore introduces a policy to call for the shareholders to propose and nominate persons for recruitment and election as a director in advance of the Annual General Meeting of the Shareholders according to the criteria established by the Company. The Company has publicized the said information via the media of the Stock Exchange of Thailand and the Company's website and the Director Pool database is also used to nominate new directors.

### **Appointment and Tenure of Directors**

The Nomination and Remuneration Committee has been assigned by the Board of Directors to propose the appointment to the shareholder meeting for approval based on the criteria and methods specified in the Company's regulations as follows:

1. As for voting for directors, the candidates receiving the majority of the total vote given by the shareholders attending the meeting and having voting right shall win. Each shareholder shall have one vote per one share.

2. When one term completes, at least one-third of the members must discharge the position. In case the number of directors cannot be divided into three portions, the number of the member discharging should be close to the number of the member having to discharge. After the first and second year of corporate registration, lucky draw should be made to find the member discharging. As for the following years, the members holding the position for the longest period of time have to quit. The member discharging may be able to return to hold the position.

3. Besides the completion of term, the members may discharge when

3.1 Die

3.2 Resign

3.3 Disqualified or having forbidden characteristics against the Public Limited Company Law



3.4 The shareholders' meeting resolves to discharge

3.5 The Court orders to discharge

4. In case the position is vacant because of other reasons besides completion of term, the Board of Directors must select a person qualified and having no forbidden characteristics according to the Public Limited Company Law to replace in the following Board of Directors' meeting except that the term of such vacant position is less than 2 months.

4.1 Such replacing persons must hold the position for the period of the rest of the term of the vacant position.

4.2 Resolution of the Board of Directors in Clause 1 must consist of the vote at least three-quarter of total existing members.

5. The shareholders meeting may agree to discharge any member of directors before the completion of the term with the vote of at least three-quarter of the shareholders attending the meeting, having voting right and having no more than half of the total attending shareholders' numbers of shares and having voting right.

The directors have not been fixed the number of tenures because the Company realizes the period of tenure is not the obstacle for working and the directors have good understanding about the Company's business then could express suggestions beneficial to the Company's operation.

### **Holding a position of director in other companies**

The Company's directors (including Managing Director) are limited by the Board of Directors' policy about the number of registered companies where directors hold a position of director at the same time, the objective is to enable the Company to obtain the utmost benefit from the performance of directors and their time for effective performance, the policy is regulated as follows:

1. The Board of Directors must approve for the director position holding in other companies by that director needs to propose through the Nomination and Remuneration Committee.

2. Directors are limited to hold a position of director in other companies not exceeding 5 companies and required to be approved by the Board's meeting before entering that position.

### **The Company's Board of Directors Meeting**

The Company had scheduled the Company's Board of Directors Meeting in advance and the meeting must be held at least once every month (however, the meeting shall be held at least once every quarter) with the agenda of the meeting clearly defined; that there will be the monitoring of operational performance on a regular basis. Board Meetings shall be convened upon written notices sent to all Directors 7 days prior to the date of the meeting, specifying the date and place of the meeting and attaching the meeting agenda and related materials to ensure that the

directors shall have enough time to study the data prior to the meeting and at the meeting there will be proper recording in writing of the Minutes of the Meeting which must be completed within 14 days after the meeting day; the filing away of the minutes of the meetings that were duly ratified for inspection by the Board of Directors and relevant persons. The details of quorum are follows:

1. A quorum occurs when there are more than 50% of directors present at the board meeting. Board of Directors meetings shall be presided over by the Chair of the Board. In case the Chair is prevented from so doing, Vice Chairman shall act in the Chair's place, however, in case the Vice Chairman is also prevented from so doing, any director shall act in the Chair's place in accordance with an order previously determined by the Board of Directors.

2. Resolutions of the Board of Directors shall be adopted by a majority of the Directors present at each Board of Directors meeting where a majority of the Directors who may participate in the resolution is present.

3. Each Director has only 1 vote, a Director who has a special interest with regard to a resolution of the Board of Directors shall not exercise any voting rights with respect to that resolution.

4. If the score of voting is the same, the Chairman of the meeting will make another vote to have a final result.

5. To vote at the meeting, the Directors that will vote must not be at least 2 out of 3 of all directors.

Non-executive directors can also have a meeting as need to discuss any problems.

In 2016, the Board of Directors arranged for a total of 12 meetings to discuss the important items, each meeting took about 3 hours. Following is the summary of the meeting arrangement:

***Table showing No. of the Board of Directors', all Committees' Meetings in 2016***

Name	Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Risk Management Committee	The Management Committee
Mr. Somchai Sirilertpanich	12/12	-	3/3	-	41/45
Mr. Chaiwat Atsawintarangkul	12/12	6/6	3/3	-	-
Miss Benjawan Sinkuknakorn	12/12	6/6	3/3	-	-
Dr. Arichai Ractham	12/12	6/6	3/3	4/4	-
Mr. Tavee Kullertprasert	12/12	-	-	-	-
Mrs. Angsana Munkongcharoen	12/12	-	3/3	-	35/45
Miss Yuvadee Nipattamanon	5/6	-	-	1/1	-
Mr. Paisarn Tangyuenyong	6/6	-	-	-	-
Mr. Jiramote Phahusutr	9/12	-	-	-	24/45
Mr. Paiboon Chetchotiros	-	-	-	4/4	-
Mr. Yotin Treratanapan	-	-	-	3/3	-
Mr. Nayot Pisantanakul	-	-	-	-	6/45
Mr. Yot Luksanakoset	-	-	-	-	44/45

Remarks: Miss Yuvadee Nipattamanon resigned from the Board of Directors and other positions in the company and Mr. Mr. Paisarn Tangyuenyong has been appointed to replace her position with the effect from 30 June, 2016.

### **Performance Evaluation of the Board of Director, all Committees and Managing Director**

The Company prepared the annual performance evaluation of the Board of Director, all Committees and Managing Director through the evaluation form which is compliance with duties and responsibilities of the Board of Director. The evaluation is classified into 2 parts which are the evaluation by Group and the evaluation by individual (Self Evaluation), additional information is appeared in the 2016 Annual Report.

***Table showing the evaluation result of the Board of Directors by Group and by Individual for 2016***

<b>Evaluation Topic</b>	<b>By Group</b>	<b>By Individual</b>
Structure and Qualification of Directors	3.90	3.94
Role/Duty/Responsibility of Directors	4.00	3.93
The Board of Directors' Meeting	4.00	3.91
Relationship with Management	4.00	-
Self-Development of Directors	4.00	-
<b>Average Score (from full score at 4.00)</b>	<b>3.98</b>	<b>3.93</b>

The results of both evaluation by Group and evaluation by individual presented that the Structure and Qualification of Directors was good, suitable to the business characteristic while Role/Duty/Responsibility of Directors was good because the Board of Directors focused and took sufficient time to consider the important matters relating the business operation. Besides, The Board of Directors' Meeting Relationship with Management and Self Development of Directors are also showed good results.

***Table showing the evaluation result of the Audit Committee by Group and by Individual for 2016***

<b>Evaluation Topic</b>	<b>By Group</b>	<b>By Individual</b>
Structure and Qualification of Directors	4.00	4.00
Role/Duty/Responsibility of Directors	4.00	4.00
The Board of Directors' Meeting	4.00	4.00
<b>Average Score (from full score at 4.00)</b>	<b>4.00</b>	<b>4.00</b>

The results of both evaluation by Group and evaluation by individual for the Audit Committee presented the Structure and Qualification of Directors, Role/Duty/Responsibility of Directors and The Board of Directors' Meeting in very good results, they well considered the appropriateness and the reasonable of transactions for the Company's utmost benefits.

***Table showing the evaluation result of the Risk Management Committee by Group and by Individual for 2016***

<b>Evaluation Topic</b>	<b>By Group</b>	<b>By Individual</b>
Structure and Qualification of Directors	3.81	3.83
Role/Duty/Responsibility of Directors	4.00	3.92
The Board of Directors' Meeting	4.00	4.00
<b>Average Score (from full score at 4.00)</b>	<b>3.94</b>	<b>3.92</b>

The results of both evaluation by Group and evaluation by individual for the Risk Management Committee presented the Structure and Qualification of Directors, Role/Duty/Responsibility of Directors and The Board of Directors' Meeting in good results, they suitably performed their duties to take care, determine the company's risk management policy with very good result and well managed the opinion exchanges in the meeting.

***Table showing the evaluation result of the Nomination and Remuneration Committee by Group and by Individual for 2016***

<b>Evaluation Topic</b>	<b>By Group</b>	<b>By Individual</b>
Structure and Qualification of Directors	4.00	4.00
Role/Duty/Responsibility of Directors	4.00	3.95
The Board of Directors' Meeting	4.00	4.00
<b>Average Score (from full score at 4.00)</b>	<b>4.00</b>	<b>3.98</b>

The results of both evaluation by Group and evaluation by individual for the Nomination and Remuneration Committee presented the Structure and Qualification of Directors and The Board of Directors' Meeting in very good results while the Role/Duty/Responsibility of Directors reflected the good result.

***Table showing the evaluation result of Managing Director for 2016***

<b>Evaluation Topic</b>	<b>Evaluation Result</b>
Duty Performance Evaluation	3.65
Strategy Determination	3.59
Practice in line with Strategies	3.71
Financial Planning and Performance	3.71
Relationship with the Board of Directors	3.88
Relationship with External Parties	3.10
Management and Relationship with employees	3.65
Position Succession	3.46
Knowledge about Product and Service	3.75
Personal Characteristic	3.73
<b>Average Score (from full score at 4.00)</b>	<b>3.62</b>

The result of evaluation for Managing Director expressed that all functional managements including the performance of Managing Director were in very good level.

#### **Orientation of New Directors**

The Company prioritizes the duty performing of new directors, therefore, the orientation for new directors is a policy to help new directors to prepare themselves to be the Company's directors. New directors will learn the responsibilities of directors, Company's policies and operations as well as knowledge and understanding of business. Below shows the preparation which the Company arranges for new directors:

1. New directors will receive introduction document on the business engagement nature, the Company's business important information such as the Company's regulations, the Company's business certificate, the Public Limited Companies Act, the Securities and Exchange Act, the Company's code of conduct, and other policies including important laws beneficial for the position of the Company's directors.

2. New directors will meet the Company's President, the Board of Directors and executives to acknowledge the information relating to the Company's business operation.

## Executives

As of 31<sup>st</sup> December, 2016, the Company has 14 executives\* as follows:

Executive Name	Position
Mr. Somchai Sirilertpanich	Managing Director
Mr. Sukhum Phahusutr	Vice Managing Director
Mr. Nayot Pisantanakul	Deputy Managing Director
Mr. Jiramote Phahusutr	Deputy Managing Director
Miss Nichaya Phahusutr	Deputy Managing Director
Mrs. Chongchid Vitheekol	Director, Financial Department
Miss Yuvadee Nipattamanon **	Director, Accounting Department
Mrs. Angsana Weerachatsakul	Director, Human Resources and Administration Department
Mr. Suwicha Savetsila	Director, Construction 1 Department
Mr. Veerapong Tungbenjakun	Director, Construction 2 Department
Mr. Tawatchai Tirapairojana	Director, Construction 3 Department
Mr. Chinnatat Na Ranong	Director, Construction 4 Department
Mr. Anuwat Chutmongkolchart	Director, Price Estimation, Bidding and Engineering Technic Department
Mr. Yotin Treratanapan	Director, Contract and Cost Control Department
Mr.Paiboon Chetchotiros	Director, Quality Assurance and Work Safety Department

Remarks: \*Based on the definition of “Executive” of the Securities and Exchange Commission Office.

\*\* Resigned from the Board of Directors and other positions in the company with the effect from 30 June, 2016.

## Roles and Duties of Top Executives

The scope of roles and duties of Top Executives is shown below:

1. Perform the Company’s operation in line with policies and authority specified by the Board of Directors
2. Set up both short-term and long-term business target including expense budget and long-term strategic plan, propose the Board of Directors for approval and report the progress of approved plan and budget to the Board of Directors .
3. Manage works through the Board of Management to achieve the target set in the business plan in order to build up the competitiveness and generate suitable compensation for shareholders.
4. Allocate resources and select potential personnel to work for the most benefits of the Company.

5. Place, appoint, remove, transfer, promote or degrade the positions, salary or wage reduction, principle measure and dismiss employees in line with the regulation.
6. Support and strengthen the organizational culture, support vision and the Company' business growth.
7. Follow up the Company's operation, evaluation the performance and gradually report the performance done by the Management to the Board of Management.
8. Consider, screen and propose the policy of the Company's business operation to the Board of Management for approval
9. Prepare the details of authority in the Company's internal operation, decentralize authority to enable employees to effectively perform duties and make decision.
10. Report financial status and financial statement to the Board of Management for consideration and approval in every quarter.

### **Company Secretary**

In compliance with the good corporate governance of the registered company in the Section of the Board of Directors' responsibilities, the person possessing qualifications and experiences was appointed as the Company Secretary to perform duties according to the Securities and Exchange Commission Act (No.4) 2008, Section 89/15 and 89/16 with the effect on 31 August, 2008, the Company Secretary has the following roles and responsibilities:

1. Held meetings for the Board of Directors and Annual General Meeting to achieve the requirements of laws, relevant regulations and good practices.
2. Provide basic advice to the Board of Directors concerning compliance with the laws, rules, regulations of governing authorities and practice of good corporate governance;
3. Maintain the report of interest of directors or executives and deliver copy of report of interest according to Section 89/14 for the Audit Committee's consideration within 7 days after the receipt of that report.
4. Be responsible for disclosing Company information in line with governing authorities and public to be accurate and complete according to the law;
5. Contact and coordinate with the governing authorities such as the Securities and Exchange Commission

The Board of Directors resolved to appoint Mrs. Angsana Munkongcharoen to be the Company Secretary from 23 December 2013 until present.

### **Remuneration for directors and executives**

In order to follow the good corporate governance for the registered companies in 2006 of the Securities Exchange of Thailand advising about the determination and disclosure of the director's remuneration that "Setting remuneration may be connected transactions because directors or management have direct conflicts of interest on the

matter. Therefore, the remuneration given should be appropriate with the position, duty, responsibility and performance of each key executive and director. In addition, remuneration shall be considered or evaluated by others who supervise the given person, and shall not be done by the one who receives the remuneration himself. The Remuneration for the directors should be proposed for approval at the annual shareholder meetings, so that the shareholders are able to set remuneration suitable for the firm's circumstances. It is also a mechanism to encourage and enhance accountability by directors.", the Company therefore set up the criteria to determine the compensation and welfare in compliance with duties and responsibilities of directors and executives as follows:

#### 1. Process of Compensation and Welfare Determination

1) The Board of Directors considered and appointed the Nomination and Remuneration Committee to suggest and propose the compensation of directors and top executives as well as consider the policy about the overall compensation of the Company.

2) The Nomination and Remuneration Committee's structure was suitably established, consisting of independent directors in the ratio at least two-third of all members and one of independent directors hold the position of the Chairman of such Committee.

3) The compensation and welfare will be reviewed and proposed with transparency, proper reference information by taking into account of 3 main factors : 1. Practices of the same industry 2. Performance and Size of Business 3. Knowledge, Competence, Skill and Experience of directors required by the Company at that time.

4) The compensation and welfare (in monetary form and other forms) of individual directors and executives will be clearly exposed.

#### 2. Elements and level of compensation and welfare will be treated as follows:

1) Compensation will be considered from duties, scope, role, responsibility, effort, performance as well as short-term and long-term benefits expected to be obtained by that director in line with the Company's performance, financial status, size of business, market situation, competition condition and overview of other companies in the same industry.

2) Type, payment methods, amount of compensation and welfare must be clearly determined.

3) proceed the process of approval request, the compensation and welfare of top executives must be proposed to the Board of Directors through the Nomination and Remuneration Committee for approval, however, the compensation and welfare of directors must be proposed to the shareholder meeting for approval.

#### 3. Type and payment methods of compensation and welfare

##### 1) Monetary Remuneration

Remuneration for Directors such as meeting attendance fee is paid to all directors attending the meeting and the Compensation of Audit Committee is paid annually.



Executives are paid in the form of salary, bonus, allowances for living expense, professional engineering fee and other welfares proper for the position.

2) Other Remunerations

None for directors

The Company's executives will be arranged according to the rights of employees including provident fund with the Company's subsidization at 3 – 5% of salary (classified by working years of each executive).

4. Criteria for Compensation and Welfare Consideration

1) The attendance of directors and executives in meetings of Committees and the participation of opinions exchange.

2) Knowledge, understanding of duties responsible and as regulated by laws such as the Securities and Exchange Act, other laws relating the Company's business operation.

3) The consideration of business plan and strategic plan as directors and executives.

4) The follow-up and proposal of improvement and development guideline according to responsible duties.

5) Performing duties of directors and executives and other duties as assigned.

In the 2016 Annual General Meeting of Shareholders on 29 April, 2016, the meeting resolved to approve the remuneration of directors as follows:

-the Board of Directors' meeting fee: 14,000 Baht/person/time, increasing from 2015 for 3,000 Baht.

-Compensation for the Audit Committee: 250,000 Baht/person/ year, increasing from 2015 for 30,000 Baht.

**Table of the Compensation and Meeting Fee for the Board of Directors and all sub-Committees for 2016**

Director Name	Position	2016 Compensation and Meeting Fee (Baht)				
		Board of Directors	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee	Total
Mr. Somchai Sirilertpanich	Vice Chairman / Managing Director / Director of the Nomination and Remuneration Committee	156,000				156,000
Mr. Chaiwat Atsawintarangkul	Director/ Chairman of the Audit Committee/ Chairman of the Nomination and Remuneration Committee	156,000	250,000			406,000

Miss Benjawan Sinkuknakorn	Director / Director of the Audit Committee / Director of the Nomination and Remuneration Committee	156,000	250,000			406,000
Dr. Arichai Ractham	Director/ Director of the Audit Committee / Director of the Nomination and Remuneration Committee / Chairman of the Risk Management Committee	156,000	250,000			406,000
Mr. Tavee Kullertprasert	Director	156,000				156,000
Mrs. Angsana Munkongcharoen	Director / Director of the Nomination and Remuneration Committee, Company Secretary	156,000				156,000
Miss Yuvadee Nipattamanon	Director / Director of the Risk Management Committee	58,000				58,000
Mr. Jiramote Phahusutr	Director	92,000				92,000
Mr. Paisarn Tangyuenyong	Director	84,000				84,000
<b>Total</b>		<b>1,170,000</b>	<b>750,000</b>			<b>1,920,000</b>

In 2016, there were totally 8 Directors of the Company who obtained monetary remuneration and meeting allowances of Director, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee for totally 1,920,000 Baht.

### Remuneration for executives

In the consideration of the remuneration for top executives, the Nomination and Remuneration Committee will consider the proper remuneration in order to motive and maintain the quality personnel to long-term work with the Company based on the performance evaluation of top executives. Such evaluation result will be treated as confidential information, criteria for consideration is consisted of the policy assigned by the Board of Directors, responsibilities, as well as working efforts, the Nomination and Remuneration Committee will propose to the Board of Directors for approval after making consideration.

In 2016, the Company had paid of remuneration consisting of salary, bonus, welfare, living expenses, social security fund to executives totally 47,482,857 Baht.

### Other compensations

None of other compensations for directors

## Sub-committees

The Board of Directors appointed directors having proper knowledge, competence and experience to be the members of sub-Committees in order to support the consideration of all important matters and advise opinions to the Board of Directors, all sub-Committees are consisted of

### The Audit Committee

The Board of Directors appointed the Audit Committee consisting of independent directors for at least one-third of all members or at least 3 independent directors, each member will be in the position for 3 years and possible to be re-elected if the term is completed. As of 31 December, 2016, the Audit Committee consists of 3 independent directors as follows:

#### *Name list of the Audit Committee*

Name	Position	Director Type
Mr. Chaiwat Atsawintarakul	Chairman of the Audit Committee	Independent director
Miss Benjawan Sinkunakorn	Member of the Audit Committee	Independent director
Dr. Arichai Ractham	Member of the Audit Committee	Independent director

Mr. Pornanan Vongniphon is assigned as the Secretary of the Audit Committee.

All 3 members of the Audit Committee have no transaction concerning business relation or professional service between independent director and the Company, its subsidiaries and affiliates or any other entity that may have conflict of interest according to the requirements prescribed by regulating body such as the Office of Securities and Exchange Commission, the Stock Exchange of Thailand and other competent authorities. All members in the Audit Committee are holding qualifications and skills in the auditing of financial statements.

## Duties and Responsibilities

1. Auditing the Company's financial report to be adequate and accurate.
2. Ensuring that the Company has implemented proper and effective internal control system and inter audit and consider independency of internal audit unit including approving on promotion and transfer, termination of employment of the head of internal audit unit or another unit responsible for internal audit.
3. Controlling the Company to respect the law on stock and stock exchange, regulation of the Stock Exchange of Thailand or other laws relating to the Company's business.
4. Considering, selecting and nominating person with independency to be the Company's auditor and proposing his/her remuneration including attending the meeting with the auditor without the management for at least once a year.
5. Considering particulars that may have connection or conflict of interest to ensure that such shall be in compliance with the applicable laws and regulations of the SET.

6. Preparing report of the Audit Committee by publishing it in the Annual Report of the Company and it is required to be signed by the Chairman of the Audit Committee and to have at least the following information:

6.1 Opinion regarding accuracy, adequacy and reliability of financial report of the Company

6.2 Comment on adequacy of the internal control system

6.3 Opinion of compliance with the laws related to securities and security exchange, regulations of the SET or laws related to business of the Company

6.4 Opinion towards appropriateness of the auditor

6.5 Comment on particulars that may have conflict of interest

6.6 F. Number of meeting of the Audit Committee and attendance of each member

(A) View or observation for the overall picture where the Audit Committee has gained under the performance in accordance with its Charter

(B) Other particulars deemed that it should be reported to the shareholders or general investor under the scope of duties and responsibilities assigned by the Board of Directors

6.7 Considering budget and workforce of internal audit unit

6.8 Considering internal control system, plan and approaches for auditing and assessment of auditing on performance of the Company from different aspects by generally accepted method and standard

6.9 Supervising, auditing and commenting on performance of internal auditing unit and cooperating with the Auditor

6.10 Considering hiring or inviting specific expert to come to give advice and comment as the Audit Committee deems appropriate

6.11 11. Performing any other act required by laws or assigned by the Board of Directors where the Audit Committee has the authority to call for, direct the management or head of section or any employee involving in the concerned matter to give a comment, to attend the meeting or to submit relevant document deemed as necessary.

In 2016, the Audit Committee held totally 6 meetings, the Board of Directors was reported of all meetings and the Committee also joined the meeting of the external auditor and accounting unit to audit financial statement in every quarter.

#### **The Nomination and Remuneration Committee**

The Board of Directors appointed the Nomination and Remuneration Committee consisting of at least 3 independent directors, the Chairman and the majority of members should be independent directors, each member will be in the position for 3 years and possible to be re-elected if the term is completed. As of 31 December, 2016, the Nomination and Remuneration Committee consists of 5 members as follows:

***Name list of the Nomination and Remuneration Committee***

<b>Name</b>	<b>Position</b>	<b>Director Type</b>
Mr. Chaiwat Atsawintarakul	Chairman of the Nomination and Remuneration Committee	Independent director
Mr. Somchai Sirilertpanich	Member of the Nomination and Remuneration Committee	Executive director
Mrs. Angsana Munkongcharoen	Member of the Nomination and Remuneration Committee	Executive director
Miss Benjawan Sinkuknakorn	Member of the Nomination and Remuneration Committee	Independent director
Dr. Arichai Ractham	Member of the Nomination and Remuneration Committee	Independent director

Having Miss Rattapawee Lapnan as Secretary of the Nomination and Remuneration Committee

All 5 members of the Nomination and Remuneration Committee have no transaction concerning business relation or professional service between independent director and the Company, its subsidiaries and affiliates or any other entity that may have conflict of interest according to the requirements prescribed by regulating body such as the Office of Securities and Exchange Commission, the Stock Exchange of Thailand and other competent authorities. The Nomination and Remuneration Committee consist of 5 members holding experiences and knowledge of nomination and remuneration.

**Duties and Responsibilities**

**- Nomination works:**

1. Considering policy and criteria for recruitment and nomination of directors, managing director, member of the committee and top executives from director of department or above to submit to the Board of Directors for consideration.
2. Defining qualifications of the director in accordance with structure, size and composition of the Company.
3. Recruiting and nominating appropriate person as required by policy and criteria to be a director, managing director, member of the committee and top executive from director of department or above
4. Carefully checking that person nominated for those positions has qualifications as required by rules and regulations of the Company, of the supervising authorities and by provisions of relevant laws.
5. Approaching, coordinating, contacting qualified person subject to the requirements to ensure that such person is willing to take the position if approved by the Board of Directors and/or the shareholder's meeting
6. Nominating person (s) for the consideration of the Board of Directors and specifying such nomination in the notice for the Annual General Meeting of Shareholders for their consideration.
7. Carrying out business as assigned by the Board of Directors.

**- Remuneration works:**

1. Considering policy and criteria and method for designating remuneration of director, managing director, member of the committee and top executive from director of department or above to submit to the Board of Directors;
2. Reviewing appropriateness of such policy and criteria to adequately respond to current situation;
3. Setting out the guideline for evaluation the performance of director, Managing Director, member of the committee and top executive from director of department or above in order to adjust annual remuneration;
4. Considering data on remuneration for director by comparing to similar companies in the same business summarized by the SET and/or other relevant data;
5. Monitoring appropriate remuneration for director, Managing Director, member of the committee and top executive from director of department or above corresponding to their duties and responsibilities;
6. Proposing remuneration for managing director and top executive from director of department or above to the Nomination and Remuneration Committee and proposing such for director to shareholders;
7. Preparing report on remuneration for director and top executive from director of department or above and disclosing it in the Company's Annual Report;
8. Carrying out business as assigned by the Board of Director.

In 2016, the Nomination and Remuneration Committee held totally 3 meetings.

**The Risk Management Committee**

The Risk Management Committee consists of at least 3 members; at least 1 independent director and 2 executives, each member will be in the position for 3 years and possible to be re-elected if the term is completed. As of 31 December, 2016, the Risk Management Committee consists of 3 members as follows:

***Name list of the Risk Management Committee***

Name	Position	Director Type
Dr. Arichai Ractham	Chairman of the Risk Management Committee	Independent director
Mr.Paiboon Chetchotiros	Member of the Risk Management Committee	Executive
Mr. Yotin Treratanapan	Member of the Risk Management Committee	Executive

Having Miss Rattapawee Lapnan as Secretary of the Risk Management Committee.

All 3 members of the Risk Management Committee have no transaction concerning business relation or professional service between independent director and the Company, its subsidiaries and affiliates or any other entity that may have conflict of interest according to the requirements prescribed by regulating body such as the Office of Securities and Exchange Commission, the Stock Exchange of Thailand and other competent authorities. The Risk Management Committee consist of 3 members holding experiences and knowledge of risk management.

## **Duties and Responsibilities**

1. Define risk management policy and framework to be proper for the Company's business operation and in line with the criteria or requirement of governing government agencies;
2. Support, promote and mutually develop risk management as well as push forward for collaboration in risk management in all levels of the organization;
3. Govern, follow up, express the opinion and report corporate risk management as required by program;
4. Review risk management policy and management to be correspondent with business operation and varying economic situation;
5. Consider to employ or consult with the experts in specific fields and express the opinions as deemed as appropriate by Risk Management Committee;
6. Report the crucial result of Risk Management Committee's Meeting to the Board of Directors for acknowledgement and consideration. Particularly, the case that is significant and affect the organization shall be reported as soon as possible;
7. Take any other actions as required by laws or assigned by the Board of Directors. In compliance with scope, authority and responsibility, Risk Management Committee has authority to call and direct the management, relevant chief of work unit or employee of the Company to express their opinions, attend the meeting or submit the documents as deemed as relevant and essential.

In 2016, the Risk Management Committee held totally 4 meetings.

## **The Management Committee**

The Management Committee consists of Managing Director, Vice Managing Director, Deputy Managing Director and Divisional Directors, duties of the Management Committee are as follows:

- 1) To establish the target, policy guidelines on various matters for proposal to the Company's Board of Directors for consideration;
- 2) To implement the policy guidelines received from the Company's Board of Directors;
- 3) To consider and follow up the work performance of work units of the Company to ensure consistency with the established targets and work plan;
- 4) To consider selection of new projects including the conduct of a feasibility study on entering into biddings for contract work;
- 5) To consider the adjustment of work plan/operating budget for various projects;
- 6) To make recommendations, offer advice, consultancy, provide policy guidelines to various assigned working committees;

7) To consider approving budget for various expenses of the Company;

8) To consider establishing working rules, procedure, regulations and criteria in relation to the operation of the Company;

9) To carry out various tasks as assigned by the Board of Directors.

***Name list of the Management Committee***

<b>Name</b>	<b>Position</b>	<b>Director Type</b>
Mr. Somchai Sirilertpanich	Vice Managing Director	Executive
Mrs. Angsana Munkongcharoen	Company's Secretary	Executive
Mr. Jiramote Phahusutr	Deputy Managing Director	Executive
Mr. Nayot Pisantanakul	Deputy Managing Director	Executive
Mr. Yot Luksanakoset	Company's Advisor	Executive

Having Mr. Paiboon Chetchotiros as Secretary of the Management Committee.

In 2016, the Management Committee held totally 45 meetings.

**Nomination and Appointment of Directors and Top Executives**

(Details of the Nomination and Appointment Approach of Directors and Top Executives is appeared in Section 8: Management Structure under the topic "Policy and criteria of Nomination and Appointment of Directors Policy and criteria and Top Executives")

**Succession**

The preparation and review of Succession Plan is the important duty in the good corporate governance principle of the Board of Directors who shall govern, take care and push to actually practice in order to minimize the shortage problem of personnel in important positions, especially top executive position.

Succession plan preparation will be considered as following process:

1. Analyze the Company's business situation in respect of strategy, policy, direction, expansion plan or business retardation plan in order to assess the number and qualification workforce required at present and in the future, are ready to work in line with the Company's strategy for short-term and long-term periods and emergency case;

2. Establish employee recruitment and training development in advance prior to the early retirement or leave of employees, the development plan must be prepared by taking into account of the retirement age of employee or early retirement;

3. Determine competence, knowledge, skill, personality and attitude of employees in that position;



4. Select and evaluate performance and potentiality of employee who will be the successor, after selecting intended employee, that employee must be informed in advance in order to prepare him/herself for learning works and responsibilities in higher level.

5. The selection of successor needs to always determine the substitute candidates of 2<sup>nd</sup> and 3<sup>rd</sup> ranks, the substitute candidates need not to be qualified as equally as the 1<sup>st</sup> candidate but should have similar qualification and the Company should not inform that substitute candidates to know in advance in order to prevent the possible conflicts.

6. Develop and Evaluate the progress and performance of selected successor whether her or she can achieve the expectation or not. If not, the Company will be able to change new candidate on time.

7. There are many styles of successor's potentiality development such as creation of learning culture inside the organization, Job rotation, On-the-job Training or Off-the-job Training and Coaching by current executives to transfer experiences to new generation executives.

The Succession Plan cover following position:

1. President/Managing Director Level:

When the position of President or Managing Director Level is vacant or unable to perform duty, the Company will assign executive in similar level or Vice M.D. to act such position until the recruitment and selection of person with qualification as the Company requires had been proceeded. The Nomination and Remuneration Committee will consider and propose candidate to the Board of Directors for consideration and approval of appointment for successor.

2. Executive Level:

When the position of Executive Level is vacant or unable to perform duty, the Company will propose the selected successor to the Board of Directors, the Succession Plan for Executive Level will be proceeded as follows:

2.1 Determine the personnel preparation plan, prepare the recruitment and training development for employees in advance prior to the retirement or early leave of employees.

2.2 Establish the qualification including knowledge, skill, personality and attitude proper to that position and prepare individual development plan.

2.3 Select, evaluate performance and assess potentiality of employees for proper consideration.

2.4 Specify the successor after evaluation and analysis of employees' qualification and that employee should be informed in advance in order to prepare him/herself for succession and work study.

## **Good Corporate Governance**

Syntec Construction Public Co., Ltd. (“Company”) realizes the significance of good corporate governance as it can facilitate its management to be efficient, transparent, and accountable and also promote reliability among stakeholders, investors, interested persons and relevant people.

In 2016, the Board of Directors resolved to approve “Good Corporate Governance” 3<sup>rd</sup> revision dated 21 September, 2016 in order to be compliance with the Company’s Vision, Mission, Objectives and Operation Guideline and in line with rules and regulations imposed by governing agency. Its detail covers all parts of Good Corporate Governance guideline, additionally, the sustainable development working group has been appointed to support the Company’s practice according to Corporate Governance concept including business code of conduct, to perform social and environmental, to examine and govern risk relating to corruption as well as to support and promote personnel in all level to abide by and follow Corporate Governance concept.

## **Good Corporate Governance Policy**

The Company’s Good Corporate Governance is divided into 5 parts as following details:

### *1. Rights of the Shareholders*

The Company’s Board of Directors has realized the rights of shareholders. Over and above the provisions of the laws, the fundamental rights of the shareholders are the right to attend the meeting of shareholders, the right to appoint or remove the directors, the right to appoint an auditor including the rights to obtain news and information equally for both Thai and foreigners, etc. through following activities:

#### **1.1 The 2016 Annual General Meeting of Shareholders:**

The Company held 2016 Annual General Meeting of Shareholders by taking into account of facilitating shareholders, the meeting was scheduled on weekday not affixing long weekend and held at big space venue to support the number of shareholders and informed of venue travelling with reference map attached the Invitation Letter. The meeting was held on 29 April 2016 at Bu-Nga Room, 3<sup>rd</sup> floor, Golden Tulip Sovereign, Ram 9 Road, Bangkok and assigned Thailand Securities Depository Company Limited to be the Company’s Share Registrar to record date on 22 March, 2017 and close the shareholder registration book on 23 March, 2017.

The Company executed according to good corporate governance policy and the Company sent Notice to Call the Annual General Meeting of Shareholders with the supporting data for meeting according to agenda such as information, date and time, venue, objective and cause, director’s opinion in

each agenda and details used by shareholders in decision making consideration that shall be clear, proper and sufficient for decision making on shareholder's voting, etc., together with 2016 Annual Report in form of CD ROM both in Thai version and English version which

1. was delivered by post to shareholders on 8 April, 2016 prior the meeting date for 21 days through Thailand Securities Depository Company Limited.

2. was publicized through the Company's website in both Thai and English versions from 28 March, 2016 prior the meeting date for 33 days.

3. Shareholders can contact to request for hardcopy of the Annual Report at rules and regulation section as methods mentioned in the Invitation Letter.

4. announced in the newspaper in advance before meeting for at least 3 days from 18,19 and 20 April, 2016 to inform shareholders as most as possible.

***Table showing status of Shareholders attending Meeting in 2016***

Shareholder category	No. of people	No. of shares	Ratio
Self-attending	28	8,606,113	0.54
By Proxy	68	685,834,001	42.86
<b>Total</b>	<b>96</b>	<b>694,440,114</b>	<b>43.40</b>

From the table showing status of Shareholders attending Meeting in 2016, there were 96 attendants representing 694,440,114 shares or 43.40%, the Company had perfectly proceeded the Meeting according to the Meeting Agenda from the first agenda to the last agenda without changes or additional agenda, the audio recording, taking photos and video recording had been done throughout the meeting. Shareholders attending the meeting had been asked for volunteer to be an independent representative to perform as the voting inspector in order to enable the meeting accurate, transparent and verifiable. In this occasion, the Company's Auditor was invited to mutually express the opinion about financial statements and all shareholders were welcomed of opinions, suggestions and interrogations which all were completely replied by the Company's directors.

***Table showing quality evaluation of the Annual General Meeting of Shareholders***

Year	2016	2015	2014	2013	2012	2011	2010
Company score	99.25	97.50	96.50	97.00	96.38	95.88	97.38
Average Score	91.62	92.68	91.35	91.04	89.43	88.88	86.16

From the table showing quality evaluation of the Annual General Meeting of Shareholders, the Company has been continuously evaluated with better quality and also obtained score higher than average score, the Company commits to develop and proceed the Annual General Meeting of Shareholders with completeness and appropriateness by taking into account of shareholders' utmost benefits.

## 1.2 The Appointment of the Auditor

In 2016 Annual General Meeting of Shareholders, the Company provided shareholders the rights to consider the appointment of Auditor and annual Audit Fee. The Meeting considered and approved Mr. Manit Warakitjaporn, CPA Registration No.7326 of or Miss. Maliwan Pahuwattanakorn CPA Registration No. 4701 of NPS Siam Audit Co., Ltd. to be the Company's Auditor who is independent with suitable qualification and approval of the Office of the Securities and Exchange Commission for 2016 and the amount of compensation for the auditor is fixed at 3,700,000 Baht (Three Million Seven Hundred Thousand Baht net) and none of other service fee.

***Table showing Compensation for Auditor***

Compensation Type	2016	2015	2014
1. Audit Fee for the Company	3,000,000	2,600,000	2,050,000
2. Audit Fee for subsidiaries/associated companies			
- Siam Syntec- Vijitaphan-Krung Thon Joint Venture	50,000	50,000	50,000
- C S M Capital Partners Co., Ltd.	300,000	-	-
- S C R Asset Management Co., Ltd	300,000	300,000	100,000
- Natural Ville Serviced Apartment and Management Co., Ltd.	50,000	50,000	120,000
- Syntec Asset Management Co., Ltd.	-	50,000	30,000
- Syntec-Mivan Joint Venture	-	50,000	75,000
3. Other Service Fee	-	-	-
<b>Total</b>	<b>3,700,000</b>	<b>3,100,000</b>	<b>2,425,000</b>

From the table showing Compensation for Auditor, the total compensation amount of 2016 was increased from its amount in 2015 for 600,000 Baht or 19.35% which is in line with market price, the compensation for auditor was explained in details to all stakeholders to acknowledge the amount of audit expenses for the Company and subsidiaries based on each company.

## 2. Equal Treatment to Shareholders

The Company promoted the right of shareholders and equitable treatment toward all shareholders by giving the opportunities to minor shareholders or minority of shareholders to be able to nominate the

candidate for holding the director position in advance before the Company's Annual General Meeting of Shareholders. The Company also gave the opportunity for such shareholders to enable to propose the meeting agenda in advance before the Company's Annual General Meeting of Shareholders. The Company's detail, requirement and criteria were publicized in letter to the shareholders through the Stock Exchange of Thailand's system and the Company's website on 14 November 2016 to 31 January, 2017 (totally 48 days of right exercise)., however, the shareholders did not exercise such right.

### *3. Roles of Interested Persons*

The Company has concerned on the rights of all group of interested persons including shareholders, customers, employees, business partners and competitors and expressed the responsibilities to society and environment in order to ensure that all groups of interested persons are treated well in compliance with the requirements of relevant laws and regulations and takes no actions to violate the rights of interested persons as follows:

#### **3.1 Shareholders**

3.1.1 Operating business with loyalty, honesty and fairness by taking into account of all major and minor shareholders and benefits for all groups of interested persons, and managing the business to be progressive, steady and produce fruitful benefits for shareholders.

3.1.2 Treating shareholders in line with the criteria of good corporate governance mentioned in the section of shareholders' rights and equally treating all shareholders, giving the importance of the Annual General Meeting of Shareholders under the concept of quality evaluation imposed by the Securities and Exchange Commission and Thai Investor Association prior, during and after the Meeting.

3.1.3 disclosing significant information related both to financial information and non-financial information relating the Company's operation which is complete, sufficient, consistent, on-time and express the actual status of the Company and financial status.

#### **3.2 Employees**

3.2.1 Treating employees in line with Labor Law concerning on the principle of human rights, regulating clear practice for non-discrimination, equal opportunities in hiring females and disabled.

3.2.2 The Company has a policy of safety, sanitation and working environment as well as the creation of good working environment.

3.2.3 The Company has a policy to determine compensation and welfare for employees with fairness and equality by providing fair and proper compensation and welfare in line with the working

potentiality. The appraisal and measuring system of employee competency in term of Key Performance Indicator (KPI) is applied to motivate the development of working.

3.2.4 The Company prioritizes the personnel development by arranging personnel development policy supporting all level of employees from staff to executive levels to be trained of knowledge and competence for working skills.

### 3.3 Customers (Project Owner)

3.3.1 The Company has a policy to conduct the construction with quality and commit to continuously enhance the standard of construction.

3.3.2 The Company will strictly follow all requirements agreed in the construction contract and deliver the construction project with quality and requirements agreed with customer.

3.3.3 The Company will guarantee the performance as agreed.

### 3.4 Business Partners (Shops and Contractors)

3.4.1 Equally and fairly treating all business partners with criteria of selection and proper contract.

### 3.5 Competitors

3.5.1 Treating under good competition framework.

3.5.2 Not seeking for competitors' secrets by dishonest approach and not intending to destroy competitors' reputation.

### 3.6 Community, Society and Environment

3.6.1 Determining a policy of responsibilities to community, society and environment, conducting activities which are creative for society under the Company's implementation and cooperation with organizations in government and private sectors.

3.6.2 Visiting communities to survey the possible impacts from the construction

3.6.3 Listening opinions and suggestions from communities surrounding the construction sites in order to find solutions for impact mitigation and solve grievances if receiving from communities.

The Company has a policy and channels for all interested persons including employees to submit grievances to directors as follows:

#### **Whistle-blowing Policy**

The Company determines the written whistle-blowing policy and measure including whistleblower protection, the channels to receive suggestion, complaint or clue including the process to

manage information or complaint, whistleblower protection measure, confidential information of whistleblower maintaining with responsible people only have been determined.

Below are the channels which all group of interested persons can submit suggestions, complaint or clues on what is the interested person's impact from the Company's business operation, corruption or from treatment of the Company's employee or acts that are improper, unfair and not compliant with the Company's regulation and code of conduct:

1. The Audit Committee - email: [auditcommittee@synteccon.com](mailto:auditcommittee@synteccon.com) , Tel.0-2381-6333 Ext. 5940
2. Legal Section- email: [legal@synteccon.com](mailto:legal@synteccon.com) Tel.0-2381-6333 ต่อ 5922
3. Human Resources and Administration Department- email: [hrd@synteccon.com](mailto:hrd@synteccon.com) Tel.0-2381-6333 Ext. 5151
4. Internal Audit Section- email: [internalaudit@synteccon.com](mailto:internalaudit@synteccon.com) Tel.02-381-6333 Ext. 5940
5. Company's Secretary - email: [angsanam@synteccon.com](mailto:angsanam@synteccon.com) Tel.0-2381-6333 Ext. 5941
6. Rules and Regulation Section and Investor Relation - email: [compliance@synteccon.com](mailto:compliance@synteccon.com) Tel.0-2711-7423
7. Hotline Tel.0-2381-2790

#### **Whistleblower or Complainant Protection Measure**

1. The Company will not expose any information identifying the whistleblower, person requesting suggestion, complainant or person cooperating in fact examination.

2. The Company will keep all relevant information as confidential and will disclose as necessary by taking into account of the safety and damage of the whistleblower, person requesting suggestion, complainant or person cooperating in fact examination.

3. In case the whistleblower, person requesting suggestion, complainant or person cooperating in fact examination feel unsecured or may be suffered or damaged, he/she can request the Company to determine proper protection measure or the Company may determine it without any request if the Company considers that the suffer or damage or danger may be happened.

4. Person who is suffered or damaged will be relieved by the proper and faire process.

5. The Company will not take any action unfair to the whistleblower, person requesting suggestion or complainant such as change of position, job description, working place, the suspension from working, intimidation, working disturbance, dismissal or any actions unfairly treating to the whistleblower, person requesting suggestion, complainant or person cooperating in fact examination.

6. The Company has none of measures to punish the Company's employee who makes whistleblowing, complains although such action may cause damage to the Company.

#### *4. Disclosure of Information and Transparency*

The disclosure of information will be treated under the basis of accuracy, completeness and timeliness, all parties can equally access information in line with the requirement of governing government agencies such as the Office of Securities and Exchange Commission and the Stock Exchange of Thailand through the means of equitable and easy information access apart from the Stock Exchange's website and the Company's website. The information will be prepared in Thai and English.

##### Disclosure of Information and Transparency

4.1 The disclosure of significant information related both to financial information and non-financial information in line with the requirement of governing government agencies such as the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, etc., and under the basis of accuracy, completeness and timeliness through the means of equitable and easy information access both of the Stock Exchange's website and the Company's website. The significant information that must be clearly disclosed is as follows: Shareholders' structure, Shareholding of the Company's directors, Explanation about financial status, overall operation and crucial change, Nature of business engagement, competitive status and potentiality, Major risk in the Company's business engagement and nature of risk, cause and impact, Biography of the Board of Directors, criteria of remuneration payment and stake holding of the director, etc. All the time, the Company has disclosed the information to be in line with the requirement of listed company being and had never been warned by verbal, written, fine or sign from any governing authorities.

4.2 The Company arranged for two Analyst Meetings per year which were on 11 March and 1 September, 2016; and 12 Company visits for securities analysts. The Managing Director will provide the information or delegate another person to give the information. In case of outsiders such as investors, entrepreneurs or shareholders or other interested public, enquiries for information via telephone can be made through the Company's Investors Relations Unit in order to prevent errors of communication and the use of information will be effectively controlled.

4.3 Disclose of information relating directors and members of sub-committees such as name list, biography, working experience, remuneration (policy and amount) and performance of previous year.

4.4 The Company's directors and executives has been assigned to report the change of holding securities to Securities and Exchange Commission according to Section 59 of Securities and Exchange Act B.E. 2535. The awareness of information was limited only for the management or concerned internal person as necessary and it was disallowed to disclose the internal information to the third person including prohibit to trade the company securities by using such information technology. The internal person should



not trade the company shares at the one-month period before disclosing the financial budget to public and should wait at least 48 hours after revealing the information to the public prior to trade the company share.

4.5 The Company realizes the importance of interrelated transactions which may have the conflict of interest by careful consideration, the Company advises the relevant person to refrain from making interrelated transactions between him/herself and customer, business partner, creditor, debtor or person whom the Company trades with. If such transaction is unavoidable, the fairness should be provided to all parties by providing price and conditions similar to transactions with outsiders. In the consideration and approval of interrelated transactions, directors, executives and employees having interest must refrain from attending the meeting to enable the meeting to freely discuss and must strictly inform/report such transaction to the Board of Directors for acknowledgement. Such transaction needs to be considered and approved by the Board of Directors only, the details are described in Topic 12: interrelated transactions in the Annual Report Declaration Form (56-1).

4.6 The Company's Board of Directors shall be responsible for Consolidated Financial Statement of the Company and of its affiliated and Financial Information as appeared in the Annual Report. The said Financial Statement is prepared in accordance with the generally-recognized accounting standard by the application of appropriate and consistently observed accounting policy and exercised utmost discretion and best estimate in its preparation including the disclosure of adequate significant information in the Notes to the Financial Statement.

The Board of Directors have arranged for maintenance of the efficient, effective Internal Control System to be reasonably assured that there have been proper, correct, complete and adequate accounting entries to maintain the property, assets and in order to know weak points as to prevent frauds or irregularities of material importance.

For this purpose, the Company's Board of Directors has appointed the Audit Committee comprising non- executive directors who will be responsible for reviewing the quality of the financial report and the internal control system and the comments of the Audit Committee regarding this matter are contained in Report of the Audit Committee as already shown in the Annual Report. The Board is of the comment that collectively the Internal Control System of the Company is at satisfactory level and will be able to create reasonable confidence in respect of the Company's and the affiliate's Financial Statement.

##### *5. Responsibilities of the Board of Directors*

Details are shown in the topic "Management Structure"

## **Practice of Good Corporate Governance Principle for other matters**

Apart from the practice according to the good corporate governance for listed companies in 2012, the Company also operates works by focusing on operating many matters as follows:

### **Anti-Corruption**

On 11 November 2014, the Company signed to participate in “Intention Declaration for Thai Private Sector Collective Action Coalition against Corruption” and hence received acceptance letter for such participation from “the Committee and the Secretary of Thai Private Sector Collective Action Coalition against Corruption” on 24 November 2014.

After receiving such acceptance letter, the Company has improved manual of relevant policies such as good corporate governance policy, business code of conduct, employee manual, etc. and in the Board of Directors’ meeting No. 9/2559 on 21 September, 2016, the Board approves the business code of conduct, revision 2 which consists of 2 measures of anti-corruption as follows:

#### **10.2.1 Anti-corruption policy**

Corruption means every form of bribery proposing the contract, offering, committing, demanding or receiving money, property or other benefits improper to the government official, government authority, private organization or person responsible under direct or indirect manner in order to make such person to act or refrain to perform duty for acquiring or maintaining business or for suggesting to specific company or for acquiring or maintaining other benefits improper to the business, except the case allowed by law, regulation, notification, local norm or trade practice.

The Company concerns on the behavior of employees in all level including directors, advisors, executives and employees working in the Company, subsidiaries, associated companies or other companies under the control of the Company as well as persons relating the Company’s operations. All employees are prohibited to demand, proceed, or accept corruption for their own benefits, family’s benefit, friend’s benefit or acquaintance’s benefit and are not allowed to proceed or accept all forms of corruption in both direct and indirect manner including all relevant business, organizations and countries.

### **Directions:**

1. Directors, executives and employees have duties to comply with anti-corruption policy and the executive is assigned by the Board to communicate and implement anti-corruption measures.

2. Directors, executives and employees will not take any action expressing intention or risk to all kinds of corruption either matters relating his/her own or other people’s authority although such interest will be useful for the Company.

3. Directors, executives or employees who have violated or failed to comply with anticorruption policy may be subject to punitive sanction provided by law and/or the Company's rule. However, for those directors, executives and/or employees who may have caused damage or loss of business opportunity to the Company resulted from the implementation of anti-corruption policy; the Company shall not impose any sanction or negative effect upon that person in any respect.

4. Directors, executives or employees should not support, ignore or neglect any action relating corruption when seeing or acknowledging such action, he/she must inform the superior or whistle-blowing unit promptly and give cooperation for fact investigation, however, the Company also prepares whistleblower protection mechanism to properly support.

5. Directors, executives and employees are strongly not recommended to receive gift, souvenir or entertainment from any person contacting or cooperating with them in relation to the Company's business. If the price of such gift or souvenir is too much for usual practice, those directors, executives and employees are recommended to decline it and report the fact to higher-ranked person.

#### 10.2.2 Policy of receiving/giving gift, souvenir, entertainment and other benefits

The Board of Director establishes guideline of such policy to avoid any action leading to the conflict of interest or discrimination which may cause the damage to the Company's operation as following details:

1. all staff in every level is prohibited from demanding gift, souvenir or any other benefit from business partner/person having interest in the Company in all cases.

2. all staff in every level may receive or give traditional souvenir provided that such shall not have any effect on business decision making whether by the receiver or the giver.

3. Receiving or giving gift, souvenir to person relating the business operation or all interested persons should be considered whether its value is proper in each opportunity, occasion including follows law, regulation, rule or local norm or not.

4. In case of receiving gift or souvenir having logo of the giver's company such as calendar, books, pens, umbrellas, etc. with proper value for general giving in compliance with custom and culture or as social manner, receiver may not submit such thing to the Human Resources and Administration Division.

5. Employees in all levels can receive gift, souvenir or other benefits in occasion or customs and culture of each locality and it is not illegal. If its estimated value is more than 3,000 Baht (Three Thousand Baht), receiver must submit it to the Human Resources and Administration Division for preparation of report "Report of receiving gift, souvenir or other benefit of the Company".

6. Any gift or souvenir which is unable to estimate value or in case the authorized person or superior considers to should not receive, receiver must return it to the giver promptly. If the returning is unable to proceed, it must be submitted to the Human Resources and Administration Division and deemed as the Company's right and property.

7. Do not give or receive gift or souvenir in the form of money or equivalent to money such as gift card, gift voucher, etc. If the returning is unable to proceed, it must be submitted to the Human Resources and Administration Division and deemed as the Company's right and property.

8. The purchase of gift or souvenir must follow the regulation of purchasing and scope of purchase approval under the Company's regulation.

9. Employees in all levels are prohibited to receive or commit to receive benefits or any valuable thing with dishonesty in order to motivate to perform or refrain from performing including any action which is considered to relate such behavior.

10. Giving gift or souvenir to customer, business partner or interested person must be approved by the authorized person and must be proceeded on behalf of the Company only. This giving must follow the custom and culture or social manner for the benefit of the Company's business and must be verifiable.

#### 10.2.3 Policy of donation for charity or support

In order to prevent hidden objective from the donation for charity and fund support or to prevent the use of donation as the excuse for corruption, the Company sets up following guidelines:

1. The donation for charity and fund support must be transparent, legal and morale and it is not the action causing damage to overall society.

2. Giving or receiving the donation for charity and fund support must not be used as an excuse for bribery.

3. Following the process of examination and approval of the donation for charity and fund support according to the Company's regulations.

4. In case suspecting that it may affect law, employee should consult with law division or in case of other important matter, it must be under the consideration of the Management.

#### 10.2.4 Policy of political assistance

The Company encourages its directors, executives and staffs to perform their respective duty in voting in the election under the Constitution and it has no policy in providing financial support to politician or political party whether directly or indirectly. The Company focuses to operate its business based on Political Neutrality, avoiding to involve activities which may conflict the Company's benefits or cause any form of financial burdens such as do not use the Company fund or resource to directly or

indirectly support political party, political group, political authoritarian and election candidate including local, regional or national levels.

The Company respects the Employee's freedom of political right and realized that "political right is the basic right of people" then support all directors, executives and employees to use political right in line with relevant laws as the good citizens such as election vote, membership of political party and right to involve political activities, which are all legal and do not affect the Company in every case.

Apart from such policy relating anti-corruption, the Company also establishes the anti-corruption is a part of corporate core value, directors and executives will be good model to follow policy as well as ensure and support employees in all levels to strictly follow. Additionally, the Company has human resources management process from selection, compensation evaluation, promotion and informing business partners to know the anti-corruption policy and sign to acknowledge such policy. The Company also has a whistle-blowing policy and measure as well as whistleblower protection mechanism in order to be a channel for receiving information and complaints.

In order to express the Company's intention on anti-corruption in all forms, on 13 December, 2016, the Company had submitted "Self-Evaluation Form about Anti-Corruption Measure" to the Institute of Directors (IOD) to be a member of Private Sector Collective Action Coalition Against Corruption (CAC) Project, the Company commits to operate its business under the Anti-Corruption policy continuously.

### **Respect on Child and Human Rights, Fair labor treatment and non-discrimination**

The Company respects and follows human right principle by concerning on the importance of human pride, rights, freedom and individual equality and take non-discrimination due to the differences of body, race, nationality, religion, gender, language, age, education background and other social status. Additionally, the Company concerns on the importance of labors by treating staff and employees in compliance with labor law, rules, regulations and obligations relating labor with fairness for both Thai and foreign labors as well as does not force labor, use or support child labor and human trafficking. The Company has abided by the ethics of recruitment and employment, compensation payment and employee transfer with non-discrimination and equal opportunity. Such treating will cover to female, disabled, or group of people having less chance, the Company will consider the appropriateness based on individual duty and responsibility. Furthermore, the Company also has the intention to support the employment of disables in order to provide opportunity to the disabled to use competence for earning income and self-reliance.

Since the Company's construction business characteristic may directly cause the risk of human rights such as foreign labor, child labor, etc. so, the Company as the contractor is necessary to concern on the safety and security of labors. The Company is using both labors belonging to the Company and labors from outsourcers or subcontractors having registered with the Company. The Company will select, screen and examine the business partners possessing at least the required minimum qualification such as legal registration of foreign labors, none of child labor, etc. and has continuously evaluated their behaviors and the capability of labor performance in order to control the construction to meet the restricted agreement or contract.

### **Business operation with fairness**

The Company operates business by abiding the good corporate governance principle as the written guideline for directors, executives and employees in all level to practice in compliance with laws and to have fairness in business operation. The Company believes that business operation with fairness will make related people confident and entrusted the Company and give benefits to the Company in long term.

#### **10.1.1 Fair Trade Competition**

The Company has a policy to operate its business under the fair-trade competition and intends to follow the Fair-Trade Competition Act, B.E. 2542, to promote the Company to follow monopoly protection law or trade competition law by protesting against unfair competition and taking none of action discouraging business competition, to promote free trade competition, non-discrimination or taking advantages from others in order to make free trade competition. The guideline for practice is as follows:

1. Do not jointly set up advance price with competitors and do not set up minimum or maximum price
2. Do not limit unfair production volume or delivery period
3. Do not set up the fixed ratio of discount, refunding, credit term
4. Do not exchange confidential data of trade competitor, price or other trade conditions and requirement with other competitors
5. Do not seek for confidential information of trade competitors through dishonest or inappropriate manner
6. Do not try to discredit the competitor by slandering or accusing without truth.
7. Do not play monopoly by control business partners to solely sell products to the Company

### **Treatment of inside information usage**

The Company requires that its executive report any change to his/her securities holdings to the Office of the Security and Exchange Commission pursuant to Section 59 of the Security and Exchange Act B.E. 2535 and that inside information shall be limited to only executive or insider on the need-to-know basis and such inside information is not allowed to be disclosed to the third person. Insider trading is absolutely not allowed by using such information.

Therefore, the Company has prescribed guidelines for its director, executive and staff in this matter which is explained in the business code of conduct (Revision 2 dated 21 September, 2016) as follows:

1. Directors, executives and employees do not use and always avoid using acquired inside information and the Company's business partner information for one's own or other person's benefit or providing inside information to outsiders. Directors, executives and employees must keep secret and inside information for the responsible part to not be leaked to other people including the Company's personnel who are not involved.

2. Limiting the access to inside information not yet disclosed to the public and allow only relevant persons to acknowledge.

3. The disclosure of the Company's information will be proceeded by the person responsible of information disclosure, the unauthorized person is not allowed to disclose information.

4. All directors, executives and employees are responsible in protecting inside information and o not seek for benefits from obtained inside information although he/she had been terminated of the status of the Company's employee.

5. Director and executive shall report the Company's securities trading/holding within 3 working days after the trading or transferring date to the Securities and Exchange Committee according to Section 59 of the Security and Exchange Act B.E. 2535 and gather to always report to the Board of Directors as well as disclose in the Annual Report.

6. Director and executive should refrain from the Company's securities trading during one month before disclosure of financial statement to the public and should wait for at least 48 hours after such information has been publicly disclosed before starting.

7. Anyone disclosing unauthorized inside information and information not yet disclosed to the public, causing the damage to the Company, will be responsible in legally punishment.

In 2016, none of violation was found from directors, top executives and employees relating the use of inside information.

## **Corporate Social Responsibility**

The Company is always aware that the sustainable business growth needs the good social foundation, the responsibility to society and environment has been focused by issuing the policy of better construction operation or construction in line with relevant environmental laws and regulations. Furthermore, all personnel are supported and promoted of self-awareness and practice for the benefit of society and public in order to connect the good relationship and cooperation with all stakeholders like the Company's Vision "We shall be the leader in construction industry with continuous development in effective quality, time, cost, safety as well as social and environmental responsibility".

### **Responsibilities to consumers, society and environment**

As most of the Company's construction projects have been high-building construction in business districts in downtown and township zones, it has been unavoidable to create both direct and indirect impacts towards surrounding community and society including the outsiders who are originally residing or engaging the business or passerby around construction work unit area. The Company realizes the possible affects then strictly operate according to law requirement relevant to construction works, for instance.

1. Ministerial Rule, Issue No. 4 B.E. 2526 (1983) issued according to the content in Building Control Act, B.E. 2522 (1979), Bangkok Metropolitan's Ordinance on Stipulation of Criteria in Public Utility and Building Construction, B.E. 2539 (1996).

2. Proclamation of National Environmental Board, Issue No. 10 (B.E.2538 (1995) issued according to the content in National Environmental Quality Care and Promotion Act, B.E. 2535 (1992) on Stipulation on Ambient Air Quality Standard, and proclaimed in Government Gazette, Volume 112, Part 71Ngor dated 5 September 1995.

3. Proclamation of National Environmental Board, Issue No. 15 (B.E. 2540) on Stipulation of Background Noise Level Standard issued according to the content in National Environmental Quality Care and Promotion Act, B.E. 2535 (1992) and proclaimed in Government Gazette, Volume 114, Part 27Ngor dated 3 April 1997.

4. Proclamation of National Environmental Board, Issue No. 37 (B.E. 2540) on Stipulation of Vibration Standard for Building Impact Protection issued according to the content in National Environmental Quality Care and Promotion Act, B.E. 2535 (1992) and claimed in Government Gazette, Volume 127, Part 69Ngor dated 2 June, 2010.

5. Proclamation of Ministry of Natural Resources and Environment on Stipulation of Control Standard for Effluent Discharge from Some Types and Sizes of Buildings dated December 2005, issued according to the content in National Environmental Quality Care and Promotion Act B.E. 2535 (1992) and proclaimed in Government Gazette, Volume 122, Part 125Ngor dated 29 December 2005.

(For reference details, please be referred to the 2016sustainable development report, topic: Environmental Operation)

### **Participation in the Community or Social Development**

The Company has involved in the social development which is a part of social operation policy (CSR-after-process) continuously emphasized and implemented by the Company.

(For reference details, please be referred to the 2016sustainable development report, topic: Social Operation)



## **Internal Control and Risk Management**

The Company emphasizes on the internal control and risk management system, The Board of Directors has well realized the significance of the Internal Control; therefore, it has designated the Audit Committee to evaluate the adequacy of the internal control system and internal audit for the accurate financial reports, to consider the Company's and the auditor's auditing works and enable the internal control system to be adequate and suitable for business operation. Besides, the review system by internal audit division is established to evaluate and improve the effectiveness of control system, risk management and systematic governance.

In 2016, the Company has adopted the Internal Control System Sufficiency Evaluation Form of the Securities and Exchange Commission (SEC.), consisting of 5 elements: Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities.

The Board had considered the Internal Control System Sufficiency Evaluation Form and advised that the Company's internal control system is adequate and suitable, none of essential mistakes relating the internal control system was found by the examination , there are 5 elements in the Company's internal control and followings are the summary:

### **1. Control Environment**

The Company has arranged a good internal control activity consisting of financial examination and the operation according to relevant regulations, rules and laws. In 2016, the Board of Directors had reviewed and improve the business code of conduct to be compliance with the good corporate governance policy for directors, executives and employees.

### **2. Risk Assessment**

The Company's Risk Management Committee is responsible to propose the suggestions of suitable risk management and guideline to the Management, the Board of Directors has concerned on the importance of risk management and arranged the risk management policy to assess 4 types of risks which are strategic risk, operational risk, financial risk and risk of relevant laws and regulations, the assessment on corruption risk is also assessed to organize the suitable and sufficient protection system. Besides, tools for risk management are also reviewed and built to support and promote the business operation to achieve the target.

The Risk Management Committee has regulated all divisions of the Company to prepare the risk of each division (including analysis of events possibly happened and impacts) and risk reduction

measures, the following up must be reported every quarter under the supervision and following up of the Risk Management Committee.

### 3. Control Activities

Key Performance Indicators (KPIs) is applied as the employees' performance evaluation system controlled by the Company while Competency plays a role as a tool systematically and effectively controlling and setting up operational guideline to prevent risk possibly occurred from operations of many divisions, as well, the scope, authority and approved financial amount are also clearly regulated.

Whistleblower Policy is another Company's policy to allow all employees and stakeholders to submit any grievance or clue, all grievance information will be kept as confidential data without leakage to irrelevant people.

### 4. Information & Communication

The Communication system is arranged to proceed to external people or organizations with complete, accurate and on-time news and information including financial data or other information with adequacy for decision making via the Company' website ([www.synteccon.com](http://www.synteccon.com)). Performance reports will be effectively delivered to many organizations according to the regulation of the Securities and Exchange Commission and the regulation of the Securities Exchange of Thailand and the Capital Market Supervisory Board as schedule.

As for the internal communication, the necessary news and information are sufficiently provided by the Company in the manner of on-time delivery, all employees will receive news and information through the Company's private email.

### 5. Monitoring Activities

There is the performance follow up system through the Board of Management's weekly meeting while the Board of Directors will acknowledge whether the performance achieves the target or not in month meeting.

#### **Head of internal audit section and head of Compliance Unit**

##### **1) Head of internal audit section is the Company's permanent staff**

At the meeting of the Audit Committee Session No. 4 on 15 August, 2011, Mr. Phonanan Vongnipon was appointed to be the header of internal audit section since 15 August 2011. He has over 10 years of experiences in operation control and internal audit in financial institutions and been trained for several courses in relation to internal audit e.g. certificate of professional internal auditor from The

Institute of Internal Auditors of Thailand. He is also familiar with the Company's business activities and operations and thus considered suitable for this position.

However, consideration and approval of appointment, removal or transfer of header of internal audit section shall be approved by the Audit Committee. Qualifications of this position are as shown in the form of 2016 Annual Information Form (Form 56-1).

(2) Head of the compliance unit

The Company is now recruiting the head of the compliance unit which in 2014 was assigned to Miss Rattapawee Lapnan a senior compliance officer of the rules and regulations to carry out the duties until, the nomination and appointment of the official further. The properties of the incumbent Chief of the rules and regulations contained in 2016 annual information form (Form 56-1).

## Related Transactions

### 2016 Related Transactions

Interrelated transactions between the Company with subsidiaries and relevant people in 2016 made by new management. (Debt restructuring plan management and present management)

Name and Relations	Transactions	Transaction Value of 2016 (MB)	Necessity of Transaction
<u>Joint Venture</u> - Siam Syntec- Vijitaphan-Krung Thon, consisting of the Company, Vijitaphan Construction Co., Ltd. and Krung Thon Engineering Co., Ltd. (51% of shareholding)	- Other Receivables	11.10	The objective of Joint Venture was to construct the project of commercial and postal products for Thai Airway International Plc (owner). Currently, the project had finished and the JV has been on the receiving installed payments. The Company must be responsible in issuing the Guarantee Letter under the name of Joint Venture and paying all fee relating the Guarantee Letter and expenses incurred during the project until its completion. The Company was responsible in all payment transactions for Joint Venture, however, at present, it is under the process of dissolution.
<u>Joint Venture</u> -Syntec – Mivan Consisting of the Company and Mivan (Thailand) Co., Ltd. (65% of shareholding)	- Other Receivables	2.49	The Company has jointly established the Joint Venture for the construction of subsidized ready-made house (Baan Eur-arthorn) Project with the National Housing Authority (project owner). Presently, such construction project was finished, but since the Joint Venture is in the status of bankruptcy, the Company as a member of Joint Venture must be responsible in all expenses incurred to complete work, such project is under the dissolution of the Joint Venture.
<u>SCR Asset Management Co., Ltd.</u> - The Company is the major shareholder in SCR Asset Management Co., Ltd. (52%).	- Financial assistance	125.00	- 1 <sup>st</sup> Time: To borrow money in order to pay off bank loans, used to purchase land in the development of Phase 2 of 65 Million Baht with interest rate of MLR - 2.375 per year (equivalent to the interest rate that the Bank of Ayudhya Public

	- Interest Receivable	4.41	<p>Company Limited (Thailand) offers to its subsidiary) loan period of 2 years and the principal in full amount was paid during 2015.</p> <p>- 2<sup>nd</sup> Time: To use for purchasing land in the development of Phase 3 of 135 Million Baht with interest rate of MLR - 2.375 per year (equivalent to the interest rate that the Bank of Ayudhya Public Company Limited (Thailand) offers to its subsidiary) call loan period for the principal, the principal was partially was paid during 2015. Presently remaining principal is 85 Million Baht.</p>
	<p>- Administrative Income of Construction Management</p> <p>- Income from steel selling</p>	<p>1.20</p> <p>1.00</p>	<p>- 3<sup>rd</sup> and 4<sup>th</sup> Times: To use for purchasing land in the development of Phase 2 of 25 Million Baht and 20 Million Baht, respectively with interest rate of MLR - 2.375 per year (equivalent to the interest rate that the Bank of Ayudhya Public Company Limited (Thailand) offers to its subsidiary) loan period for 2 years.</p> <p>- The Company employs S C R Asset Management Co., Ltd. to manage the construction projects of both Project 2 and Project 3, such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade.</p> <p>- The Company sold steel for the real estate development project 2, Such transaction falls within the definition of related transaction, category regular business supporting transaction with general trade terms as the Company purchased them at the price indicated in price tag and with credit term of 30 days in the same manner as other customers.</p>

<p><u>Natural Ville Service Apartment and Management Co., Ltd.</u></p> <p>- The Company is major shareholder of Natural Ville Service Apartment and Management Co., Ltd. (99%)</p>	<p>- Administrative service fee</p>	<p>29.17</p>	<p>- The Company employs Natural Ville Service Apartment and Management Co., Ltd. to manage serviced apartment, such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade.</p>
<p><u>N &amp; J Asset Management Co., Ltd.</u></p> <p>- Mr. Jiramote Phahusutr is the Director of the Company and the major shareholder of the Company (16.51%) as well as the shareholder of N &amp; J Asset Management Co., Ltd. (20%)</p> <p>- Miss Nichaya Phahusutr is the major shareholder of the Company and the elder sister of Mrs. Jiramote Phahusutr holding shares of N &amp; J Asset Management Co., Ltd. (20%)</p>	<p>- Building area renting for office utilization</p>	<p>1.64</p>	<p>Contracting company office space at 23th Floor SSP Tower total area 402.53 sq.m., monthly rental fee of 120,759 baht (300 baht / sq.m.) for the period of 3 years, from 1 November 2016 to 31 October 2018 with the aim to be used as office building. The transaction is a connected transaction characteristics type of support normal business, the general trading, conditions due to the cheap rents offices in the general trading, conditions due to the cheap rents offices in the same building and a neighboring building. The average rental price elsewhere at 400 baht /sq.m. which is higher than the average rental price of market.</p>

Name and Relations	Transactions	Transaction Value of 2016 (MB)	Necessity of Transaction
<p><u>Tate Enterprise Co., Ltd.</u></p> <p>- Mr. Nayot Pisanthanakun, the Company's Deputy M.D., is one of shareholder of the Company (0.01%)</p>	<p>- Buying food and beverages to be used for meetings or banquets agenda</p> <p>- Account Payable</p>	<p>1.64</p> <p>0.21</p>	<p>The Company purchased from Tate Enterprise Co., Ltd. products used food and beverages to be used for meetings or banquets agenda. Such transaction falls within the definition of related transaction, category regular business supporting transaction with general trade terms as the Company purchased them at the price indicated in price tag and with credit term of 30 days in the same manner as other customers.</p>
<p><u>Naraiphand Co., Ltd.</u></p> <p>Mr.Jiramote Phahusutr, the Company's director, is one of the major shareholders of the Company (16.51%) and at the same time of Naraiphand Co., Ltd. (18.06%).</p>	<p>- Purchasing souvenir, gift, token and New Year basket</p>	<p>4.76</p>	<p>The Company purchased from Naraiphand Co., Ltd. products used as New Year gift and souvenir for other important occasions and festival. Such transaction falls within the definition of related transaction, category regular business supporting transaction with general trade terms as the Company purchased them at the price indicated in price tag and with credit term of 30 days in the same manner as other customers.</p>
<p><u>N &amp; J Hospitality Co., Ltd.</u> - Mr. Jiramote Phahusutr, the Company's director, is one of the major shareholders group of the Company (16.51%) and at the shareholders of the N &amp; J Hospitality Co.,Ltd. (0.002 %) .</p> <p>- Miss Nitchaya Phuhusutr is shareholders of the Company and a sister of Mr.Jiramote Phahusutr is the leading shareholder of the N &amp; J Hospitality Co.,Ltd. (99.99 %).</p> <p>-Mrs. Sawang Munkongcharoen is the mother of Mr.Jiramote Phahusutr is also the shareholder of N &amp; J Hospitality Co.,Ltd (0.002%).</p>	<p>- Buying food and beverages to be used for meetings or banquets agenda</p> <p>- Account Payable</p>	<p>4.59</p> <p>0.94</p>	<p>The Company purchased from N &amp; J Hospitality Co., Ltd. products used food and beverages to be used for meetings or banquets agenda. Such transaction falls within the definition of related transaction, category regular business supporting transaction with general trade terms as the Company purchased them at the price indicated in price tag and with credit term of 30 days in the same manner as other customers.</p>

Name and Relations	Transactions	Transaction Value of 2016 (MB)	Necessity of Transaction
<u>Wealthy Living Co., Ltd.</u> - Mr. Jirasak Tansakul, spouse of Miss Nichaya Phahusutr is the major shareholder of Wealthy Living Co., Ltd. (99.96%)	- Consultancy fee for security service system - Other creditors	8.45  2.91	The Company makes contract of consultancy for security service system, marketing, and procurement for 1 year period from 1 February, 2016 to 1 January, 2017. The objective is to consult about security service system, marketing, and procurement. Such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade.
<u>Safe Series Co., Ltd.</u> - Mr.Nayot Pisanthaanakul the Company's management is Assistant Manager Director and the shareholder of Safe Series Co., Ltd. (1.80%)	- Service Fee	111.25	The Company purchases services from Safe Series Co., Ltd. it is a service system that work in the building and it is a part of the cost of building construction. Such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade.
<u>Thonglor Management Co., Ltd.</u> - Mr.Peerayot Pisanthanakun, younger brother of Mr. Nayot Pisanthanakun who is the Company's Deputy M.D., is the major shareholder.	- Administrative fee - Other creditors	10.87  4.00	C S M Capital Partners Co. Ltd. hires Thonglor Management Co., Ltd. to manage the serviced apartment. Such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade.
<u>Rightman Corporation Co., Ltd.</u> - Ms. Yuwadee Vongkusolkig is the sibling of Mr. Mr.Jiramote and Miss Nitchaya Phahusutr and also the shareholder of Rightman Corporation Co., Ltd. (44%) - Mr. Jirasak Tansakul, the spouse of Miss Nitchaya Phahusutr is the major	- Income from rental fee	0.58	The Company made the rental contract for office area with monthly rental fee of 30,000 baht and other monthly service fee of 20,000 baht, the rental period is from 1 August, 2016 to 3 January 2017 with the aim to be used as the Company's office building. The transaction is a connected transaction characteristics type of support normal business with general commercial conditions.



shareholder of Rightman Corporation Co., Ltd. (22%)	- Administrative fee	8.74	-the Company. hires Rightman Corporation Co., Ltd. to manage the serviced apartment with the contract period from 1 August, 2016 to 31 January 2017. Such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade
	- Trade creditor	1.45	

The Company has paid great attention to execute interrelated transactions for the fullest interest of the Company and related persons. The interrelated transactions were according to general commercial principle considered and approved in the same manner as other general customers. Such transaction falls within the definition of related transaction, category regular business supporting transaction with general trade terms as the Company purchased them at the price indicated in price tag.

In addition, the interrelated transactions will be considered with the general trading regulations/conditions of the business under the ethics and regulations of the Stock Exchange of Thailand along with the revelation of relating information. By the Audit Committee of the Company consisting of qualified members having independence according to the regulation of the governing government agencies. The Audit Committee commented that the interrelated transactions were normal commercial transactions having disclosure of information complying with the regulation.

### Process of Interrelated Transactions

The Company has focused on interrelated transaction consideration arranging approval process to comply with the regulation and code of the Stock Exchange of Thailand. Besides, the transactions must be approved by the Board of Directors and the Audit Committee, as well. As for the Board of Director meeting having agendas in which a member has a share in, such member must not attend the meeting to allow fair discussion.

### Policy or Tendency of Interrelated Transactions in the future

The interrelated transactions execution in the future will be in line with the Company's business plan having policy and process in accordance with the law, code and regulation of the Stock Exchange of Thailand in terms of interrelation, acquisition or distribution of assets of registered companies.

However, as for the interrelated transaction execution, it has been based on reasonability of the transactions and fullest interest of the Company and the related persons.

## **Management Discussion and Analysis**

The operation results as described in the consolidate and separate financial statements of 2016 showed net profit for the amount of 852.07 Million Baht while the same period of 2015 showed net profit for the amount of 627.57 million. This indicated that the profit increased for 224.50 Million Baht or 35.77 %. The main source of income from construction business has increased during the past 3 years from 6,888.85 Million Baht in 2014 to 7,051.05 Million Baht in 2015 and 7,504.44 Million Baht in 2016, revenue from construction was the highest increase. There were 40 suspending projects amounting to approximately 22,698 Million Baht. The total value of balance of work was equal to 10,243 Million Baht considered at the highest balance of work. During 2016, the Company still gained trust from its existing and new clients who continually engage the Company as its construction work can meet the schedule and contractual obligation with quality. The Company also develops its personnel and construction technologies on regular basis and as a result, only in 2016, the Company has secured as many as 15 new projects and sales office 3 projects.

The revenue from service was increased of 199.14 million or 143% , it was 338.10 Million Baht in 2016 while it was 138.96 Million Baht in 2015. The reason is during 2016, C S M Capital Partners Co., Ltd. (a subsidiary) bought the Eight Thonglor Condominium Project to manage, it is the secondary business generating good revenue for the company group, the average ratio of room occupancy in the Company group's service business was at 85.72%.

The ratio of construction cost against construction revenue decreased at 82.25 % when compared with that of 2015 at 86.08% or 3.83 % decrease partly because of increasing construction cost and labor cost in construction which are the key cost in the steady condition of economy. However, the Company has planned to control the cost of construction material by analyzing the tendency of construction material price together with the requirement quantity used in production, the analysis is based on the market price and the direction for market price which are used to negotiate with the sellers in large volume of orders and to manage cost for utmost benefit.

The ratio of service per service revenue was decreased when comparing with previous year, in 2016, such ratio was 63.64% while in 2015, it was 75.27% or decreasing 11.62% because the Company had well-planned of service cost management. The management of business group enabled the Company to have negotiation power in making contracts with trade partners and achieving the desired price as planned.

Including the cost of administration in 2016 amounted to 508.24 Million Baht in the same period of the year 2015 amounted to 391.94 Million Baht, an increase of 116.30 Million Baht, representing an increase of 29.67 % for two parts which one part was the administrative expense of parent company for 46.49 Million Baht, such as expense of personnel; and another part was the administrative expense of subsidiaries which was increased 69.81 Million Baht such as housing tax for 20.54 Million Baht, expense of personnel for 12.98 Million Baht and other administrative expenses for 36.29 Million Baht. However, if the ratio Administrative expenses to revenue from the construction was increased by the year 2015, the ratio stood at 5.56% and for the year 2014, the ratio was 4.85 % an increase in the rate of 0.71 %. The increase of the said administrative expense was resulted from management expense of service business buying condominium rooms at the Eight Thonglor during 2016. However, if comparing, the ratio of administrative expense per total revenue was increased by 0.97%, its ratio in 2016 was 6.33% while its ratio in 2015 was 5.36%.

#### **Performance from Statements of comprehensive income – Consolidated financial statement**

##### **Revenue**

Syntec and its subsidiaries' Financial Statements for the year 2016, performance of year 2015 showed a total profit attributable to owners of the Company in consolidated financial statements of 852.07 Million Baht, performance of year 2015 showed a total profit attributable to owners of the Company 627.57 Million Baht, increasing by 224.50 Million Baht or increasing of 35.77 % by the reasons of changing are as follows: •

- Revenue from construction for year 2016 was 7,504.94 Million Baht, 2015 was 7,051.05 Million Baht, increasing of 453.89 Million Baht or increasing of 6.44 %, followings were the revenues classified by types of construction works :

- Revenue from direct contractor for residential buildings in 2016 was 5,759.46 Million Baht, increasing 31.09 Million Baht or equally 0.54 % from 2015, and increasing 93.74 Million Baht or equally 1.66 % when comparing to 2014 because the Company joined the bidding of many construction projects from both governmental and private sectors and there were 21 projects to be delivered.

- Revenue from direct contractor for office/commercial buildings was 362.20 Million Baht, decreasing 395.48 Million Baht or equally 52.20 % because projects were completed during 2016.

- Revenue from direct contractor for hotel and resort was 700.85 Million Baht, increasing 445.34 Million Baht or 174.29 % from 2015 and increasing 100% from 2014 because new projects were started to construct in 2016.

- Revenue from direct contractor for infrastructure projects was 333.87 Million Baht, increasing 290.66 Million Baht or 672.67 % from 2015 for 43.21 Million Baht and decreasing 129.46 Million Baht or equally 74.98 % from 2014 because projects were under the process of work inspection for delivery in 2015 and they were new projects started to construct in 2016.

- Revenue from direct contractor for industrial factories was 319.33 Million Baht, increasing 53.05 Million Baht or 19.92% from 2015 amounted 266.28 Million Baht because the Company was successful in the bidding of projects and started to construct in 2016.

- Revenue from direct contractor for department store/supermarket/shopping mall was 29.22 Million Baht, increasing 100% from 2015 and 2014 because the Company was successful in the bidding of projects and started to construct in 2016.

The overall revenue structure is summarized as follows :

Unit : Million Baht

Products Line / Business Group	2016		2015		2014	
	Value	%	Value	%	Value	%
<b>Revenue from direct contractor</b>						
- Residential Buildings	5,759.46	76.74	5,728.37	81.24	5,634.63	81.79
- Office / Commercial Buildings	362.21	4.83	757.68	10.75	1,081.56	15.70
- Institutions	-	-	-	-	-	-
- Hotel and Resort	700.85	9.34	255.51	3.62	-	-
- Infrastructure Projects	333.87	4.45	43.21	0.61	172.67	2.51
- Industrial Factories	319.33	4.25	266.28	3.78	-	-
- Department store/Supermarket/Shopping Mall	29.22	0.39	-	-	-	-
<b>Total Construction Revenue</b>	<b>7,504.94</b>	<b>100.00</b>	<b>7,051.05</b>	<b>100.00</b>	<b>6,888.86</b>	<b>100.00</b>
Interest Income	7.23	0.09	11.10	0.15	22.71	0.32
Revenue from roo service	338.09	4.21	138.96	1.90	104.89	1.48
Compensation	58.51	0.73	-	-	-	-
Gain on sale of available-for-sale securities	-	-	-	-	-	-
Reversal of allowance for doubtful accounts	40.99	-	12.33	0.17	3.46	0.05
Reversal of estimated loss under joint venture agreement	-	-	66.47	0.91	-	-
Other revenues	78.36	0.98	27.18	0.37	29.73	0.42
<b>Total Revenue</b>	<b>8,028.12</b>	<b>100.00</b>	<b>7,307.09</b>	<b>100.00</b>	<b>7,083.86</b>	<b>100.00</b>

The company had net income (as consolidated financial statement) in 2016 for 8,028.12 Million Baht, in 2015, 7,307.09 Million Baht and in 2014, 7,083.86 Million Baht respectively increasing for 721.03 Million Baht or 9.87%. It could be separated as income from being direct

contractor for 7,504.93 Million Baht or 93.48 % of net incomes and it was the highest increase as being the direct contractor from 2010. However, value of main income from being direct contractor mostly came from the construction of residential, hotel and resort, office building and commercial building, infrastructure project, industrial plant and department store, shopping mall, respectively.

### **Revenue from room service**

The Company had revenues from room service with 338.10 baht in 2016 and 138.96 Million Baht in 2015, increasing 199.14 Million Baht or 143.30%. It was the result from the buying of condominium ownership at the Eight Thonglor by C S M Capital Partners Co., Ltd. (a subsidiary) during 2016 under the management of “Akyra” Brand. It followed the Company’s policy to expand the operation to other relevant businesses in the form of forward expansion and to utilize the investment strategy in potential real estate with good location for being ready to function and promptly generate revenue.

C S M Capital Partners Co., Ltd. (a subsidiary) bought the condominium ownership at the Eight Thonglor on 28 April, 2016. It is the serviced apartment with full facilities in the center of Bangkok with 148 accommodation rooms and located in Sukhumvit 55 (Thonglor), Sukhumvit Road, Klongton Subdistrict, Phra Khanong District, Bangkok. In 2016, it generated revenue from room service at 160.29 Million Baht or 47.41 % of service revenue in consolidated financial statement and the average ratio of room occupancy was at 91.18%.

The operation of Project 1 on Citadines Grand Central Sriracha by S C R Asset Management Co., Ltd (a subsidiary) has been officially started in April 2015 as the serviced apartment with full facilities for 136 rooms, it is located at Sriracha District, Chon Buri Province and generated the income of room service at 60.63 Million Baht or 90% in 2016 while it generated income amounting 31.98 Million Baht or 17.93% of service revenue in consolidated financial statement. In 2016, the average ratio of room occupancy was at 81.31%.

The operation of Project 1 on Citadines Grand Central Sriracha by S C R Asset Management Co., Ltd (a subsidiary) has been officially started in April 2015 as the serviced apartment with full facilities for 136 rooms, it is located at Sriracha District, Chon Buri Province and generated the income of room service at 60.63 Million Baht or 90% in 2016 while it generated income amounting 31.98 Million Baht or 17.93% of service revenue in consolidated financial statement in 2015. In 2016, the average ratio of room occupancy was at 81.31%.

The operation of Natural Ville Serviced Apartment project by Syntec Construction Public Co., Ltd., Branch 1 has been implemented as the serviced apartment with full facilities for 166 rooms, it is located on Langsuan Road, Lumpini, Pathumwan District, Bangkok and generated the income of room service at 117.18 Million Baht, increasing 10.19 Million Baht or 10% in 2016 while it generated income amounting 106.99 Million Baht or 34.66 % of service revenue in consolidated financial statement. In 2016, the average ratio of room occupancy was at 84.68%.

### **Interest Income**

The Interest generated income for the Company in 2016 at 7.23 Million Baht while in 2015, it generated at 11.10 Million Baht, decreasing 3.87 Million Baht because during 2015, the Company changed the model of investment from investment in short term bill of exchange providing the yield of interest to be the investment in mutual fund providing the yield of a change in the fair value of investment (Details shown Notes to the Financial Statements 5).

### **Compensation**

The Company was paid of compensation amounting 58.51 Million Baht by Kempin Siam Co., Ltd. due to the Court's order.

### **Reversal of allowance for doubtful accounts**

The Company's income from the reversal of allowance for doubtful accounts in 2016 was 40.99 Million Baht, year 2015 of 12.34 Million Baht, an increase of 28.66 Million Baht or 232.33 % and accounted for 0.51 % of total net revenue. This was the result of reversal of allowance for doubtful accounts of account receivables, other receivables and performance guarantee obligation under construction contract which the Company had taken normal steps to collect these amounts until they were fully paid.

### **Reversal of estimated loss under joint venture agreement**

The Company had income from the reversal of estimated loss under joint venture agreement in 2015 at 66.47 Million Baht, this transaction was occurred from the heavy debt of Mivan (Thailand) Co., Ltd. which was bankrupted finally on 19 October 2015 with the judgement of the Central bankruptcy Court, therefore, the Company considered to cut off such loss however, there was none of process for this issue.

### **Other incomes**

Other incomes of 2016 was 78.36 Million Baht while it was 27.18 Million Baht in 2015, increasing 51.17 Million Baht or equally 188.27 %, the increase of other incomes was consisted of

1. Other incomes were from the operation of big company generated at 24.71 Million Baht such as received dividend of 9.02 Million Baht, profit from selling and adjusting temporary investment value of 6.43 Million Baht, profit from property selling of 4.07 Million Baht and others of 5.19 Million Baht.

2. Income from other service fees from subsidiaries generated 26.46 Million Baht.

### **Cost of Construction**

Cost of construction per revenue fell by the year 2016 with a rate of 82.25 %, for the year 2015 with a rate of 86.08 % or decreasing in the rate of 3.83 %. The main costs include the construction materials, labor and wages and outsourcing. Including depreciation of the office buildings and building improvements. Equipment in some fields has been added to the main cost of construction variable to the increasing income. However, the control of material price has been planned as mentioned above and new technology has been utilized to increase the working efficacy such as investment of new tower cranes as well as new working practices have been always created to increase the quality and effectiveness for construction works as well as to decrease and manage the cost of work examination. Moreover, the duration of operations can be managed to be beneficial for the operation and utmost effectiveness and efficiency.

The labor cost is planned to establish the project of sustainable development on workmen, presently skilled workmen are rare to find in labor market. Therefore, the establishment of labor training center is planned to increase the chance of workmen's capability development, especially skilled labors specialized in each levels and fields of works. This is the motivation to make employees give more loyalty to the corporate. In 2016, the ratio of labor cost in construction was 18.17 % and in 2015, its ratio was 16.14 %, increasing 2.03 % and the Company still emphasizes on the quality of living for labors and plans to continually develop the capability and quality of living. (details of labor capability development is in Section 3 : Risk factors).

### **Cost of Room Service**

The company had capital from apartment service in 2016 for 215.17 Million Baht increasing from 2015 for 104.59 Million Baht to 110.58 Million Baht or 105.73 %. Mostly, it was the cost of

service in the Eight Thonglor Project which was bought of ownership by C S M Capital Partners Co., Ltd. (a subsidiary) during 2016 as mentioned above.

### **Administrative expenses**

Expenditure for management in 2016 was 508.24 Million Baht and in 2015, it was 391.94 Million Baht increasing for 116.30 Million Baht or 29.67 %, the increase was separated into two parts which were expense of personnel in parent company was increased 46.49 Million Baht, the major cost increased such as expenses related to personnel and HRD were increased from the adjustment of salary base and bonus according to the Company's annual business performance. During 2016, the Company had developed training courses for the development of all employees' potentiality. The external experts were invited to train employees and employees were sent to train with external organizations to increase point of view and attitudes of employees to apply in working for utmost efficacy. Another expense was the administrative expense of subsidiaries which was increased 69.80 Million Baht such as housing tax for 17.75 Million Baht, expense of personnel in subsidiaries for 12.98 Million Baht and other administrative expenses for 39.07 Million Baht

### **Other expenses**

Other expenditures in 2016 were 52.82 Million Baht, increasing from the same period of year 2015 from 47.38 million to 5.44 Million Baht or 11.48 %. As for other expenses such as expense from doubtful accounts, the Company has adopted a policy on allowance for doubtful accounts to the extent that if there is any significant indicator reflecting debt payment ability, financial status and business operation of the debtor, the Company shall set the allowance for doubtful accounts immediately as well as continue debt collection, estimate loss of debt burden from prosecution and estimate loss from burden of joint venture agreement.

### **Financial cost**

The finance costs in 2016 of 64.58 Million Baht, increasing from the same period in 2015 of 44.87 Million Baht or a decrease of 19.71 Million Baht or equal to 43.93 %, the major increase of financial cost in 2016 was resulted from the financial cost of loan borrowing from financial institution to buy the Eight Thonglor Residence Project during 2016.



## Income taxes

Income tax expense in 2016 was 151.36 Million Baht, increasing 132.81 Million Baht or 715.97% from the same period of 2015 which was 19 Million Baht because the Company claimed the tax rights of bad debt of Mivan (Thailand) Co., Ltd. which was bankrupted by the order of the Central Bankruptcy Court to deduct the tax expense in full amount.

## Net Profit (Loss)

In 2016, the Company had a net profit of 852.07 Million Baht, in 2015 of 627.57 Million Baht, an increase of 224.50 Million Baht, representing an increase of 35.77 % which to compare the ratios of profitability in the form as follows:

Profitability Ratio (unit : %)	Consolidated FS			Separated FS		
	2016	2015	2014	2016	2015	2014
Gross Profit Margin (%)	18.55%	14.13%	11.55%	17.93%	14.08%	11.38%
Operating Profit Margin (%)	12.79%	8.99%	6.19%	13.74%	9.48%	6.47%
Net Profit Margin (%)	10.61%	8.59%	5.16%	11.52%	9.06%	5.42%

## Financial status from statement of financial position-consolidated financial statements

### Total assets

Total asset of the company according to consolidated financial statement increased, for 2016, it was 9,523.22 Million Baht increasing from the same period in 2015 for 2,801.39 Million Baht or 41.68 %, causing from the change of assets items as follows :

The current asset was increased 254.80 Million Baht or equally 6.66 % with main reasons from

- The increase of temporary investment because the Company managed the operating income for utmost benefit through interest and profit from holding short-term investment fund.
- The advance payment for outsourcers was increased due to the construction cost control plan which was the deposit for steels used in the construction, the Company has the division responsible to estimate the price of steel and other construction materials according to the economic condition, market price and assess the price tendency of such materials, the price estimation of steel and other materials will be considered along with the construction and material demand plan which was made one year in advance in order to control the construction cost control as planned.

The non-current asset was increased 2,546.58 Million Baht or equally 87.89 % with main reasons from

- Other long-term investment funds were increased 162.99 Million Baht in 2016 because the Company gained from the revaluation of the fair value of sale-available securities which was Bangkok Metro Plc (as detailed in the Note to Financial Statements Items 16).
- Land, building and equipment were increased because during 2016, C S M Capital Partners Co., Ltd. (a subsidiary) had bought the Eight Thonglor Residence Condominium valued 2,495 Million Baht.
- The saving with obligation as guarantee was reduced 97.54 Million Baht because during 2016, the Company was returned of deposit amounting 48.36 Million Baht from the Civil Court for the lawsuit of Thai Airways and deposit amounting 35.00 Million Baht from the guarantee of Siam Syntec- Vijitaphan - Krung Thon Joint Venture because the Court already judged, besides, the deferred income of many projects was reduced during 2016, respectively.

#### **Total liabilities and shareholders' equity**

##### **Total liabilities**

The company had total liability in 2016 for 4,721.03 Million Baht increasing from 2015 as amount of 1,611.47 Million Baht or 51.82 % with following main transactions :

- Account payables were increased of 172.75 Million Baht because the Company paid for the purchase of products and services for general transaction norm as obtained credit term and followed agreement.
- The long-term loan from financial institution was increased 1,150.85 Million Baht, the main reason was that C S M Capital Partners Co., Ltd. (a subsidiary) proceeded loan amounting 1,516.45 Million Baht from a financial institution during 2015 for buying the Eight Thonglor Residence Condominium Project. The loan amount was decreased due to the withdrawal of debenture during 2016 for 365.60 Million Baht.
- The deferred income of construction contract was increased of 318.70 Million Baht because the Company was paid by the owner of new project which was started to conduct the construction in 2016, the deferred income was used as the fund for project construction process.

Furthermore, the Company maintains Debt to Equity Ratio as of 31 December, 2016 equally 0.98: 1 time which was not over the specified standard of 2.5 : 1 time.

### Shareholders' equity

Shareholder's equity in 2016 was 4,802.19 Million Baht increasing from the same period in 2015 as a mount of 1,189.92 Million Baht or 32.94 %. It was an increase of reserve capital by law for 633.09 Million Baht and non-allocated accumulated profit for 381.63 Million Baht, other elements of shareholders for 130.39 Million Baht and reserve fund by law for 44.81 Million Baht respectively.

### Liquidity

Overview of Operations in cash and cash equivalents of the year 2016 of 644.32 Million Baht, increasing from the year 2015 was 255.99 Million Baht, or 65.92%.The increase was from the operation performance during 2015 which the liquidity ratio can be compared in variety of following formats:

Liquidity Raito (Unit : times)	Consolidated FS			Separated FS		
	2016	2015	2014	2016	2015	2014
Liquidity Ratio (times)	1.32	1.42	1.48	1.48	1.43	1.48
Quick Liquidity Ratio (times)	0.58	0.96	0.86	0.93	0.95	0.86

### Factors or events potentially affecting financial status or operation in the future

Additional details are shown in Chapter 10 : Risk Factor, Subject: Financial Risk.

However, in previous year, the Company has focused and continuously developed many work systems such as the Comany's effective cost management sytem to be close to the current economic condition, the Company has a policy to follow and look after various costs as well as arrange tools to follow up costs under the planned budget. Furthermore, the Company has a policy to expand its operation to other relevant businesses apart from construction business in the form of forward expansion in order to increase the revenue channels in other businesses, for example, the business in newly constructed serviced apartment for rent and the strategy to invest in potential real estate for serviced apartment with good location, ready-to-serve and prompt income generating. It is another channel to generate more income to the Company for further stability.

## **Report on the Company Board of Director's Responsibility on the Financial Report**

The Board of Directors is responsible for the financial statements of Syntec Construction PCL. and its joint ventures as well as financial information presented in the annual report. The financial statements were prepared in accordance with financial reporting standards pursuant to the Accounting Act B.E.2543 and the applicable requirements of the SEC and SET. Appropriate accounting policies have been applied and observed continually and discretion has been duly exercised on their preparation. Significant information was adequately disclosed in the financial statements on which the auditor has audited and unconditionally made the auditor report.

The Board of Directors is in charge of supervision and maintenance of effective risk management and internal control system to ensure that accounting information is entered correctly, completely, timely and adequately to maintain assets and to significantly prevent dishonest practices or irregularity. In this regard, the Board of Director has appointed the Audit Committee consisting of independent directors who are not the executive member, to be in charge of the audit on the quality of financial reports, internal control system and internal audit to ensure that they are carried out efficiently and effectively. The Audit Committee's comment is also shown in this annual report.

The Board of Directors is of the opinion that the internal control system and the internal audit of the Company are within satisfactory level to be able to establish confidence that the financial statements of Syntec Construction Plc. and its joint ventures for the year ended 31 December 2016 are materially correct in accordance with the generally accepted accounting principles.



Mr. Somchai Sirilerdpanich  
Managing Director

**Syntec Construction Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2016  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

### **To the shareholders of Syntec Construction Public Company Limited**

#### *Opinion*

I have audited the consolidated and separate financial statements of Syntec Construction Public Company Limited and its subsidiaries (the Group), and of Syntec Construction Public Company Limited (the Company), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Syntec Construction Public Company Limited and its subsidiaries and of Syntec Construction Public Company Limited, respectively, as at 31 December 2016, and their financial performance and their cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the *Code of Ethics for Professional Accountants* issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the 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 matter is the matter that, in my professional judgment, was of most significance in my audit of the consolidated and separate financial statements of the current period. The matter was 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.

Key Audit Matters	Audit Responses
<p><b>Recognition of revenue from construction</b></p> <p>The Company has operated construction business and recognized revenue from construction based on the percentage of completion under contract by reference to surveys of work performed by the construction manager (each project was calculated from actual construction cost incurred, divided by total estimated construction cost). The process of determining state of completion each project requires the management and project manager to apply significant judgement in considering carefully to estimate project cost including the trend of changes in construction material price, labour, expenses relating to construction, the probability of construction work delayed, and barriers to construct which may cause the Company's burden. In 2016, the Group and the Company had revenue from construction amounted to Baht 7,505 million (accounting for 93 percent and 96 percent, respectively of total revenues), cost of construction amounted to Baht 6,173 million (accounting for 88 percent and 92 percent, respectively of total expenses), unbilled construction work in progress amounted to Baht 293 million, allowance for doubtful accounts amounted to Baht 38 million (net amount was 3 percent and 4 percent, respectively of total assets), provision relating to expected losses incurred, penalties for delay and repairing totaled to Baht 26 million (accounting for 1 percent and 1 percent, respectively of total liabilities).</p> <p>Therefore, I consider that the recognition of revenue from construction, estimate of expected losses from construction, penalties of delay and repairing are transactions of which results impact to the Group's and the Company's financial statements.</p> <p>Accounting policies were disclosed in Notes 3, 10 and 32, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understand the process of construction contracting, hiring subcontractors about a details of contract, estimate of construction cost, estimate of expected losses, penalties of delay and repairing, payment and process of accounting records, including related internal control procedures;</li> <li>• Review the design and implementation of such internal control procedures;</li> <li>• Perform the operating effectiveness testing over the internal control procedures related to estimating construction costs, procurement of construction materials, payment of labour, and hiring cost of subcontractors, etc;</li> <li>• Perform substantive testing as follows: <ul style="list-style-type: none"> <li>- Review the terms of construction contracts occurring during year;</li> <li>- Review the method used by the management to monitor and consider the reasonableness of the evaluation of state of completion, revision of estimating construction costs, estimation of losses, authorization and sampling test on related documents;</li> <li>- Test calculating percentage of completion of each project;</li> <li>- Test the accuracy of purchasing construction materials, payment of labour and remuneration to subcontractors, and related expenses against supporting documents</li> <li>- Observe the projects in progress at the year-end including inquiry of engineers / supervisors who was responsible, and understand the approach used in assessing the stage of completion of work</li> <li>- Send the confirmation requests to project managers and customers's project consultants with respect to the stage of completion of work</li> <li>- Review the adequacy of disclosures in note to the financial statements.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
<p><b>Allowance for doubtful accounts</b></p> <p>The adequacy of allowance for doubtful accounts is one of key matters that the management is required to make significant judgement in determining the recoverable amount of receivable (“trade accounts receivable, retention receivables, under construction contracts, and unbilled construction work in progress”), which is an inherently uncertainty involving various factors including the current status of receivables, the payment histories and the effect from economic fluctuations. Also, as at 31 December 2016, the Group and the Company had those receivables totalling Baht 1,710 million and Baht 1,703 million, respectively and allowance for doubtful accounts totalling Baht 109 million and Baht 109 million, respectively. (net amount was 17 percent and 22 percent of total assets, respectively)</p> <p>Therefore, I pay particular attention to the adequacy of allowance for doubtful accounts of those receivables.</p> <p>Accounting policies and details of trade accounts receivable, retention receivables under construction contracts and unbilled construction work in progress were disclosed in Notes 3, 7, 9 and 10, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understand the process of accounting records, contracting, authorization of transactions, following – up debts, collection of debts, estimate of allowance for doubtful accounts and related internal control procedure;</li> <li>• Review the design and implementation of such internal control procedures;</li> <li>• Perform the operating effectiveness testing over the internal control procedures;</li> <li>• Perform substantive testing as follows: <ul style="list-style-type: none"> <li>- Send the confirmation requests to trade accounts receivable and retention receivables under construction contracts at the end of year;</li> <li>- Verify the analytical receivables aging report of trade accounts receivable, retention receivables under construction contracts and unbilled construction work in progress to corroborate on whether each receivable was classified in the appropriated arrear bracket, and recalculated allowance of doubtful accounts;</li> <li>- Verify subsequent collection from receivables after the reporting period;</li> <li>- Review the litigation report with respect to receivables and opinion of internal legal consultant of the Company;</li> <li>- Review the financial position of long-term overdue receivables based on the latest financial statements and other information to be necessary in order to consider the ability to make payment;</li> <li>- Review the adequacy of disclosures in note to financial statements</li> </ul> </li> </ul>



Key Audit Matters	Audit Responses
<p><b>Acquisition cost of property, plant and equipment of the subsidiary</b></p> <p>During 2016, the subsidiary acquired the assets, residence of 137 units of Eight Thonglor Residences Project with equipment and utility system in the total value of Baht 2,495 million (accounting for 26 percent of the Group's total assets) from a Property Fund. The appraisal value determined by an independent appraiser was Baht 2,487 million. In addition, the management has to consider whether the acquisition cost and payment related to which assets, of which values, are presented correctly and fairly including to prepare asset registers accurately.</p> <p>I pay particular attention to recording the acquisition cost of assets in Eight Thonglor Residences Project, the presentation of each asset in assets register and the disclosures relating to such transactions.</p> <p>Accounting policies and details of such acquisition of assets were disclosed in Notes 3 and 18, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understand the process of asset acquisition in Eight Thonglor Residences Project and related internal control procedures;</li> <li>• Review the design and implementation of such internal control procedures;</li> <li>• Perform substantive testing as follows: <ul style="list-style-type: none"> <li>- Examine the terms and conditions of purchase agreement on assets in Eight Thonglor Residences Project, payment documents, transferred ownership of residence documents, authorizing documents and related supporting documents;</li> <li>- Review the approach and basis of asset appraisal determined by an independent appraiser whether was reasonableness;</li> <li>- Examine the details of acquired assets which consisted of the examination of existence, rights, obligations, completeness and valuation of assets including preparation of asset registers;</li> <li>- Review the adequacy of disclosures in Note to financial statements.</li> </ul> </li> </ul>

Key Audit Matters	Audit Responses
<p><b>Examination of the accumulating financial information process</b></p> <p>The Company mainly operates business in construction and real estate development for room service which separately accumulates and records data into two sections and many projects. Also, three subsidiaries operate in businesses service apartment or real estate apartment to rental of which businesses are managed by three other companies. Those subsidiaries separately accumulate and record data into three sections with different systems. In addition, they have various accounting policies with respect to revenue recognition, and a number of documents which the management needs to accumulate data precisely and accurately</p> <p>Therefore, I pay particular attention to the process of accumulating, recording, processing summarizing, reporting and disclosing information in accordance with Thai Financial Reporting Standards.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understand the process of accounting records, examining, authorizing, preparing the schedules supported financial statements, classifying, preparing consolidated financial statements and eliminating intergroup transactions both internal and external, including related internal control of the Company and group of subsidiaries;</li> <li>• Review the design and implementation of such internal control procedures of the Company and group of subsidiaries;</li> <li>• Perform in operating effectiveness testing over the internal control procedures of the Company and group of subsidiaries including information of technology system related to the recording;</li> <li>• Perform substantive testing as follows: <ul style="list-style-type: none"> <li>- Verify the schedules supported financial statements against the general ledger of each section;</li> <li>- Verify the accuracy of net amount of internal revenues and expenses transactions to be billed among construction projects;</li> <li>- Examine the classifying types of transaction recorded to financial statements of each section that it was compliance with same accounting principle;</li> <li>- Examine the accuracy of preparing financial statements of the Company and group of subsidiaries, and consolidated financial statements including eliminating intergroup transactions.</li> </ul> </li> </ul>

### *Other Information*

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

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

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

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group'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 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 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.

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.

(Manit Warakitjaporn)  
 Certified Public Accountant  
 Registration Number 7326

NPS Siam Audit Limited  
 Bangkok  
 28 February 2017

Syntec Construction Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2016

Assets	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		(in Baht)			
<i>Current assets</i>					
Cash and cash equivalents	5	548,651,452	644,324,258	479,046,308	615,411,715
Current investments	6	1,249,056,974	917,950,795	1,208,713,126	917,950,795
Trade accounts receivable	7	855,354,845	1,001,534,828	849,092,342	999,474,254
Other receivables	4, 8	54,097,924	41,156,507	61,029,426	61,235,701
Retention receivables under construction contracts	9	490,803,063	508,242,680	490,803,063	508,242,680
Unbilled construction work in progress	10	255,440,212	476,380,324	255,440,212	476,380,324
Current portion of long-term loans	4,16	-	-	85,000,000	-
Inventories	11	143,882,897	138,774,829	143,448,000	138,774,829
Advance payments to subcontractors	12	481,897,426	96,017,426	468,826,295	96,017,426
<b>Total current assets</b>		<b>4,079,184,793</b>	<b>3,824,381,647</b>	<b>4,041,398,772</b>	<b>3,813,487,724</b>
<i>Non-current assets</i>					
Investment in subsidiaries	4, 13	-	-	809,999,700	211,149,200
Investments in associates	4, 14	275,905	316,487	-	-
Other long-term investments	4, 15	556,268,375	393,281,808	556,268,375	393,281,808
Long-term loans	4, 16	-	-	40,000,000	85,000,000
Investment properties	17,50	103,522,587	100,509,077	103,522,587	100,509,077
Property, plant and equipment	18, 41, 50	4,019,827,343	1,549,948,001	943,920,475	919,472,288
Leasehold right	19	330,133,100	350,372,900	330,133,100	350,372,900
Intangible assets	20	12,771,635	4,811,624	6,491,315	4,805,217
Withholding tax		245,534,393	209,206,051	240,164,623	206,092,992
Pledged deposits at the banks	22, 50	139,562,599	237,105,910	119,561,595	237,105,910
Other non-current assets	23	36,139,384	51,900,380	35,050,524	51,260,380
<b>Total non-current assets</b>		<b>5,444,035,321</b>	<b>2,897,452,238</b>	<b>3,185,112,294</b>	<b>2,559,049,772</b>
<b>Total Assets</b>		<b>9,523,220,114</b>	<b>6,721,833,885</b>	<b>7,226,511,066</b>	<b>6,372,537,496</b>

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

**Syntec Construction Public Company Limited and its Subsidiaries**

**Statements of financial position**

**As at 31 December 2016**

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
		(in Baht)			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	24	1,805,838	162,532,984	-	160,000,000
Trade accounts payable	4, 25	430,848,849	339,178,485	428,260,936	338,954,655
Other payables	4, 26	832,158,084	751,071,268	784,925,900	749,760,065
Current portion of creditor under					
rehabilitation plan	27	26,579,566	26,704,056	26,579,566	26,704,056
Long-term loans in defalut	29	190,181,936	-	-	-
Current portion of long-term loans	29	92,000,000	365,600,000	-	350,000,000
Current portion of finance lease liabilities	30	29,838,566	33,907,987	29,838,566	33,907,987
Other short-term loans	4,28	160,000,000	-	160,000,000	-
Advances received from customers					
under construction contracts	10	881,589,758	562,893,199	881,589,758	562,893,199
Retention payables from subcontractors		315,191,280	304,080,062	315,191,280	304,080,062
Undue value added tax		71,300,257	98,790,624	71,300,257	98,790,624
Short-term provisions	32, 48	25,748,000	30,800,523	25,748,000	30,800,523
Other current liabilities		29,320,671	8,588,910	8,816,252	8,588,910
Total current liabilities		3,086,562,805	2,684,148,098	2,732,250,515	2,664,480,081
Non-current liabilities					
Long-term loans	29	1,424,447,588	190,181,936	-	-
Finance lease liabilities	30	-	29,838,565	-	29,838,565
Deffered tax liabilities	21, 43	20,278,623	42,473,548	20,278,623	42,473,548
Employee benefit obligations	31	139,625,033	117,070,926	136,570,252	115,292,452
Long-term provisions	32	29,384,108	45,847,573	29,384,108	45,847,573
Deposit from customers		20,729,303	-	-	-
Total non-current liabilities		1,634,464,655	425,412,548	186,232,983	233,452,138
Total liabilities		4,721,027,460	3,109,560,646	2,918,483,498	2,897,932,219

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

Syntec Construction Public Company Limited and its Subsidiaries

Statements of financial position

As at 31 December 2016

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
		(in Baht)			
Liabilities and equity					
Equity					
Share capital	33				
Authorized share capital		<u>1,600,000,000</u>	<u>1,600,000,000</u>	<u>1,600,000,000</u>	<u>1,600,000,000</u>
Issued and paid-up share capital		1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Premium on shares					
Premium on ordinary shares	34	23,744	23,744	23,744	23,744
Retained earnings					
Appropriated					
Legal reserve	34	158,551,365	113,739,564	158,551,365	113,739,564
Unappropriated		2,218,650,843	1,585,555,930	2,281,835,849	1,623,614,612
Other components of equity					
Change in fair value of available-for-sale investments	4, 15, 34	<u>267,616,610</u>	<u>137,227,357</u>	<u>267,616,610</u>	<u>137,227,357</u>
Total equity attributable to owners of the Company		<u>4,244,842,562</u>	<u>3,436,546,595</u>	<u>4,308,027,568</u>	<u>3,474,605,277</u>
Non-controlling interests		<u>557,350,092</u>	<u>175,726,644</u>	<u>-</u>	<u>-</u>
Total equity		<u>4,802,192,654</u>	<u>3,612,273,239</u>	<u>4,308,027,568</u>	<u>3,474,605,277</u>
Total liabilities and equity		<u>9,523,220,114</u>	<u>6,721,833,885</u>	<u>7,226,511,066</u>	<u>6,372,537,496</u>

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

Syntec Construction Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
		(in Baht)			
<b>Revenues</b>					
Revenue from construction		7,504,937,341	7,051,050,835	7,504,937,341	7,051,050,835
Revenue from room service		338,099,168	138,961,606	117,180,424	106,985,749
Interest income	4	7,229,443	11,097,418	11,398,334	17,950,036
Compensation for damages	48	58,509,948	-	58,509,948	-
Reversal of estimated loss under joint venture agreements	4, 32	-	66,464,708	-	66,464,708
Reversal of allowance for doubtful accounts	7, 8, 9, 10	40,991,973	12,334,563	40,991,973	12,334,563
Other income	4, 36	78,348,534	27,178,672	49,830,273	25,121,722
<b>Total revenues</b>		<b>8,028,116,407</b>	<b>7,307,087,802</b>	<b>7,782,848,293</b>	<b>7,279,907,613</b>
<b>Expenses</b>					
Cost of construction	19, 32, 40	6,173,098,945	6,069,768,248	6,173,098,945	6,066,165,785
Cost of room service	4, 19	215,172,125	104,589,806	82,361,983	84,247,475
Selling expenses	37	10,727,706	2,369,081	542,517	412,792
Administrative expenses	4, 17, 18, 20, 30, 38, 40	508,239,234	391,942,195	410,470,570	363,975,580
Other expenses	41	52,822,800	47,384,384	53,263,424	47,384,384
Finance costs	42	64,582,913	44,869,673	15,683,365	39,353,220
<b>Total expenses</b>		<b>7,024,643,723</b>	<b>6,660,923,387</b>	<b>6,735,420,804</b>	<b>6,601,539,236</b>
Share of loss of investments in associates	4, 14	(40,582)	(40,985)	-	-
<b>Profit before income tax expense</b>		<b>1,003,432,102</b>	<b>646,123,430</b>	<b>1,047,427,489</b>	<b>678,368,377</b>
Income tax expense	21, 43	151,360,107	18,549,675	151,191,451	18,549,675
<b>Profit for the year</b>		<b>852,071,995</b>	<b>627,573,755</b>	<b>896,236,038</b>	<b>659,818,702</b>
<b>Other comprehensive income</b>					
<b>Items that will never reclassified to profit or loss:-</b>					
Acturaial loss of defined benefit plan	31	(527,047)	-	(1,237,532)	-
		<b>(527,047)</b>	<b>-</b>	<b>(1,237,532)</b>	<b>-</b>
<b>Items that will be reclassified to profit or loss:-</b>					
Gain on change in fair value of available-for-sale, investments	15	162,986,567	37,540,536	162,986,567	37,540,536
Income tax on other components income	31	(32,597,314)	(7,508,107)	(32,597,314)	(7,508,107)
		<b>130,389,253</b>	<b>30,032,429</b>	<b>130,389,253</b>	<b>30,032,429</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>129,862,206</b>	<b>30,032,429</b>	<b>129,151,721</b>	<b>30,032,429</b>
<b>Total comprehensive income for the year</b>		<b>981,934,201</b>	<b>657,606,184</b>	<b>1,025,387,759</b>	<b>689,851,131</b>
<b>Profit (loss) attributable to :-</b>					
Owners of the company		870,399,229	640,217,080	896,236,038	659,818,702
Non - controlling interests		(18,327,234)	(12,643,325)	-	-
<b>Profit for the year</b>		<b>852,071,995</b>	<b>627,573,755</b>	<b>896,236,038</b>	<b>659,818,702</b>
<b>Total comprehensive income (loss) attributable to :-</b>					
Owners of the company		1,000,261,435	670,249,509	1,025,387,759	689,851,131
Non - controlling interests		(18,327,234)	(12,643,325)	-	-
<b>Total comprehensive income for the year</b>		<b>981,934,201</b>	<b>657,606,184</b>	<b>1,025,387,759</b>	<b>689,851,131</b>
<b>Earnings per share</b>					
Basic	44	0.54	0.40	0.56	0.41

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



Syntec Construction Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2016

		Consolidated financial statements							
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total equity attributable to owners of the Company	Non-controlling interests	Total equity	
			Legal reserve	Unappropriated	Net change in fair value of available-for-sale investments				
			(in Baht)						
For the year ended 31 December 2015									
Balance at 1 January 2015		1,600,000,000	23,744	80,748,629	1,106,329,785	107,194,928	2,894,297,086	111,569,769	3,005,866,855
Transection with owner, recorded directly in equity :-									
Contributions by and distribution to owners of the company									
Dividends to owner of the company	45	-	-	-	(128,000,000)	-	(128,000,000)	-	(128,000,000)
Total contributions by and distributions to owners of the Company		-	-	-	(128,000,000)	-	(128,000,000)	-	(128,000,000)
Changes in ownership interest in subsidiary									
Acquisition for non - controlling interests without a chang in control		-	-	-	-	-	-	76,800,200	76,800,200
Total changes in ownership interest in subsidiary		-	-	-	-	-	-	76,800,200	76,800,200
Total Transection with owner, recorded directly in equity		-	-	-	(128,000,000)	-	(128,000,000)	76,800,200	(51,199,800)
Total comprehensive income for the year									
Profit		-	-	-	640,217,080	-	640,217,080	(12,643,325)	627,573,755
Other comprehensive income	31, 34	-	-	-	-	30,032,429	30,032,429	-	30,032,429
Total comprehensive income for the year		-	-	-	640,217,080	30,032,429	670,249,509	(12,643,325)	657,606,184
Transfer to legal reserve	34	-	-	32,990,935	(32,990,935)	-	-	-	-
Balance at 31 December 2015		1,600,000,000	23,744	113,739,564	1,585,555,930	137,227,357	3,436,546,595	175,726,644	3,612,273,239

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

Syntec Construction Public Company Limited and its Subsidiaries  
Statements of changes in equity  
For the year ended 31 December 2016

		Consolidated financial statements								
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Other components of equity	Total equity attributable to owners of the Company	Non-controlling interests	Total equity		
			Legal reserve	Unappropriated	Net change in fair value of available-for-sale investments					
(in Baht)										
For the year ended 31 December 2016										
	Balance at 1 January 2016	1,600,000,000	23,744	113,739,564	1,585,555,930	137,227,357	3,436,546,595	175,726,644	3,612,273,239	
Transaction with owner, recorded directly in equity :-										
Contributions by and distribution to owners of the company										
	Dividends to owner of the company	45	-	-	-	(191,965,468)	-	(191,965,468)	-	(191,965,468)
	Total contributions by and distributions to owners of the Company		-	-	-	(191,965,468)	-	(191,965,468)	-	(191,965,468)
Changes in ownership interest in subsidiary										
	Acquisition for non - controlling interests without a chang in control		-	-	-	-	-	-	399,950,682	399,950,682
	Total changes in ownership interest in subsidiary		-	-	-	-	-	-	399,950,682	399,950,682
	Total Transaction with owner, recorded directly in equity		-	-	-	(191,965,468)	-	(191,965,468)	399,950,682	207,985,214
Total comprehensive income for the year										
	Profit		-	-	-	870,399,229	-	870,399,229	(18,327,234)	852,071,995
	Other comprehensive income	31, 34	-	-	-	(527,047)	130,389,253	129,862,206	-	129,862,206
	Total comprehensive income for the year		-	-	-	869,872,182	130,389,253	1,000,261,435	(18,327,234)	981,934,201
	Transfer to legal reserve	34	-	-	44,811,801	(44,811,801)	-	-	-	-
	Balance at 31 December 2016		1,600,000,000	23,744	158,551,365	2,218,650,843	267,616,610	4,244,842,562	557,350,092	4,802,192,654

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

Syntec Construction Public Company Limited and its Subsidiaries  
Statements of changes in equity  
For the year ended 31 December 2016

		Separate financial statements				Other components	
		Issued and		Retained earnings		of equity	
Note		paid-up	Premium on	Legal reserve	Unappropriated	Net change in fair	Total equity
		share capital	ordinary shares			value of	equity
						available-for-sale	
						investments	
				(in Baht)			
For the year ended 31 December 2015							
Balance at 1 January 2015		1,600,000,000	23,744	80,748,629	1,124,786,845	107,194,928	2,912,754,146
Transection with owner, recorded directly in equity:-							
Contributions by and distribution to owners of the company							
Dividends to owner of the company	45	-	-	-	(128,000,000)	-	(128,000,000)
Total contributions by and distributions to owners of the Company		-	-	-	(128,000,000)	-	(128,000,000)
Total comprehensive income for the year							
Profit		-	-	-	659,818,702	-	659,818,702
Other comprehensive income		-	-	-	-	30,032,429	30,032,429
Total comprehensive income for the year		-	-	-	659,818,702	30,032,429	689,851,131
Transfer to legal reserve	34	-	-	32,990,935	(32,990,935)	-	-
Balance at 31 December 2015		1,600,000,000	23,744	113,739,564	1,623,614,612	137,227,357	3,474,605,277

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

Syntec Construction Public Company Limited and its Subsidiaries

Statements of changes in equity

For the year ended 31 December 2016

			Separate financial statements		Other components		
		Issued and	Premium on	Retained earnings	of equity		
Note		paid-up	ordinary shares	Legal reserve	Unappropriated	Net change in fair	Total equity
		share capital				value of	equity
						available-for-sale	
						investments	

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

**Syntec Construction Public Company Limited and its Subsidiaries**

**Statements of cash flows**

**For the year ended 31 December 2016**

	Consolidated		Separate	
	financial statements		financial statements	
Note	2016	2015	2016	2015
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit for the year	852,071,995	627,573,755	896,236,038	659,818,702
<b>Adjustments for</b>				
Reversal of allowance for doubtful accounts	(40,991,973)	(12,334,563)	(40,991,973)	(12,334,563)
Doubtful accounts	31,964,194	13,926,182	31,971,957	13,926,182
Bad Debt	5,405,231	-	5,405,231	-
Depreciation and amortization	295,151,137	209,578,742	210,386,299	192,023,000
Interest income	(7,229,443)	(11,097,418)	(11,398,334)	(17,950,036)
Interest expense	64,582,913	44,869,673	15,683,365	39,353,220
Gain on revaluation of current investment	(8,741,945)	(6,950,364)	(8,405,597)	(6,950,364)
(Gain) loss on disposal and written off of equipment	(3,844,118)	33,901,030	(3,878,990)	33,901,030
Unrealized (gain) loss on exchange rate	(124,490)	1,321,635	(124,490)	1,321,636
Loss on written off of investment in subsidiary	-	-	549,700	-
Share of loss of investments in associates	40,582	40,985	-	-
Provision for losses on constructions project (reversal)	(5,052,523)	(35,717,641)	(5,052,523)	(35,717,641)
Estimated loss under joint venture agreements (reversal)	-	(66,464,708)	-	(66,464,708)
Provision for litigation	15,336,535	-	15,336,535	-
Expense of employee benefits	22,875,774	18,914,700	20,817,968	18,141,130
Income tax expense	151,435,743	18,549,675	151,191,451	18,549,675
	1,372,879,612	836,111,683	1,277,726,637	837,617,263
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivables	159,085,903	(178,046,355)	163,287,833	(175,985,782)
Other receivables	(18,600,305)	(155,465)	7,857,725	(20,082,708)
Retention receivables under construction contracts	9,746,339	73,006,050	9,746,339	73,006,050
Unbilled construction in progress	222,162,042	80,946,528	222,162,042	80,946,528
Inventories	(5,108,068)	42,138,601	(4,673,172)	42,138,601
Advance payments to subcontractors	(385,880,001)	(56,203,509)	(372,808,869)	(56,203,509)
Other non-current assets	15,760,997	18,890,377	16,209,857	19,263,940
Trade accounts payable	91,670,364	(158,576,602)	89,306,281	(145,350,538)
Other payables	82,936,097	460,795,933	23,792,541	464,259,745
Advances received from customers				
under construction contracts	318,696,559	(61,184,041)	318,696,559	(61,184,041)
Retention payable from subcontractors	11,111,217	12,406,722	11,111,217	12,406,722
Sale tax invoice - not due	(27,490,367)	9,632,198	(27,490,367)	9,632,198
Deposit receipt from customers	41,233,723	-	-	-
Other current liabilities	227,342	(111,330)	227,342	(111,330)
Payment of provisions for litigation	(31,800,000)	-	(31,800,000)	-
Payment of employee benefits	(848,714)	(889,200)	(777,700)	(889,200)
Cash provided by operating activities	1,855,782,740	1,078,761,590	1,702,574,265	1,079,463,939
Withholding income tax paid	(242,556,325)	(208,293,081)	(240,055,322)	(207,027,418)
Withholding income tax returned	-	127,506,516	-	127,506,516
<b>Net cash provided by operating activities</b>	<b>1,613,226,415</b>	<b>997,975,025</b>	<b>1,462,518,943</b>	<b>999,943,037</b>

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

Syntec Construction Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2016

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2016	2015	2016	2015
		(in Baht)			
<b>Cash flows from investing activities</b>					
Interest received		8,232,581	13,170,543	12,275,984	20,577,226
Purchase of current investments		(2,539,130,209)	(1,044,279,890)	(2,489,122,709)	(1,044,279,890)
Proceeds from current investments		2,216,765,975	894,616,443	2,206,765,975	894,616,443
Proceeds from short-term loans		-	-	30,000,000	115,000,000
Payment of short-term loans		-	-	(30,000,000)	-
Payment of long-term loans		-	-	(40,000,000)	-
Purchase of investment in subsidiary		-	-	(599,400,000)	(83,799,800)
Purchase of property, plant and equipment		(2,747,669,099)	(256,693,016)	(219,259,913)	(201,097,873)
Purchase of intangible assets		(11,920,070)	(4,930,422)	(3,824,477)	(4,922,922)
Sales of equipment		7,669,088	7,395,180	7,669,088	7,395,180
Pledged deposits at bank		97,543,311	(58,010,674)	117,544,315	(58,010,674)
<b>Net cash used in investing activities</b>		<b>(2,968,508,423)</b>	<b>(448,731,836)</b>	<b>(1,007,351,737)</b>	<b>(354,522,310)</b>
<b>Cash flows from financing activities</b>					
Interest paid		(64,588,668)	(47,665,825)	(15,659,158)	(42,154,078)
Dividends paid		(191,965,468)	(127,969,181)	(191,965,468)	(127,969,181)
Bank overdrafts		(727,146)	2,532,984	-	-
Proceeds from short-term loan from financial institutions		160,000,000	320,000,000	160,000,000	320,000,000
Payment of short-term loans from financial institutions		(160,000,000)	(320,000,000)	(160,000,000)	(320,000,000)
Payment of creditor under rehabilitation plan		-	(4,363,116)	-	(4,363,115)
Proceeds from short-term loans		25,000,000	-	-	-
Payment of short-term loans		(25,000,000)	-	-	-
Proceeds from long-term loans from financial institutions		1,550,000,000	28,495,836	-	-
Payment of long-term loans from financial institutions		(49,152,412)	-	-	-
Payments of redemption of debentures		(350,000,000)	(175,000,000)	(350,000,000)	(175,000,000)
Proceeds from non-controlling interests		399,950,883	76,800,200	-	-
Finance lease payment		(33,907,987)	(46,085,350)	(33,907,987)	(46,085,350)
<b>Net cash provided by (use in) financing activities</b>		<b>1,259,609,202</b>	<b>(293,254,452)</b>	<b>(591,532,613)</b>	<b>(395,571,724)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		<b>(95,672,806)</b>	<b>255,988,737</b>	<b>(136,365,407)</b>	<b>249,849,003</b>
Cash and cash equivalents at 1 January	5	644,324,258	388,335,521	615,411,715	365,562,712
<b>Cash and cash equivalents at 31 December</b>	<b>5</b>	<b>548,651,452</b>	<b>644,324,258</b>	<b>479,046,308</b>	<b>615,411,715</b>
<b>Non-cash transactions</b>					
Interest expense capitalized in cost of construction in progress	18	505,611	5,690,770	-	-

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

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 28 February 2017

**1 General information**

Syntec Construction Public Company Limited (“the Company”) is incorporated in Thailand and has its registered office at 555/7-11 Sukhumvit soi 63 (Ekamai), Sukhumvit Road, Kwang Klongton Nua, Khet Wattana, Bangkok and a branch office located at 61 Langsuan Road, Kwang Lumpini, Khet Pathumwan, Bangkok.

The Company was listed on the Stock Exchange of Thailand on 12 February 1993.

The Company’s major shareholders who held more than 5% of total paid-up share capital as at 30 December 2016 were as follows:

	<i>(% of total paid-up share capital)</i>
Phahusuth Group	26.84
Thai NVDR Co.,Ltd	9.09

The principal businesses of the Company are construction and real estate development for room service or service apartment.

Details of the Company’s subsidiaries as at 31 December 2016 and 2015 were as follows:

	Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
				2016	2015
<b><i>Direct subsidiaries</i></b>					
1)	SCR Asset Management Co., Ltd.	Service apartment or real estate development for rental	Thailand	52.00	52.00
2)	Syntec Asset Management Co., Ltd.	Hotel management business for service apartment and other properties (Not commercial operations yet and registered to cease doing do business on 28 December 2015 and registered to liquidation on 26 December 2016)	Thailand	-	54.97
3)	Natural Ville Service Apartment and Management Co., Ltd.	Management personnel for hotel, service apartment and other properties	Thailand	99.97	99.97

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
				2016	2015
	<i>Direct subsidiaries</i>				
4)	CSM Capital Partners Co., Ltd.	Service apartment or real estate development for rental	Thailand	60.00	59.98

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

### **2.1 Statement of compliance**

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

### **2.2 New financial reporting standards**

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2016. The application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies. These changes have no materials effects on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Company's operations are disclosed in note 53 to the financial statements.

### **2.3 Basis of measurement**

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

### **2.4 Functional and presentation currency**

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

### **2.5 Use of estimates and judgements**

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

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

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**2.5.1 Judgements**

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognized in the financial statements is included in the following notes:

Note 17	Investment properties
Note 30	Lease classification

**2.5.2 Assumptions and estimation uncertainties**

Information about areas of estimation and significant assumptions in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is:

Notes 13, 14 and 15	Allowance for impairment of investments
Notes 21 and 43	Income tax for the current period and deferred tax
Note 31	Discount rate, future salary increase rate, staff turnover rate, mortality rate and disability rate.
Notes 32	Estimated construction project costs, provision for losses on construction projects and estimated loss under joint venture agreement
Note 46	Valuation of financial instruments
Note 48	Contingent liabilities and litigation

**Significant judgments and estimates are summarized as follows:**

***Impairment of investments in securities***

The Group/Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment.

***Estimated construction project costs***

The Group/Company estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Management applied judgement to review regularly the estimates or whenever the actual costs differ significantly from the figures used in the original estimates.

***Provision for losses on construction projects***

Management applies judgement in estimating the loss which they expect to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

***Estimated loss under joint venture agreement***

Management applies judgement in estimating the loss under joint venture agreements, based on the proportionate ventures.

***Employee benefits obligation***

The Group/ Company has obligations in respect of the severance to be paid to employees upon retirement under the labour law. The Company treats these severance payment obligations as the post-employment benefit plan.

The obligation under the post-employment benefits (defined benefit plan) is determined by a professionally qualified independent actuary, using the projected unit credit method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and disability rates.

***Litigation***

The Company and its joint ventures have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation and believes that no loss will incur. Therefore, no contingent liabilities are recorded as at the end of reporting period.

**2.6 Fair Value Measurement**

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

The Group/Company has an established 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 CFO.

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

Significant valuation issues are reported to the Group/Company Audit Committee.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- 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 are unobservable inputs for the asset or liability.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

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

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

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

Note 6	Valuation of current investment
Note 15	Valuation of available-for-sale investment
Note 17	Investment properties
Note 46	Financial instruments

- 2.7 The consolidated and separate financial statements for the years ended 31 December 2016 and 2015 included the investments and share of loss of investments in an associate, which had been accounted for by equity method of Baht 0.04 million and Baht 0.04 million, respectively, in the consolidated financial statements, based on the financial statements of such associate which had been audited by other auditors. In addition, the Company had no commitments due to any legally guarantee for the above associate. Allowance for impairment of investments in the above mentioned associate was provided as at 31 December 2016 and 2015 in the amount of Baht 10 million and Baht 10 million, respectively in the separate financial statements. Please also see note 14 to the financial statements. However, the values of the investments in the associate are not significant.

### **3 Significant accounting policies**

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

#### **3.1 Basis of consolidation**

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

##### *Subsidiaries*

Subsidiaries are entity controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liability 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.

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*Associated and Joint ventures*

*Interest 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 recognised initially 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.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income after adjustment to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in the invested company, the investment is reduced to zero and does not continue to recognize further losses, unless the Group has incurred obligations or made payments on behalf of the invested company.

*Transactions eliminated on consolidation*

Intra-group balances and transactions including unrealized income or expenses which arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized gains which arising from transactions with affiliates and jointly controlled entities are eliminated against the investment equal of the group's interest in the affairs of the investee. Unrealized losses are eliminated in the same way as unrealized gains also, but only when there is evidence of impairment arise.

**3.2 Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on transtation are recognised in profit or loss.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**3.3 *Derivative financial instruments***

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognized initially at fair value; attributable transaction costs are recognized in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss.

The fair value of forward exchange contracts is their quoted market price at the reporting date, if available.

**3.4 *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. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**3.5 *Trade and other receivables***

Trade and other receivables 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 together with an analysis of the current financial position of the debtor and the legal opinion. Bad debts are written off when incurred.

For the conservative purpose, the Company reviews the basis of set up of allowance for doubtful accounts at the least 10 percent of the outstanding debt which is under litigation but it is a stable state.

**3.6 *Inventories***

Inventories representing construction materials, which comprise steel bars and construction supplies, are stated at lower of cost or net realizable value. Spare parts and supplies are stated at average cost less impairment loss.

Cost is calculated using the weighted average cost principle and comprise all cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

**3.7 *Construction contracts work in progress***

Construction contracts work in progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable costs incurred in the Group/Company's contract activities based on normal operating capacity.

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Unbilled construction work in progress is presented separately under current assets in the statement of financial position. If payments received from customers exceed the income recognised, then the difference is presented as advances received from customers under construction contracts under current liabilities in the statement of financial position.

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses in profit or loss by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in profit or loss immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in profit or loss for the period in which they are incurred.

### **3.8 Investments**

#### *Investments in subsidiaries and associates*

Investments in subsidiaries and associates in the separate financial statements are accounted for using the cost method less allowance for devaluation of investments. Investments in associates in the consolidated financial statements are accounted for using the equity method.

#### *Investments in other debt and equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Group/Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less impairment losses on investment.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses on available-for-sale monetary items, are recognised directly in equity. Impairment losses are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

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



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**3.9 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 stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalized 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:

Condominium	20	years
Condominium improvement	5	years

No depreciation is provided on freehold land.

**3.10 Property, plant and equipment**

Recognition and measurement

*Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

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

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

*Leased assets*

Leases in terms of which the Group/Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment acquired by way of finance leases is capitalised at the lower of its fair value or 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 profit or loss.

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*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/Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation*

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

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

Office buildings and building improvement	5-32 years
Machinery and construction equipment	5-15 years
Steel and aluminium formwork	5-15 years
Furniture, fixtures and equipment	5 years
Vehicles	5-10 years

No depreciation is provided on freehold land or construction in progress.

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

**3.11 Leasehold right**

Leasehold land and building with furnishings that are acquired by the Company and have finite useful lives, are stated at cost less accumulated amortisation and accumulated impairment losses.

*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 asset, from the date that they are available for use, since the most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives of the assets expected the consumption of the future economic benefits are 19 years 7 months 17 days (since 17 October 2013).

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

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**3.12 Intangible assets**

Intangible assets that are acquired by the Group/Company, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

*Amortisation*

Amortisation is based on the cost of the asset, 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 the most closely reflects the expected pattern of consumption of the future economic benefits embodied in the assets. The estimated useful lives of the assets expected the consumption of the future economic benefits are as follows:

Cash paid for a list of customers and existing business	3	Years
Software licences	3 - 5	Years

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

**3.13 Impairment**

The carrying amounts of the Group/Company'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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

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

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*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 recognized. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for sale financial assets that are equity securities, the reversal is recognized in other comprehensive income.

Impairment losses recognised in prior periods in respect of other 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.

**3.14 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.

**3.15 Trade and other payables**

Trade and other payables are stated at cost.

**3.16 Employee benefits**

*a) Short-term employee benefits*

Short-term employee benefit obligations, which include salaries, wages, bonuses, and contributions to the social security fund, are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group/Company 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.

*b) Post-employment benefits*

The Group/Company records post-employment benefits through a defined contribution plan (under the Provident Fund Act B.E. 2530 (1987)) and a defined benefit plan (obligations for retired employees under the Thai Labor Protection Act B.E. 2541 (1998)).

*- Defined contribution plans*

A defined contribution plan contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity (Providend Fund) and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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- *Defined benefit plan*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's/Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Such benefits are discounted to determine its present value using the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's/Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation is performed by an independent actuary using the Projected Unit Credit Method.

The Group/Company recognised immediately all actuarial gains or losses arising from defined benefit plans in other comprehensive income.

c) *Other long-term employee benefits*

The Group's/Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods that benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

d) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group/Company can no longer withdraw the offer of those benefits and when the Group/Company recognized costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of reporting period, then they are discounted.

**3.17 Provisions**

A provision is recognised when the Group/Company has a present legal or constructive obligation as a result of a past event or obligations under the joint venture agreements which joins to pay off the debt, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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 recognized as finance cost.

*Warranties and penalties*

• *Warranties and repairing cost within the warranty period*

A provision for warranties and repairing cost, which is based on each construction contract, is recognized when receiving payment from customers. If any damages on project would be incurred within the period of time specified in contract, repairing cost is recorded. In addition, a provision for warranties is recognized even though damages are not incurred within the period of time under the project contract, basing on a past experience and judgement of project managers.

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- *Penalties*

A provision for penalties is recognized according to contracts which is based on output and a weighting off all possible outcomes against their associated probabilities.

*Provision for losses on construction projects*

A provision for losses on construction projects of each project is based on the progress of the project and actual costs incurred to date, together with fluctuations in costs of construction materials, labour and the current situation and historical experience of the project manager on such construction project.

### **3.18 Revenues**

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

*Revenue from construction*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is measured based on reference to surveys of work performed by the construction manager and which is computed the proportion that construction cost incurred to date bear to the estimated total construction cost of the transaction. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

*Sale of construction materials*

Sales of construction materials and materials be over demand are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

*Sale of rendering of service*

Revenue from room service, food and beverages, and other service incomes are recognised when guests check in or services are provided.

*Interest and dividend income*

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Gain from compromise is recognized when the installable payment is made to creditor pursuant to the compromise agreement prepared in front of the Court.

Other income is recognized on an accrual basis. The compensation for damage from the lawsuit or dispute is recognized when has the result and receive the payment.

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**3.19 Expenses**

Expenses are recognized on the accrual basis.

**3.20 Finance cost**

Finance cost comprises interest expenses on borrowings and unwinding of discount on provisions and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

**3.21 Operating leases**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expenses, over the term of the lease. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

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

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

**3.22 Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, 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 goodwill; 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 jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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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 end of the reporting period.

In determining the amount of current and deferred tax, the Group / Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group / Company 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 / Company 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. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### **3.23 Earnings per share**

Basic earnings per share for ordinary share is calculated by dividing the profit or loss for the year attributable to ordinary shareholders by the number of ordinary shares outstanding during the year.

### **3.24 Segment reporting**

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

## **4 Related parties**

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

Relationships with related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
<b>Subsidiaries</b>		
1. SCR Asset Management Co., Ltd.	Thailand	Subsidiary, 52% shareholding and some common directors
2. Syntec Asset Management Co., Ltd.	Thailand	Subsidiary, 54.97% shareholding and some common directors
3. Natural Ville Service Apartment and Management Co., Ltd.	Thailand	Subsidiary, 99.97% shareholding and some common directors



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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
4. CSM Capital Partners Co., Ltd.	Thailand	Subsidiary, 60% shareholding and some common directors
<b>Associate</b>		
1. Natural Hotel Sukhumvit Co., Ltd	Thailand	Associate, 25% Shareholding
<b>Joint ventures</b>		
1. SVK Joint venture	Thailand	Joint venture, 51% portion of joint which ceased its operations
<b>Related Companies</b>		
1. Bangkok Metro Plc.	Thailand	Related company, 0.49% shareholding
2. Mivan (Thailand) Co., Ltd.	Thailand	Related company as a venturer in Syntec-Mivan joint venture
3. Siam Syntec Planner Co., Ltd.	Thailand	Related company, some common directors
4. Tate Enterprise Co., Ltd.	Thailand	Related company
5. N&J Assets Management Co., Ltd.	Thailand	Related company
6. Narai Phand Co., Ltd.	Thailand	Related company
7. C.N.C. Building Co., Ltd.	Thailand	Related company
8. N & J Hospitality Co., Ltd.	Thailand	Related company
9. Pink Cafe Co., Ltd.	Thailand	Related company
10. Safe Series Co., Ltd.	Thailand	Related company
11. Wrightman Corporation Co., Ltd.	Thailand	Related company, joint shareholder with the Company and subsidiary, directors related to the shareholder and same management who manage the Company's branch.
12. Mankongsangtong Holding Co., Ltd.	Thailand	Related company, joint shareholder with the company.
13. Thonglor Management Co., Ltd.	Thailand	Related company, joint shareholder with the company's directors.
14. Wealthy Living Co.,Ltd.	Thailand	Related company, joint shareholder with the company's directors.
15. UOB Apartment Property Fund I	Thailand	Related company, some common independent director with Natural Park Pcl. As unitholder of the Fund but not dealing with the Fund
16. Yuwanit Pisantharakun	Thailand	Related person, related with director of the Company
17. Chanida Asdathorn	Thailand	Related person, as shareholder and director of the subsidiary

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<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
<b>Related persons</b>		
1. 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 of the Group/Company (whether executive or otherwise).

The pricing policies for particular types of transactions are explained further below:

	<b>Pricing policies</b>
Revenue from sale of steel and others	Invoice price (at cost)
Interest income	4.75% and MLR – 2.375 per annum
Cost of construction	Market price
Management fee	Contract price
Service expenses	Contract price
Consult expenses	Contract price
Administrative expenses	Market price
Rental expenses	Contract price, near the normal market rate
Directors benefit expenses represent meeting allowance and director bonus	Approval from the Company's directors and shareholders
Directors and management benefit expenses represent salary and bonus	Approval from the Company's directors and shareholders

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

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(in Baht)			
<b>Revenue</b>				
<b>Subsidiary</b>				
Revenue from sale of steel	-	-	1,005,580	-
Revenue from rendering of service and others	-	-	1,200,000	2,536,438
Interest income	-	-	4,407,919	6,904,687
<b>Related companies</b>				
Rental and others expenses	578,182	-	578,182	-
<b>Expenses</b>				
<b>Subsidiaries</b>				
Service apartment management fee	-	-	29,174,642	31,097,803
<b>Related company</b>				
Cost of construction	111,248,624	66,050,790	111,248,624	66,050,790
Management fee	19,803,389	-	8,735,130	-
Space rental and service expenses	1,643,465	1,885,026	1,643,465	1,885,026

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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Consulting fee for security system	8,453,667	6,000,000	8,453,667	6,000,000
Land rental expenses	-	800,000	-	800,000
Other service expenses	10,998,229	14,595,708	10,998,229	14,595,708
<b>Related Persons</b>				
Interest expenses	181,920	-	-	-
<b>Key management personnel</b>				
Management benefit expenses				
Short-term benefits	47,482,857	48,829,415	38,080,580	38,685,214
Post-employment benefits	5,105,685	-	2,127,244	-
<b>Total</b>	<b>52,588,542</b>	<b>48,829,415</b>	<b>40,207,824</b>	<b>38,685,214</b>

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

***Other receivables - related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b><i>Other receivables and advances</i></b>				
<b>Joint ventures</b>				
SVK Joint Venture	11,099,066	11,157,898	11,099,066	11,157,898
Syntec – Mivan Joint Venture	2,490,678	-	2,490,678	-
<b>Subsidiaries</b>				
SCR Asset Management Co., Ltd.	-	-	4,901,575	3,115,410
Syntec Asset Management Co., Ltd.	-	-	-	7,763
Natural Ville Service Apartment and Management Co., Ltd.	-	-	19,234,251	21,404,437
CSM Capital Partners Co., Ltd			6,200	6,200
<b>Related companies</b>				
Wrightman Corporation Co., Ltd.	1,095,643	-	-	-
<b>Related persons</b>				
Key management personnel	20,000	20,000	-	-
<b>Total</b>	<b>14,705,387</b>	<b>11,177,898</b>	<b>37,731,770</b>	<b>35,691,708</b>
<i>Less allowance for doubtful accounts</i>	<i>(13,589,744)</i>	<i>(11,157,898)</i>	<i>(13,589,744)</i>	<i>(11,157,898)</i>
<b>Net</b>	<b>1,115,643</b>	<b>20,000</b>	<b>24,142,026</b>	<b>24,533,810</b>
<b>Key management personnel</b>				
Advance to project managers	4,850,000	4,464,936	4,850,000	4,464,936

As at 31 December 2016 and 2015, advance to project managers in the amount of Bath 4.85 million and Baht 4.46 million, respectively represented the petty cash to use in construction projects in the amount of Baht 50,000 to Baht 100,000 per a project.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

Movement of short- term loans to related parties for the years ended 31 December 2016 were as follows:

	<b>Separate financial statements (in Baht)</b>
At 1 January	-
Increase during the year	30,000,000
Decrease during the year	(30,000,000)
<b>At 31 December</b>	<b>-</b>

Investments in subsidiaries and associates were described in notes 13 and 14 to financial statements.

***Other long-term investments***

	<b>Consolidated and separate financial statements</b>			
	2016		2015	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
<b><i>Available – for –sale investment</i></b>				
<b>Other related company</b>				
Bangkok Expressway and Metro Plc.	221,747,612	556,268,375	221,747,612	393,281,808
Add valuation adjustment	334,520,763	-	171,534,196	-
<b>Net</b>	<b>556,268,375</b>	<b>556,268,375</b>	<b>393,281,808</b>	<b>393,281,808</b>

Movements of available-for-sale investments for the years ended 31 December were as follows:

	<b>Consolidated and separate financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
At 1 January	221,747,612	221,747,612
Purchases during the year	-	-
Sales during the year	-	-
<b>At 31 December</b>	<b>221,747,612</b>	<b>221,747,612</b>

***Long-term loans to related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b>Subsidiaries</b>				
SCR Asset Management Co., Ltd.	-	-	125,000,000	85,000,000
<b>Other related company</b>				
Gentech Engineering Co., Ltd.	4,956,268	4,956,268	4,956,268	4,956,268
Total	4,956,268	4,956,268	129,956,268	89,956,268
Less allowance for doubtful accounts	(4,956,268)	(4,956,268)	(4,956,268)	(4,956,268)
Long-term loans - Net	-	-	125,000,000	85,000,000
Less current portion of long – term loans	-	-	(85,000,000)	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>40,000,000</b>	<b>85,000,000</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

As at 31 December 2016 and 2015, the Company had long-term loans to a subsidiary (“SCR Asset Management Co., Ltd.”) of Baht 125 million and Baht 85 million, respectively represented long-term loans under 5 loan agreements, requiring payable on demand. The principal and interest will be repaid within 2 years, interest charged at 4.75% and MLR-2.375 per annum

Long-term loans to other related company had no contract and interest bearing.

Movements of long-term loans to related parties for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	4,956,268	4,956,268	89,956,268	204,956,268
Increase during the year	-	-	40,000,000	-
Decrease during the year	-	-	-	(115,000,000)
<b>At 31 December</b>	<b>4,956,268</b>	<b>4,956,268</b>	<b>129,956,268</b>	<b>89,956,268</b>

***Trade accounts payable – related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b>Other related parties</b>				
N&J Hospitality Co., Ltd.	944,248	-	944,248	-
Tate Enterprise Co., Ltd.	211,486	-	211,486	-
Safe Series Co., Ltd.	-	6,234,130	-	6,234,130
<b>Total</b>	<b>1,155,734</b>	<b>6,234,130</b>	<b>1,155,734</b>	<b>6,234,130</b>

***Other payable – related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b>Subsidiary</b>				
Natural Ville Service Apartment and Management Co., Ltd	-	-	17,087,120	17,582,168
<b>Related Parties</b>				
Thonglor Management Co., Ltd.	4,003,946	-	-	-
Wealthy Living Co.,Ltd.	2,291,667	-	2,291,667	-
Wrightman Corporation Co., Ltd	1,450,197	318,828	483,681	318,828
<b>Total</b>	<b>7,745,810</b>	<b>318,828</b>	<b>19,862,468</b>	<b>17,900,996</b>

***Short-term loans from related persons***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b>Related persons</b>				
Yuwanit Pisanthanakun	10,000,000	-	10,000,000	-
Chanida Asdathorn	70,000,000	-	70,000,000	-
<b>Total</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>	<b>-</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

As at 31 December 2016, short-term loans from related persons in the amount of Baht 80 million represented promissory notes issued by the Company to a financial institutions. Subsequently, that financial institution discounted promissory notes without recourse to those two related persons.

Please also see notes 24 and 28 to the financial statements.

Movement of short-term loans from related parties for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	-	-	-	-
Increase/transfer during the year	105,000,000	-	80,000,000	-
Decrease during the year	(25,000,000)	-	-	-
<b>At 31 December</b>	<b><u>80,000,000</u></b>	<b><u>-</u></b>	<b><u>80,000,000</u></b>	<b><u>-</u></b>

Details of provisions were described in note 32 to the financial statements.

***The commitments with related parties***

The Ordinary General Meeting of Shareholders held on 29 April 2016 resolved the approval of directors' remunerations for the year 2016, which represented the meeting allowance of Baht 14,000 per time per head, and the annual audit committee directors' remuneration of Baht 220,000 per head.

The Ordinary General Meeting of Shareholders held on 29 April 2015 resolved the approval of directors' remunerations for the year 2015, which represented the meeting allowance of Baht 11,000 per time per head, and the annual audit committee directors' remuneration of Baht 250,000 per head.

***Significant agreements with related parties***

**Syntec – Mivan Joint Venture**

Syntec Construction Public Company Limited and Mivan (Thailand) Co., Ltd. entered into the initial joint venture agreement on 18 November 2005 to prepare the documents for bidding the Eua-Arthorn Housing Project of National Housing Authority. The proportionate ventures were as follows:-

Syntec Construction Public Company Limited	65 %
Mivan (Thailand) Co., Ltd. ("Related company")	35 %

Syntec – Mivan Joint Venture had already finished its own construction and 3 projects amounted to 8,582 units were inspected by National Housing Authority. The retention for dilapidation of those projects was due in March 2012. As of 28 February 2017, the Company has been in the process of requesting the amount of retention from National Housing Authority.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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The above mentioned related company was insolvent and was sued by other creditors to be bankrupt. On 14 August 2015, the Central Bankruptcy Court ordered the related company to be under an absolute receivership.

Subsequently, on 19 October 2015, the Central Bankruptcy Court adjudged Mivan (Thailand) Co., Ltd to be a bankrupt. Therefore, as at 31 December 2015, the Company made an adjustment to transfer whole amount of estimated loss under joint venture agreement of Baht 66 million as other income in the statement of comprehensive income.

Please also see note 32 to the financial statements.

**Subsidiaries**

On 18 October 2013, the Company had entered into a service agreement with Natural Ville Service Apartment and Management Co., Ltd. (“the subsidiary”) to provide the properties management including to manage building and land with furnishings, systems and facilities of the Natural Ville Project such as to service to tenants or customer and personnel management. The agreement has been effective from 25 October 2013 onward, requiring a monthly management service fee of Baht 2,000,000 (management service fee is included salaries and other administration expenses) and other disbursements to be approved by the Company.

On 1 April 2014, the Company had entered into a service agreement with SCR Asset Management Co., Ltd (“the subsidiary”). The agreement has been effective from 1 April 2014 to 31 March 2015, requiring a monthly service fee of Baht 200,000. On 30 March 2015, the Company entered into a service agreement to be effective from April 2015 to March 2016, requiring a monthly service fee of Baht 100,000.

On 7 October 2014, the Company had entered into the loan agreement with a subsidiary (“SCR Asset Management Co., Ltd.”) in the amount not exceeding Baht 65 million, interest monthly charged at 4.75% per annum, requiring repayable principal on demand. The principal and interest will be repayable within 2 years from the agreement date.

On 25 November 2014, the Company had entered into the loan agreement with a subsidiary (“SCR Asset Management Co., Ltd.”) in the amount not exceeding Baht 135 million, interest monthly charged at MRL-2.375 per annum, requiring repayable principal on demand. The principal and interest will be repayable within 2 years from the agreement date.

**Related company**

The Company entered into a land rental agreement with a related company for use as temporary shelter for workers for a period of six months from June 2013 to December 2013 with a monthly rental of Baht 100,000 and renewal option when the end of the lease agreement.

On 3 November 2014, the Company had entered into a office space rental agreement with a related company (“N & J Asset Management Co., Ltd.”) for use as offices, meeting rooms, and seminars rooms for a period of 3 years from 1 November 2014 to 31 October 2017 with monthly rental of Baht 120,759 and renewal option when the end of the lease agreement.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

On 1 August 2015, the Company had entered into the operation and management draft agreement with a related company (Wrightman corporation Company) for a period from 1 August 2015 to 31 October 2020 in order to manage the hotel, prepare the financial documents, budget and prepare annual marketing plan of branch of the Company with the basic fee rate 2% of total revenue and incentive fee 3-5% of gross operating profit.

On 1 April 2016, the SCR Asset Management Co., Ltd. (“the subsidiary”) had entered into a service draft agreement with a related company (Wrightman corporation company) for a period from 1 April 2016 to 31 March 2017 as a representative of a subsidiary in managing hotel business management, preparing financial report and annual budget. Management fee was calculated from all expenses of the subsidiaries based on the number of rooms and hotel employee expense.

On 12 February 2016, CSM Capital Partners Co., Ltd (“the subsidiary”) entered into of service agreement with a related company (Thonglor Managemen Company) for a period from 1 April 2016 to 31 March 2017 to manage on Eight Thonglor project with the monthly service fee as follows:

- Management fee in the rate 2% of total revenue of retail shops
- Incentive fee in the rate of 4% net of profit in the project of retail shops;
- Corporation fee on service apartment area fee at a fixed rate of Baht 250,000 per month

On 1 February 2016, the Company had entered into a consulting agreement with a related company (“Wealthy Living Co.,Ltd.”). for a period from 1 February 2016 to 31 January 2017, to obtain the consult for security, marketing and procurement with a monthly rate of Baht 500,000 and renewal option when the expiry of the agreement.

**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Cash	284,933	195,000	12,000	12,000
Cash on hand	778,950	30,772	269,980	30,772
Cash at banks – current accounts	350,057,097	170,909,212	283,371,448	168,309,760
Cash at banks – savings accounts	127,449,586	408,855,159	125,311,994	382,725,068
Highly liquid short-term	70,080,886	64,334,115	70,080,886	64,334,115
<b>Total</b>	<b>548,651,452</b>	<b>644,324,258</b>	<b>479,046,308</b>	<b>615,411,715</b>

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

**6 Current investments**

	<b>Consolidated financial statements</b>			
	2016		2015	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
<b>Current investments</b>				
Bills of exchange	110,000,000	110,000,000	324,238,298	324,238,298
Mutual fund – debt securities	1,130,315,028	1,139,056,974	586,762,133	593,712,497
<b>Total</b>	<b>1,240,315,028</b>	<b>1,249,056,974</b>	<b>911,000,431</b>	<b>917,950,795</b>



**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	<b>Separate financial statements</b>			
	2016		2015	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
<b>Current investments</b>				
Bills of exchange	110,000,000	110,000,000	324,238,298	324,238,298
Mutual fund – debt securities	1,090,307,528	1,098,713,126	586,762,133	593,712,497
<b>Total</b>	<b>1,200,307,528</b>	<b>1,208,713,126</b>	<b>911,000,431</b>	<b>917,950,795</b>

As at 31 December 2016 and 2015, current investments in mutual fund – debt securities amount to Baht 73 million and Baht 68 million, respectively had been used as collateral for liabilities under letter of guarantee with a domestic commercial bank.

Movements for the years ended 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>Financial statement</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b>Bills of exchange</b>				
At 1 January	324,238,298	549,999,411	324,238,298	549,999,411
Purchases during the year	1,185,322,709	532,981,891	1,185,322,709	532,981,891
Sales during the year	(1,399,561,007)	(758,743,004)	(1,399,561,007)	(758,743,004)
<b>At 31 December</b>	<b>110,000,000</b>	<b>324,238,298</b>	<b>110,000,000</b>	<b>324,238,298</b>
<b>Mutual fund – debt securities</b>				
At 1 January	593,712,497	176,337,573	593,712,497	176,337,573
Purchases during the year	1,353,807,500	511,297,999	1,303,800,000	511,297,999
Sales during the year	(817,204,968)	(100,873,439)	(807,204,968)	(100,873,439)
Valuation adjustments	8,741,945	6,950,364	8,405,597	6,950,364
<b>At 31 December</b>	<b>1,139,056,974</b>	<b>593,712,497</b>	<b>1,098,713,126</b>	<b>593,712,497</b>
<b>Debt securities due within one year</b>				
At 1 January	-	35,000,000	-	35,000,000
Add - transfer during the year	-	-	-	-
Decrease during the year	-	(35,000,000)	-	(35,000,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Please see also note 50 to the financial statements.

Current investments of the Company as at 31 December 2016 and 2015, were denominated entirely in Thai Baht.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**7 Trade accounts receivable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Trade accounts receivable - other parties	905,558,680	1,070,049,815	899,296,177	1,067,989,241
Less allowance for doubtful accounts	(50,203,835)	(68,514,987)	(50,203,835)	(68,514,987)
<b>Net</b>	<b><u>855,354,845</u></b>	<b><u>1,001,534,828</u></b>	<b><u>849,092,342</u></b>	<b><u>999,474,254</u></b>
Bad debts and doubtful debts expense for the year	13,781,570	16,909,615	13,781,570	16,909,615
Reversal of allowance for doubtful accounts for the year	(26,687,491)	(27,727,854)	(26,687,491)	(27,727,854)
<b>Total</b>	<b><u>(12,905,921)</u></b>	<b><u>(10,818,239)</u></b>	<b><u>(12,905,921)</u></b>	<b><u>(10,818,239)</u></b>

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Within credit terms	746,987,779	665,516,508	743,589,335	664,858,862
Still installment	-	16,059,884	-	16,059,884
Still litigation	95,578,582	115,455,394	95,578,582	115,455,394
Overdue:				
- Less than 3 months	59,718,629	64,758,150	57,209,171	63,355,222
- Over 3 months to 6 months	2,759,482	7,865,904	2,404,881	7,865,904
- Over 6 months to 12 months	220,732	132,336,131	220,732	132,336,131
- Over 12 months	293,476	68,057,844	293,476	68,057,844
	<u>62,992,319</u>	<u>273,018,029</u>	<u>60,128,260</u>	<u>271,615,101</u>
<b>Total</b>	<b><u>905,558,680</u></b>	<b><u>1,070,049,815</u></b>	<b><u>899,296,177</u></b>	<b><u>1,067,989,241</u></b>

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

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

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**8 Other Receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Other receivables	14,387,621	15,229,316	36,637,952	37,057,106
Accrued income	7,088,722	4,468,935	6,611,429	8,394,455
Prepaid expenses	22,838,865	16,431,160	17,861,162	15,921,476
Advances	19,819,717	17,283,786	19,615,917	16,941,549
Prepaid value added tax	9,830,831	4,842,680	170,798	20,485
<b>Total</b>	<b>73,965,756</b>	<b>58,255,877</b>	<b>80,897,258</b>	<b>78,335,071</b>
<i>Less allowance for doubtful accounts</i>	<i>(19,867,832)</i>	<i>(17,099,370)</i>	<i>(19,867,832)</i>	<i>(17,099,370)</i>
<b>Net</b>	<b>54,097,924</b>	<b>41,156,507</b>	<b>61,029,426</b>	<b>61,235,701</b>
Related parties	14,705,387	11,177,898	37,731,770	35,691,708
Key management personnel	4,850,000	4,464,936	4,850,000	4,464,936
Other parties	54,410,369	42,613,043	38,315,488	38,178,427
	73,965,756	58,255,877	80,897,258	78,335,071
<i>Less allowance for doubtful accounts</i>	<i>(19,867,832)</i>	<i>(17,099,370)</i>	<i>(19,867,832)</i>	<i>(17,099,370)</i>
<b>Net</b>	<b>54,097,924</b>	<b>41,156,507</b>	<b>61,029,426</b>	<b>61,235,701</b>
Bad debt and doubtful debts expense for the year	3,055,061	639,925,309	3,055,061	639,925,309
Reversal allowance for doubtful accounts for the year	(235,273)	(630,334,656)	(235,273)	(630,334,656)
<b>Total</b>	<b>2,819,788</b>	<b>9,590,653</b>	<b>2,819,788</b>	<b>9,590,653</b>

On 24 December 2015, the Company approved to write off advance payment to Syntec Mivan Joint venture in the amount of Baht 630 million because the court ordered a related company to a bankruptcy and no assets divided to all creditors as described in note 4 to the financial statements.

Other receivable of the Group/the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**9 Retentions receivable under construction contracts**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Other parties	511,418,316	521,164,655	511,418,316	521,164,655
<i>Less allowance for doubtful accounts</i>	<i>(20,615,253)</i>	<i>(12,921,975)</i>	<i>(20,615,253)</i>	<i>(12,921,975)</i>
<b>Net</b>	<b>490,803,063</b>	<b>508,242,680</b>	<b>490,803,063</b>	<b>508,242,680</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2016**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Bad debts and doubtful debts expense for the year	15,528,036	13,781,553	15,528,036	13,781,553
Reversal of allowance for doubtful accounts for the year	(7,888,758)	(11,003,553)	(7,888,758)	(11,003,553)
<b>Total</b>	<b><u>7,639,278</u></b>	<b><u>2,778,000</u></b>	<b><u>7,639,278</u></b>	<b><u>2,778,000</u></b>

Aging analyses for retention receivables under construction contracts were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Within credit terms	428,633,922	404,379,477	428,633,922	404,379,477
Still installment	-	2,731,982	-	2,731,982
Still litigation	60,268,159	114,053,196	60,268,159	114,053,196
Overdue:				
-Less than 1 year	22,516,235	-	22,516,235	-
- Over 2 year to 3 year	-	-	-	-
	<u>22,516,235</u>	<u>-</u>	<u>22,516,235</u>	<u>-</u>
<b>Total</b>	<b><u>511,418,316</u></b>	<b><u>521,164,655</u></b>	<b><u>511,418,316</u></b>	<b><u>521,164,655</u></b>

The normal period of retentions under construction granted by the Company ranges from 1 – 2 years.

Retentions receivable under construction contracts of the Group/the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**10 Unbilled construction work in progress**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Other parties	293,469,348	515,631,390	293,469,348	515,631,390
Less allowance for doubtful accounts	(38,029,136)	(39,251,066)	(38,029,136)	(39,251,066)
<b>Net</b>	<b><u>255,440,212</u></b>	<b><u>476,380,324</u></b>	<b><u>255,440,212</u></b>	<b><u>476,380,324</u></b>
Bad debt and doubtful debts	4,958,521	-	4,958,521	-
Reversal doubtful debts expense for the year	(6,180,451)	(278,647)	(6,180,451)	(278,647)
<b>Total</b>	<b><u>(1,221,930)</u></b>	<b><u>(278,647)</u></b>	<b><u>(1,221,930)</u></b>	<b><u>(278,647)</u></b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Construction project contracts amount	<u>28,713</u>	<u>26,199</u>	<u>28,713</u>	<u>26,199</u>
Contract revenue recognized as revenue since commencing date to present	19,811	18,624	19,811	18,624
Less progress billings (as invoices)	<u>(19,547)</u>	<u>(18,138)</u>	<u>(19,547)</u>	<u>(18,138)</u>
Unbilled construction work in progress	264	486	264	486
Unbilled construction work in progress (before year 2000)	<u>29</u>	<u>29</u>	<u>29</u>	<u>29</u>
Unbilled construction work in progress at the end of year	293	515	293	515
Less allowance for doubtful accounts	<u>(38)</u>	<u>(39)</u>	<u>(38)</u>	<u>(39)</u>
<b>Net</b>	<b><u>255</u></b>	<b><u>476</u></b>	<b><u>255</u></b>	<b><u>476</u></b>
Excess of progress billing over work in progress	<u>(882)</u>	<u>(563)</u>	<u>(882)</u>	<u>(563)</u>
<b>Net</b>	<b><u>(627)</u></b>	<b><u>(87)</u></b>	<b><u>(627)</u></b>	<b><u>(87)</u></b>

**11 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Construction materials	134,118,427	129,263,745	134,118,427	129,263,745
Spare parts and supplies	10,608,554	10,355,168	10,173,657	10,355,168
Less allowance for decline in value of inventories	<u>(844,084)</u>	<u>(844,084)</u>	<u>(844,084)</u>	<u>(844,084)</u>
<b>Net</b>	<u>9,764,470</u>	<u>9,511,084</u>	<u>9,329,573</u>	<u>9,511,084</u>
<b>Total</b>	<b><u>143,882,897</u></b>	<b><u>138,774,829</u></b>	<b><u>143,448,000</u></b>	<b><u>138,774,829</u></b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Cost of inventories was recognized in expense and included in cost of construction	<u>1,562</u>	<u>1,754</u>	<u>1,562</u>	<u>1,754</u>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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Inventories as at 31 December 2016 and 2015 amounted to Baht 144 million and Baht 139 million, respectively, were expected to utilize as follows:

	2016	2015
	<i>(in million Baht)</i>	
Expected to utilize within 1 year	143	138
Expected to utilize over 1 year	1	1
<b>Total</b>	<b>144</b>	<b>139</b>

**12 Advance payments to subcontractors**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Other parties	481,897,427	96,017,426	468,826,295	96,017,426
<b>Total</b>	<b>481,897,427</b>	<b>96,017,426</b>	<b>468,826,295</b>	<b>96,017,426</b>

Advance payments to subcontractors of the Group/the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**13 Investments in subsidiaries**

Movements for the year ended 31 December were as follows:

	<b>Separate financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
As at 1 January	211,149,200	127,349,400
Acquisition	599,400,200	83,799,800
Write off of investment	(549,700)	-
<b>At 31 December</b>	<b>809,999,700</b>	<b>211,149,200</b>

On 16 June 2015, SCR Asset Management Co., Ltd (“the subsidiary”) registered the increased share capital from Baht 240 million to Baht 400 million with the Ministry of Commerce.

The Extraordinary General Meeting of Shareholders of a subsidiary (CSM Capital Partners Co.,Ltd) held on 23 April 2016 resolved to increase the registered share capital from Baht 1 million to Baht 1,000 million for support the acquisition of the assets in Eight Thonglor Residences Project. The Company also registered the increase of share capital with the Ministry of Commerce on 10 May 2016

Investments in subsidiaries of the Group/the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2016**

Investments in subsidiaries as at 31 December 2016 and 2015 were as follows:

	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Dividend received	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(%)						(in Baht)					
<b>Direct subsidiary</b>												
SCR Asset Management Co., Ltd.	52.00	52.00	400	400	208,000,000	208,000,000	-	-	208,000,000	208,000,000	-	-
Syntec Asset Management Co., Ltd.	-	54.97	-	1	-	549,700	-	-	-	549,700	-	-
Natural Ville Service apartment and Management Co., Ltd	99.97	99.97	2	2	1,999,700	1,999,700	-	-	1,999,700	1,999,700	-	-
CSM Capital Partners Co., Ltd.	60.00	59.98	1,000	0.6	600,000,000	599,800	-	-	600,000,000	599,800	-	-
<b>Total</b>					<b>809,999,700</b>	<b>211,149,200</b>	<b>-</b>	<b>-</b>	<b>809,999,700</b>	<b>211,149,200</b>	<b>-</b>	<b>-</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**14 Investments in associates**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	29,618,487	29,659,472	9,375,000	9,375,000
Share of loss of investment from equity method	<u>(40,582)</u>	<u>(40,985)</u>	<u>-</u>	<u>-</u>
	29,577,905	29,618,487	9,375,000	9,375,000
Less allowance for valuation of investments	<u>(29,302,000)</u>	<u>(29,302,000)</u>	<u>(9,375,000)</u>	<u>(9,375,000)</u>
<b>At 31 December</b>	<b><u>275,905</u></b>	<b><u>316,487</u></b>	<b><u>-</u></b>	<b><u>-</u></b>



**Syntec Construction Public Company Limited and its Subsidiaries**  
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Investments in associates as at 31 December 2016 and 2015 were as follows:

<b>Consolidated financial statements</b>												
	Percentage of shareholding		Paid-up share capital		Cost method		Equity method		Impairment		At equity - net	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(%)						(in million Baht)					
<b>Associates</b>												
Natural Hotel Sukhumvit Co., Ltd.	25	25	41	41	10	10	0.28	0.32	-	-	0.28	0.32
<b>Total</b>					<b>10</b>	<b>10</b>	<b>0.28</b>	<b>0.32</b>	<b>-</b>	<b>-</b>	<b>0.28</b>	<b>0.32</b>
<b>Separate financial statements</b>												
	Percentage of shareholding		Paid-up share capital		Cost method		Impairment		At cost - net		Dividend received	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(%)						(in million Baht)					
<b>Associates</b>												
Natural Hotel Sukhumvit Co.,Ltd.	25	25	41	41	10	10	(10)	(10)	-	-	-	-
<b>Total</b>					<b>10</b>	<b>10</b>	<b>(10)</b>	<b>(10)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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The following summarized financial information of associates which have been accounted for using the equity method in the consolidated financial statements.

	<b>Ownership interest</b>	<b>Total assets</b>	<b>Total liabilities</b>	<b>Total revenues</b>	<b>Profit (loss) for the year</b>
	(%)	(in million Baht)			
<b>2016</b>					
Natural Hotel Sukhumvit Co., Ltd.	25	1.60	0.07	0.001	(0.16)
<b>Total</b>		<b>1.60</b>	<b>0.07</b>	<b>0.001</b>	<b>(0.16)</b>
<b>2015</b>					
Natural Hotel Sukhumvit Co., Ltd.	25	1.30	0.05	0.001	(0.16)
<b>Total</b>		<b>1.30</b>	<b>0.05</b>	<b>0.001</b>	<b>(0.16)</b>

**15 Other long-term investments**

<b>Consolidated and separate financial statements</b>				
	<b>Cost</b>		<b>Fair value</b>	
	2016	2015	2016	2015
	(in Baht)			
General investments	3,000,000	3,000,000	-	-
Available-for-sale investments	221,747,612	221,747,612	556,268,375	393,281,808
<b>Total</b>	<b>224,747,612</b>	<b>224,747,612</b>	<b>556,268,375</b>	<b>393,281,808</b>
<b>General investments</b>				
The Bangkok Club Co., Ltd.	3,000,000	3,000,000	3,000,000	3,000,000
Less allowance for devaluation of investment	(3,000,000)	(3,000,000)	(3,000,000)	(3,000,000)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Available-for-sale investments</b>				
Bangkok Express and Metro Public Co., Ltd	221,747,612	221,747,612	556,268,375	393,281,808
Add unrealized gain (loss) on valuation adjustment	334,520,763	171,534,196	-	-
<b>Net</b>	<b>556,268,375</b>	<b>393,281,808</b>	<b>556,268,375</b>	<b>393,281,808</b>
<b>Unrealized gain on valuation adjustment for the year present in equity, net tax</b>	<b>130,389,253</b>	<b>30,032,429</b>	<b>130,389,253</b>	<b>30,032,429</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

Movements during the year of other long-term investments were as follows:

	<b>Consolidated and separate financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
<b>General investments</b>		
At 1 January	3,000,000	55,788,000
Decrease during the year	-	(52,788,000)
Valuation adjustment	(3,000,000)	(3,000,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>
<b>Available-for-sale investments</b>		
At 1 January	393,281,808	355,741,271
Valuation adjustment	162,986,567	37,540,537
<b>At 31 December</b>	<b>556,268,375</b>	<b>393,281,808</b>

For the year ended 31 December 2015, the Company approved to reverse allowance for devaluation of investments and write-off general investments in the same amount of Baht 52.79 million. (S.S. Bangkok Development Co., Ltd. and Salintara Co., Ltd.)

Other long-term investments of the Group/the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

Please also see note 4 to the financial statements.

**16 Long-term loans**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Related parties	4,956,268	4,956,268	129,956,268	89,956,268
Other parties	-	3,000,200	-	3,000,200
	<u>4,956,268</u>	<u>7,956,468</u>	<u>129,956,268</u>	<u>92,956,468</u>
Less allowance for doubtful accounts	(4,956,268)	(7,956,468)	(4,956,268)	(7,956,468)
	<u>-</u>	<u>-</u>	<u>125,000,000</u>	<u>85,000,000</u>
Less current portion long-term loans	-	-	(85,000,000)	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>40,000,000</b>	<b>85,000,000</b>

Long-term loans to other parties as at 31 December 2015 were long-term loans to another party in the amount of Baht 3 million without contract and interest bearing. Subsequently, On 25 January 2016, the Company approved to write-off long-term loans to other parties to bad debt in the amount of Baht 3 million.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

Movements of long-term loans for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	3,000,200	3,000,200	3,000,200	3,000,200
Decrease	(3,000,200)	-	(3,000,200)	-
<b>At 31 December</b>	<b>-</b>	<b>3,000,200</b>	<b>-</b>	<b>3,000,200</b>

Long-term loans of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**17 Investment properties**

	<b>Consolidated and separate financial statements</b>		
	Land	Condominium	Total
	<i>(in Baht)</i>		
<b>Cost</b>			
At 1 January 2015	99,643,500	5,649,570	105,293,070
No changes during the year	-	-	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>99,643,500</b>	<b>5,649,570</b>	<b>105,293,070</b>
Addition/transfer	-	3,419,328	3,419,328
<b>At 31 December 2016</b>	<b>99,643,500</b>	<b>9,068,898</b>	<b>108,712,398</b>
<b>Accumulated depreciation</b>			
At 1 January 2015	-	4,472,872	4,472,872
Depreciation charge for the year	-	311,121	311,121
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>4,783,993</b>	<b>4,783,993</b>
Depreciation charge for the year	-	105,779	105,779
Transfer	-	300,039	300,039
<b>At 31 December 2016</b>	<b>-</b>	<b>5,189,811</b>	<b>5,189,811</b>
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>99,643,500</b>	<b>865,577</b>	<b>100,509,077</b>
<b>At 31 December 2016</b>	<b>99,643,500</b>	<b>3,879,087</b>	<b>103,522,587</b>

	<b>Consolidated and separate financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
Depreciation charge for the year was included in: -		
Administrative expenses	105,779	311,121
<b>Total</b>	<b>105,779</b>	<b>311,121</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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*Fair value*

Investment properties as at 31 December 2016 and 2015, in part of land, cost value amounted to Baht 100 million represented the latest appraisal value which was appraised by the appraiser based on market price of Baht 199 million as the appraisal report 10 February 2017, and condominium with book value amounted to Baht 3 million and Baht 1 million respectively, represented the appraisal value which was appraised by the appraiser based on market price of Baht 11 million as the appraisal report 14 February 2017.

*Pledge*

On 31 December 2016 and 2015, Investments properties mortgage land totaled area of 55 Rai, 1 Ngan, 43 Square wah, totaling 6 title deeds cost value amounted to Baht 99.64 million, with existing structures and/or thereon as collateral for a bank guarantee with a domestic commercial bank in the amount of Baht 700 million and please see also note 50 to the financial statements.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**18 Property, plant and equipment**

<b>Consolidated financial statements</b>								
				Aluminium				
	Land	Buildings and building improvement	Construction machinery and equipment	lining Boards (formwork)	Furniture, fixtures and equipment	Vehicles	Construction in progress	Total
<i>Cost</i>								
At 1 January 2015	<b>435,762,099</b>	<b>368,513,575</b>	<b>1,235,533,982</b>	<b>542,655,943</b>	<b>125,777,840</b>	<b>173,509,698</b>	<b>250,225,122</b>	<b>3,131,978,259</b>
Additions	39,469,958	3,419,328	77,544,127	20,689,056	20,425,373	11,118,121	84,027,053	256,693,016
Transfers	-	259,482,880	7,337,919	-	28,677,430	-	(295,498,229)	-
Disposals	-	(73,256,238)	(15,395,287)	(5,948,062)	(4,378,327)	(12,568,029)	-	(111,545,943)
<b>At 31 December 2015</b>								
<b>and 1 January 2016</b>	<b>475,232,057</b>	<b>558,159,545</b>	<b>1,305,020,741</b>	<b>557,396,937</b>	<b>170,502,316</b>	<b>172,059,790</b>	<b>38,753,946</b>	<b>3,277,125,332</b>
Additions	1,126,525,491	1,336,051,765	66,469,539	25,753,843	59,101,011	35,860,024	97,907,426	2,747,669,099
Transfers	-	34,324,758	10,464,034	-	-	-	(48,208,119)	(3,419,327)
Disposals	-	(11,897,405)	(16,689,899)	(20,989,333)	(1,725,372)	(7,326,000)	(1,665)	(58,629,674)
<b>At 31 December 2016</b>	<b>1,601,757,548</b>	<b>1,916,638,663</b>	<b>1,365,264,415</b>	<b>562,161,447</b>	<b>227,877,955</b>	<b>200,593,814</b>	<b>88,451,588</b>	<b>5,962,745,430</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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<b>Consolidated financial statements</b>								
	Land	Buildings and building improvement	Construction machinery and equipment	Aluminium lining boards (formwork) (in Baht)	Furniture, fixtures and equipment	Vehicles	Construction in progress	Total
<b><i>Accumulated depreciation</i></b>								
At 1 January 2015	-	<b>171,612,543</b>	<b>806,619,597</b>	<b>439,859,778</b>	<b>91,304,598</b>	<b>99,976,334</b>	-	<b>1,609,372,850</b>
Depreciation charge for the year	-	46,572,798	79,542,816	20,259,254	20,381,183	21,298,162	-	188,054,213
Disposals	-	(6,189,972)	(15,140,590)	(5,948,051)	(4,271,564)	(12,568,016)	-	(44,118,193)
Transfer	-	(26,131,539)	-	-	-	-	-	(26,131,539)
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>185,863,830</b>	<b>871,021,823</b>	<b>454,170,981</b>	<b>107,414,217</b>	<b>108,706,480</b>	<b>-</b>	<b>1,727,177,331</b>
Depreciation charge for the year	-	110,519,484	83,261,539	25,071,220	28,248,782	23,744,473	-	270,845,498
Disposals	-	(11,894,366)	(16,643,142)	(20,989,283)	(1,678,416)	(3,599,496)	-	(54,804,703)
Transfer	-	(300,039)	-	-	-	-	-	(300,039)
<b>At 31 December 2016</b>	<b>-</b>	<b>284,188,909</b>	<b>937,640,220</b>	<b>458,252,918</b>	<b>133,984,583</b>	<b>128,851,457</b>	<b>-</b>	<b>1,942,918,087</b>
<b><i>Net book value</i></b>								
Owned assets	475,232,057	372,295,715	337,100,780	103,225,956	63,088,099	58,818,366	38,753,946	1,448,514,919
Assets under finance leases	-	-	96,898,138	-	-	4,534,944	-	101,433,082
<b>Total at 31 December 2015</b>	<b>475,232,057</b>	<b>372,295,715</b>	<b>433,998,918</b>	<b>103,225,956</b>	<b>63,088,099</b>	<b>63,353,310</b>	<b>38,753,946</b>	<b>1,549,948,001</b>
Owned assets	1,601,757,548	1,632,449,754	362,511,570	103,908,529	93,893,372	70,846,935	88,451,588	3,953,819,296
Assets under finance leases	-	-	65,112,625	-	-	895,422	-	66,008,047
<b>Total at 31 December 2016</b>	<b>1,601,757,548</b>	<b>1,632,449,754</b>	<b>427,624,195</b>	<b>103,908,529</b>	<b>93,893,372</b>	<b>71,742,357</b>	<b>88,451,588</b>	<b>4,019,827,343</b>

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	Separate financial statements							Total
	Land	Buildings and building improvement	Construction machinery and equipment	Aluminium lining boards (formwork) (in Baht)	Furniture, fixtures and equipment	Vehicles	Construction in progress	
<b>Cost</b>								
At 1 January 2015	<b>63,179,593</b>	<b>368,513,574</b>	<b>1,235,533,982</b>	<b>557,164,762</b>	<b>125,777,841</b>	<b>172,302,222</b>	<b>31,403,726</b>	<b>2,553,875,700</b>
Additions	22,339,668	3,419,328	77,544,127	20,689,056	20,397,372	11,118,121	45,590,202	201,097,874
Transfers	-	19,672,007	7,337,919	-	-	-	(27,009,926)	-
Disposals	-	(73,256,238)	(15,395,287)	(5,948,062)	(4,378,327)	(12,568,029)	-	(111,545,943)
<b>At 31 December 2015 and 1 January 2016</b>	<b>85,519,261</b>	<b>318,348,671</b>	<b>1,305,020,741</b>	<b>571,905,756</b>	<b>141,796,886</b>	<b>170,852,314</b>	<b>49,984,002</b>	<b>2,643,427,631</b>
Additions	350,070	-	66,469,539	25,753,843	24,445,386	35,860,024	66,381,051	219,259,913
Transfers	-	34,324,758	10,464,034	-	-	-	(48,208,120)	(3,419,328)
Disposals	-	(11,897,405)	(16,689,899)	(20,989,333)	(1,683,771)	(7,326,000)	(1,665)	(58,588,073)
<b>At 31 December 2016</b>	<b>85,869,331</b>	<b>340,776,024</b>	<b>1,365,264,415</b>	<b>576,670,266</b>	<b>164,558,501</b>	<b>199,386,338</b>	<b>68,155,268</b>	<b>2,800,680,143</b>



**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

				<b>Separate financial statements</b>				
	Land	Buildings and building improvement	Construction machinery and equipment	Aluminium lining boards (formwork)	Furniture, fixtures and equipment	Vehicles	Construction in progress	Total
				(in Baht)				
<b><i>Accumulated depreciation</i></b>								
At 1 January 2015	-	171,612,543	806,619,597	454,368,598	91,304,597	99,800,175	-	1,623,705,510
Depreciation charge for the year	-	33,771,540	79,542,816	20,259,253	15,808,915	21,117,040	-	170,499,564
Disposals	-	(6,189,972)	(15,140,589)	(5,948,051)	(4,271,564)	(12,568,016)	-	(44,118,192)
Transfer	-	(26,131,539)	-	-	-	-	-	(26,131,539)
<b>At 31 December 2015 and 1 January 2016</b>	-	173,062,572	871,021,824	468,679,800	102,841,948	108,349,199	-	1,723,955,343
Depreciation charge for the year	-	37,394,292	83,261,539	25,071,220	18,612,435	23,562,855	-	187,902,341
Disposals	-	(11,894,366)	(16,643,142)	(20,989,283)	(1,671,690)	(3,599,496)	-	(54,797,977)
Transfer	-	(300,039)	-	-	-	-	-	(300,039)
<b>At 31 December 2016</b>	-	198,262,459	937,640,221	427,761,737	119,782,693	128,312,558	-	1,856,759,668
<b><i>Net book value</i></b>								
Owned assets	85,519,261	145,286,099	337,100,779	103,225,956	38,954,938	57,968,169	49,984,002	818,039,204
Assets under finance leases	-	-	96,898,138	-	-	4,534,946	-	101,433,084
<b>Total at 31 December 2015</b>	<b>85,519,261</b>	<b>145,286,099</b>	<b>433,998,917</b>	<b>103,225,956</b>	<b>38,954,938</b>	<b>62,503,115</b>	<b>49,984,002</b>	<b>919,472,288</b>
Owned assets	85,869,331	142,513,565	362,511,570	103,908,529	44,775,808	70,178,358	68,155,268	877,912,429
Assets under finance leases	-	-	65,112,624	-	-	895,422	-	66,008,046
<b>Total at 31 December 2016</b>	<b>85,869,331</b>	<b>142,513,565</b>	<b>427,624,194</b>	<b>103,908,529</b>	<b>44,775,808</b>	<b>71,073,780</b>	<b>68,155,268</b>	<b>943,920,475</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

Depreciation was included in: -

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht )</i>			
Cost of construction	168,304,865	155,935,286	169,117,147	155,935,286
Cost of room service	83,563,821	17,369,446	-	-
Administrative expenses	18,976,812	14,749,481	18,785,194	14,564,278
<b>Total</b>	<b>270,845,498</b>	<b>188,054,213</b>	<b>187,902,341</b>	<b>170,499,564</b>

Borrowing cost capitalized in a part of cost of construction in progress:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht )</i>			
Interest capitalized for the year	505,611	5,690,770	-	-
Accumulated interest capitalized	12,434,724	11,929,113	-	-
Capitalization rate (% per annum)	4.75,MLR-1.5	4.75, MLR– 1.5	-	-

As at 31 December 2016 and 2015, the gross amount of the Group's fully depreciated buildings and equipment that was still in use amounted to Baht 1,516 million and Baht 1,490 million, respectively.

On 23 April 2016, the Extraordinary General Meeting of Shareholders of a subsidiary ("CSM Capital Partners Co.,Ltd") resolved the subsidiary entered into a purchase agreement on Eight Thonglor Residences Project with UOB Freehold Eight Thonglor Property Fund of 137 units totaling Baht 2,495 million.

On 29 February 2016, the subsidiary ("CSM Capital Partners Co.,Ltd") ("Buyer") entered into an agreement to purchase the residence of 137 units of Eight Thonglor Residences Project, equipment and utility system located at 88 Sukhumvit Road, Soi Sukhumvit 55 (Thonglor), Klongton Nua, Wattana, Bangkok with a Property Fund ("seller") in the price of Baht 2,495 million. The subsidiary made the payment of Baht 50 million to the seller on the agreement date as a deposit on compliance with the agreement and the remaining will be settled on the transfer of ownership date at the Land office.

Subsequently on 27 April 2016, the subsidiary registered the transfer of ownership of these residences from the seller and made the remaining payment.

Residence in Eight Thonglor Project was assessed by the independent appraisal based on market price in the amount of Baht 2,487 million as the appraisal report dated 20 June 2016.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	<b>Consolidated financial statements</b>
	The amount paid for purchase of assets (including the cost of acquisition) ( <i>Million Baht</i> )
Land	1,126
Building	997
Infrastructure	332
Furniture	32
Intangible asset	8
<b>Total</b>	<b>2,495</b>

Intangible asset amounted to Baht 8 million representing a list of customers and existing business derived from the seller, is amortized on the future economic benefit expected to be obtained for a period of 3 years.

*Pledge*

As at 31 December 2016 and 2015, land, buildings and building improvement in the amount of Baht 73 million and Baht 46 million, respectively, including indemnity from fire insurance of those assets were mortgaged as collateral for contingent liabilities due to the letter of guarantee issued by the domestic commercial banks.

As at 31 December 2016 and 2015, land of the subsidiary (“SCR Asset Management Co.,Ltd”) amounted to Baht 165 million with building as collateral for contingent due to the letter of guarantee issued by the domestic commercial banks.

As at 31 December 2016, the residences in Eight Thonglor Project of the subsidiary (CSM Capital Partners Co.,Ltd) with cost value in the amount of Baht 2,495 million, were mortgaged as collateral for contingent liabilities on borrowings from the domestic commercial bank in the credit line amounting to Baht 1,550 million.

Please see also note 50 to the financial statements.

**19 Leasehold right**

	<b>Consolidated and separate financial statements</b> ( <i>in Baht</i> )
<i>Cost</i>	
At 1 January 2015	395,000,000
Additions	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>395,000,000</b>
No change during the year	-
<b>At 31 December 2016</b>	<b>395,000,000</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	<b>Consolidated and separate financial statements (in Baht)</b>
<i>Accumulated amortization</i>	
At 1 January 2015	24,442,600
Amortization charge for the year	20,184,500
<b>At 31 December 2015 and 1 January 2016</b>	<b>44,627,100</b>
Amortization charge for the year	20,239,800
<b>At 31 December 2016</b>	<b>64,866,900</b>
<i>Net book value</i>	
<b>At 31 December 2015</b>	<b>350,372,900</b>
<b>At 31 December 2016</b>	<b>330,133,100</b>

Amortization for the year was included in:

	<b>Consolidated and separate financial statements 2016</b>	<b>2015 (in Baht)</b>
Cost of room service	20,239,800	20,184,500
<b>Total</b>	<b>20,239,800</b>	<b>20,184,500</b>

**20 Intangible assets**

	<b>Consolidated financial statements</b>		
	List of customers and existing business	Software license	Total
		<i>(in Baht)</i>	
<i>Cost</i>			
At 1 January 2015	-	24,756,605	24,756,605
Additions	-	4,930,422	4,930,422
Deduction	-	-	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>29,687,027</b>	<b>29,687,027</b>
Additions	8,000,000	3,926,477	11,926,477
Deduction	-	(7,500)	(7,500)
<b>At 31 December 2016</b>	<b>8,000,000</b>	<b>33,606,004</b>	<b>41,606,004</b>
<i>Accumulated amortization</i>			
At 1 January 2015	-	23,846,496	23,846,496
Amortization charge for the year	-	1,028,907	1,028,907
Deduction	-	-	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>24,875,403</b>	<b>24,875,403</b>
Amortization charge for the year	1,811,872	2,148,187	3,960,060
Deduction	-	(1,094)	(1,094)
<b>At 31 December 2016</b>	<b>1,811,872</b>	<b>27,022,497</b>	<b>38,834,369</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

	<b>Consolidated financial statements</b>		
	List of customers and existing business	Software license	Total
	<i>(in Baht)</i>		
<b>Net book value</b>			
<b>At 31 December 2015</b>	<b>-</b>	<b>4,811,624</b>	<b>4,811,624</b>
<b>At 31 December 2016</b>	<b>6,188,128</b>	<b>6,583,507</b>	<b>12,771,635</b>

Amortization for the year was included in :-

	<b>Consolidated financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
Administrative expenses	3,960,060	1,028,907
<b>Total</b>	<b>3,960,060</b>	<b>1,028,907</b>

	<b>Separate financial statements</b>	
	Software license	Total
	<i>(in Baht)</i>	
<b>Cost</b>		
At 1 January 2015	24,756,605	24,756,605
Additions	4,922,922	4,922,922
Deduction	-	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>29,679,527</b>	<b>29,679,527</b>
Additions	3,824,477	3,824,477
Deduction	-	-
<b>At 31 December 2016</b>	<b>33,504,004</b>	<b>33,504,004</b>
<b>Accumulated amortization</b>		
At 1 January 2015	23,846,496	23,846,496
Amortization charge for the year	1,027,814	1,027,814
Deduction	-	-
<b>At 31 December 2015 and 1 January 2016</b>	<b>24,874,310</b>	<b>24,874,310</b>
Amortization charge for the year	2,138,379	2,138,379
Deduction	-	-
<b>At 31 December 2016</b>	<b>27,012,689</b>	<b>27,012,689</b>
<b>Net book value</b>		
<b>At 31 December 2015</b>	<b>4,805,217</b>	<b>4,805,217</b>
<b>At 31 December 2016</b>	<b>6,491,315</b>	<b>6,491,315</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

Amortization for the year was included in :-

	<b>Separate financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
Administrative expenses	2,138,379	1,027,819
<b>Total</b>	<b>2,138,379</b>	<b>1,027,819</b>

**21 Deferred income tax**

Deferred tax assets and liabilities at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht )</i>			
Deferred tax assets	53,859,426	-	53,859,426	-
Deferred tax liabilities	(74,138,049)	42,473,548	(74,138,049)	42,473,548
<b>Net</b>	<b>(20,278,623)</b>	<b>42,473,548</b>	<b>(20,278,623)</b>	<b>42,473,548</b>

Movements of deferred tax assets and liabilities during the year ended were as follows:

*For the year ended 31 December 2016*

	<b>Consolidated and separate financial statements</b>			
	<b>(Charged) / credited to</b>			
	<b>At 1 January 2016</b>	<b>Profit or loss</b>	<b>Other comprehensive income (loss)</b>	<b>At 31 December 2016</b>
	<i>(in million Baht)</i>			
<b>Deferred tax assets</b>				
Trade accounts receivable	-	15	-	15
Property, plant and equipment	-	3	-	3
Employee benefit obligations	-	27	-	27
Provisions	-	8	-	8
<b>Total</b>	<b>-</b>	<b>53</b>	<b>-</b>	<b>53</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	7	-	-	7
Financial lease liabilities	1	(1)	-	-
Profit in fair value of available-for-sale	34	-	33	67
<b>Total</b>	<b>42</b>	<b>(1)</b>	<b>33</b>	<b>74</b>
<b>Net</b>	<b>(42)</b>	<b>54</b>	<b>(33)</b>	<b>(21)</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

*For the year ended 31 December 2015*

	<b>Consolidated and separate financial statements</b>		
	<b>(Charged) / credited to</b>		
	<b>At 1</b>	<b>Profit or loss</b>	<b>Other comprehensive income (loss)</b>
	<b>January 2015</b>	<b>(in million Baht)</b>	<b>At 31 December 2015</b>
<b>Deferred tax assets</b>			
Trade accounts receivable	16	(16)	-
Loss carry forward	2	(2)	-
<b>Total</b>	<b>18</b>	<b>(18)</b>	<b>-</b>
<b>Deferred tax liabilities</b>			
Property, plant and equipment	6	1	-
Financial lease liabilities	1	-	-
Profit in fair value of available-for-sale	27	-	7
<b>Total</b>	<b>34</b>	<b>1</b>	<b>7</b>
<b>Net</b>	<b>(16)</b>	<b>(19)</b>	<b>(7)</b>

Deferred tax assets (liabilities) arising from temporary differences and unused tax losses that have not been recognized in the financial statements were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<i>(in million Baht)</i>			
Deductible temporary differences	17	70	17	70
Tax losses	16	7	-	-
<b>Total</b>	<b>33</b>	<b>77</b>	<b>17</b>	<b>70</b>

The tax losses expire in 2017 to 2021. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit against which the Group and the Company can utilize the benefits there from.

The income tax is calculated on profit before tax for the year multiply by the estimated average tax rate.

Income tax expenses for the year ended 31 December were summary as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<i>(in million Baht)</i>			
<b>Income tax expenses for the year</b>				
Income tax expense	206	-	206	-
<b>Deferred tax expense (revenue)</b>				
Deferred tax expense (revenue) concern deductible temporary difference with initial recognized and reversed	(55)	19	(55)	19
<b>Income tax expense (revenue) represented in statements of comprehensive income</b>	<b>151</b>	<b>19</b>	<b>151</b>	<b>19</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**22 Pledged deposits at banks**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Cash at banks – savings accounts	12,000,000	47,000,000	12,000,000	47,000,000
Cash at banks – fixed deposit accounts	127,562,599	190,105,910	107,561,595	190,105,910
<b>Total</b>	<b>139,562,599</b>	<b>237,105,910</b>	<b>119,561,595</b>	<b>237,105,910</b>

Pledged deposit at banks of the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**23 Other non-current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Deposits	36,139,384	51,900,380	35,050,524	51,260,380

**24 Bank overdrafts and short-term loans from financial institutions**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Bank overdrafts	1,805,838	2,532,984	-	-
Short-term loans from financial institutions	-	160,000,000	-	160,000,000
<b>Total</b>	<b>1,805,838</b>	<b>162,532,984</b>	<b>-</b>	<b>160,000,000</b>

Movements of short-term loans from financial institutions for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	160,000,000	160,000,000	160,000,000	160,000,000
Additions	-	322,532,984	-	320,000,000
Deductions / Transfer	(160,000,000)	(320,000,000)	(160,000,000)	(320,000,000)
<b>At 31 December</b>	<b>-</b>	<b>162,532,984</b>	<b>-</b>	<b>160,000,000</b>



**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

As at 31 December 2016, the Company had short term loans from financial institutions in the amount of Baht 160 million in the consolidated and separate financial statements, respectively, representing the bills of exchange, due on 26 May 2017 with interest rate charged at 3.00% per annum. Subsequently, the financial institutions discounted those bills of exchange in the amounts of Baht 160 million, to 2 related persons and 2 other persons and please see notes 4 and 28 to the financial statements.

Bank overdrafts and short-term loans from financial institutions of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**25 Trade accounts payable**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Related parties	1,155,734	6,234,130	1,155,734	6,234,130
Other parties	429,693,115	332,944,355	427,105,202	332,720,525
<b>Total</b>	<b>430,848,849</b>	<b>339,178,485</b>	<b>428,260,936</b>	<b>338,954,655</b>

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

**26 Other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Related parties	7,745,810	318,828	19,862,468	17,900,996
Other parties	824,412,274	750,752,440	765,063,432	731,859,069
<b>Total</b>	<b>832,158,084</b>	<b>751,071,268</b>	<b>784,925,900</b>	<b>749,760,065</b>
<i>Other parties</i>				
Other payables	30,855,225	17,272,161	4,380,344	6,519,924
Accrued value added tax	4,568,467	13,019,183	1,525,494	12,302,400
Accrued withholding tax	13,321,902	7,557,455	12,561,625	7,285,067
Other accrued expenses	775,666,680	712,903,641	746,595,968	705,751,678
<b>Total</b>	<b>824,412,274</b>	<b>750,752,440</b>	<b>765,063,432</b>	<b>731,859,069</b>

Other payables of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

**27 Current portion of creditors under the rehabilitation plan**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Creditors under the rehabilitation plan	26,579,566	26,704,056	26,579,566	26,704,056

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

The currency denomination of creditors under the rehabilitation plan was as follows: -

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Thai Baht (THB)	11,152,347	11,152,347	11,152,347	11,152,347
United States Dollars (USD)	15,427,219	15,551,709	15,427,219	15,551,709
<b>Total</b>	<b><u>26,579,566</u></b>	<b><u>26,704,056</u></b>	<b><u>26,579,566</u></b>	<b><u>26,704,056</u></b>

The above creditors under the rehabilitation plan were the outstanding balances after implementing the rehabilitation plan to be approved by the creditors and the Central Bankruptcy Court. Pursuant to the rehabilitation plan requiring a period of 7 year, the Company reached to the term of plan but the payment has not been complete. The outstanding creditors comprised Group 3 to certain Group 9 because the majority of creditors did not contact for receiving claims and certain creditors were in the process of arbitration.

**28 Other short- term loans**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Other short-term loans				
Related person	80,000,000	-	80,000,000	-
Other persons	80,000,000	-	80,000,000	-
<b>Total</b>	<b><u>160,000,000</u></b>	<b><u>-</u></b>	<b><u>160,000,000</u></b>	<b><u>-</u></b>

Movements of short-term loans from other persons for the years ended 31 December were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	-	-	-	-
Additions / Transfer	160,000,000	-	160,000,000	-
<b>At 31 December</b>	<b><u>160,000,000</u></b>	<b><u>-</u></b>	<b><u>160,000,000</u></b>	<b><u>-</u></b>

Please also see notes 4 and 24 to the financial statements.

All other short-term loans of the Group/Company as at 31 December 2016 was denominated entirely in Thai Baht.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2016**

**29 Long-term loans**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Long-term loans from financial institution	1,706,629,524	205,781,936	-	-
Unsubordinated and unsecured debentures No. 1/2013	-	350,000,000	-	350,000,000
<b>Total</b>	<b>1,706,629,524</b>	<b>555,781,936</b>	<b>-</b>	<b>350,000,000</b>
<i>Less</i> Long-term loans in default	(190,181,936)	-	-	-
Current portion of long-term loans	(92,000,000)	(365,600,000)	-	(350,000,000)
<b>Net</b>	<b>1,424,447,588</b>	<b>190,181,936</b>	<b>-</b>	<b>-</b>

Movement of long-term loans for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
At 1 January	555,781,936	702,286,100	350,000,000	525,000,000
Addition	1,550,000,000	28,495,836	-	-
Deduction	(399,152,412)	(175,000,000)	(350,000,000)	(175,000,000)
<b>At 31 December</b>	<b>1,706,629,524</b>	<b>555,781,936</b>	<b>-</b>	<b>350,000,000</b>

***Loans from financial institution***

On 23 September 2013, a subsidiary (SCR Asset Management Co., Ltd.) entered into a loan agreement with a local financial institution in credit line of Baht 224 million, As at 31 December 2016, drawdown amounted to Baht 206 million and balanced Baht 18 million, requiring monthly repayable principal with interest within 8 years and 6 months. The first repayment at nineteenth month of Baht 1.3 million to Baht 4 million. These loans were secured by 11 plots of land and buildings as collateral under mortgage agreement dated 12 June 2014 in the credit line amounting to Baht 229 million.

Under the above loan agreements contains certain restrictive conditions such as opening operating account with a commercial bank, shareholding of the main shareholder of the Company and an events of default or non-compliance with the loan agreements, which assumes that it is default. This may entitle the bank has the right to accelerate the maturity of all outstanding loans immediately due. In addition, the agreements determined certain financial ratio of the Company as follows:

	Financial ratio per agreement	Financial ratio as at 31 December 2016
Financial ratio (DSCR)	Not less than 1.1	0.78

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Therefore, until on 31 December 2016, the subsidiary broke a financial ratio. As a result of a breach of such agreement, the bank may accelerate the repayment of all its subsidiaries immediately prior to maturity. Therefore, the subsidiary classified long-term loan in default in the amount of Baht 190.18 million and presented as current liabilities. However, the management of the subsidiary is negotiating with the bank that the result has not been finalized. Please also see note 52 to the financial statements.

On 7 April 2016, a subsidiary (“CSM Capital Partners Co.,Ltd.”) had entered into the loan agreement with a commercial bank in the amount of Baht 1,550 million to support the development of Eight Thonglor Residences Project, requiring repayable the principal and interest within 4 years and 10 years from the date of the first drawdown. Interest rate is charged at MLR -2.10 to MLR-2.75 per annum. Such loan was secured by Eight Thonglor Residences Project of 137 units.

Under the above loan agreement contains certain restrictive conditions such as increasing authorized shares, opening an DSRA account (Debt Service Reserve Account) with a bank amount of Baht 20 million and maintaining debt to equity ratio, and the events of default of agreement or non-compliance with loan agreement that assumes to be default. This may entitle the bank has the right to accelerate the subsidiary repay all outstanding immediately. In addition, the agreement determines certain financial ratios of the Company as follows :

	Financial ratio per agreement	Financial ratio as at 31 December 2016
Debt to equity ratio	Not more than 2:1	1.65 : 1

***Debenture***

1. The unsubordinated and unsecured debentures of Syntec Construction Public Company Limited. No. 1/2013:

Amount	Baht 350 million
Units	350,000 units
Maturity	3 years, starting from date of issuance
Issued date	28 May 2013
Interest rate	5.75 % per annum
Interest payment schedule	Quarterly basis, on 28 February, 28 May, 28 August and 28 November of each year over the term of debenture
Principal repayment	On the redemption date : 30 May 2016
Condition and covenants	Maintenance of debt to equity ratio, dividend payment and cause of default
Underwriting cost	Baht 1.21 million, which was not significant amount, therefore, it is recognized as an expense in full.

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2. The unsubordinated and unsecured debentures of Syntec Construction Public Company Limited. No. 2/2013:

Amount	Baht 175 million
Units	175,000 units
Maturity	2 years, starting from date of issuance
Issued date	31 October 2013
Interest rate	5.50 % per annum
Interest payment schedule	Quarterly basis, on 31 January, 30 April, 31 July and 31 October of each year over the term of debentures
Principal repayment	On the redemption date : 31 October 2015
Conditions and covenants	Maintenance of debt to equity ratio, dividend payment and cause of default
Underwriting cost	Baht 0.62 million, which is not significant amount, therefore, it is recognized as an expense in full.

During the year 2016 and 2015, the company redemption of debenture is amount of Baht 350 million and amount of Baht 175 million, respectively.

Long-term loans of the Group and the company as at 31 December 2016 and 2015 were denominated entirely in Thai baht.

**30 Finance lease liabilities**

	<b>Consolidated and Separate financial statements</b>					
	<b>2016</b>			<b>2015</b>		
	Future minimum lease payments	Interest	Present Value of minimum lease payments	Future minimum lease payments	Interest	Present Value of minimum lease payments
	<i>(in Baht)</i>					
Within one year	30,297,026	458,460	29,838,566	36,038,783	2,130,796	33,907,987
After one year but within five years	-	-	-	30,297,025	458,460	29,838,565
<b>Total</b>	<b>30,297,026</b>	<b>458,460</b>	<b>29,838,566</b>	<b>66,335,808</b>	<b>2,589,256</b>	<b>63,746,552</b>

As at 31 December 2016 and 2015, finance lease liabilities of Baht 30 million and Baht 66 million, respectively, represented the creditors under the hire purchase agreements on machinery, and vehicles with 5 other companies and 7 other companies, respectively, for 30 agreements and 30 agreements, respectively. The term of agreements covered for the period of 3-5 years, requiring monthly payable amounting to Baht 10,000 to Baht 400,000.

Finance lease liabilities of the Group and the company, as at 31 December 2016 and 2015 were denominated entirely in Thai baht.

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**31 Employee benefit obligations**

The Company operates post-employment benefits based on the requirement of the Thai Labour Protection Act B.E. 2541 to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risk, such as longevity risk, interest rate risk and market (investment) risk.

Employee benefit obligation in the statement of financial position as at 31 December was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Post-employment benefits :-				
Legal severance payments plan	139,625,033	117,070,926	136,570,252	115,292,452
<b>Total</b>	<b><u>139,625,033</u></b>	<b><u>117,070,926</u></b>	<b><u>136,570,252</u></b>	<b><u>115,292,452</u></b>

Movement in the present value of the defined benefit obligations

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Defined benefit obligations at 1 January	117,070,926	99,045,426	115,292,452	98,040,522
<b>Include in profit and loss</b>				
Current service costs	20,207,074	15,604,560	18,211,392	14,866,762
Interest on obligations	2,668,700	3,310,140	2,606,576	3,274,368
	<u>22,875,774</u>	<u>18,914,700</u>	<u>20,817,968</u>	<u>18,141,130</u>
<b>Included in the other Comprehensive income</b>				
Actuarial gain	527,047	-	1,237,532	-
	<u>527,047</u>	<u>-</u>	<u>1,237,532</u>	<u>-</u>
<b>Other</b>				
Benefits paid	(848,714)	(889,200)	(777,700)	(889,200)
	<u>(848,714)</u>	<u>(889,200)</u>	<u>(777,700)</u>	<u>(889,200)</u>
<b>Defined benefit obligations at 31 December</b>	<b><u>139,625,033</u></b>	<b><u>117,070,926</u></b>	<b><u>136,570,252</u></b>	<b><u>115,292,452</u></b>

Actuarial gains and losses recognised in the other Comprehensive income at the reporting date caused by

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in Baht)</i>	
For the year ended 31 December 2016		
Financial assumption	9,492,101	9,361,543
Demographic assumption	(1,599,241)	(1,634,567)
Experience adjustments	(7,365,813)	(6,489,444)
<b>Total</b>	<b><u>527,047</u></b>	<b><u>1,237,532</u></b>

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Expense recognized in profit or loss

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Current service costs	20,207,074	15,604,560	18,211,392	14,866,762
Interest on obligation	2,668,700	3,310,140	2,606,576	3,274,368
<b>Total</b>	<b>22,875,774</b>	<b>18,914,700</b>	<b>20,817,968</b>	<b>18,141,130</b>

The above expense is recognized in the following line items:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Cost of construction	16,869,322	13,291,917	16,869,322	13,291,917
Administrative expenses	6,006,452	5,622,783	3,948,646	4,849,213
<b>Total</b>	<b>22,875,774</b>	<b>18,914,700</b>	<b>20,817,968</b>	<b>18,141,130</b>

Principal actuarial assumptions at the reporting date

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	2.24-2.33	3.56-3.75	2.25	3.61
Salary increase rate	3.00-7.05	4.00-8.00	7.05	7.05
Staff turnover rate	0-24.00	0-21.00	0-24.00	0-21.00
Mortality rate (Thai Mortality Ordinary Table 1997 and 2008)	TMO 2008	TMO 2008	TMO 2008	TMO 2008
Disability rate	5% of mortality rate	5% of mortality rate	5% of mortality rate	5% of mortality rate

The impact from changes in assumptions of defined benefit plans in 2016

Amounts of employees benefit obligations for the current and previous four periods were as follows:

	<b>Employee benefit obligations</b>		<b>Experience adjustments</b>	
	<b>Consolidated financial statements</b>	<b>Separated financial statements</b>	<b>Consolidated financial statements</b>	<b>Separated financial statements</b>
	<i>(in million Baht)</i>			
Year 2016	140	137	-	-
Year 2015	117	115	-	-
Year 2014	99	98	-	-
Year 2013	86	86	-	-
Year 2012	71	71	-	-

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**32 Provisions**

	<b>Consolidated and Separate financial statements</b>	
	2016	2015
	<i>(in Baht)</i>	
Provision for litigation	29,384,108	45,847,573
Provision for losses on construction project	25,748,000	30,800,523
<b>Total</b>	<b>55,132,108</b>	<b>76,648,096</b>
<b>As at 31 December</b>		
Current	25,748,000	30,800,523
Non-current	29,384,108	45,847,573
<b>Total</b>	<b>55,132,108</b>	<b>76,648,096</b>



**Syntec Construction Public Company Limited and its Subsidiaries**  
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Movements for the years ended 31 December 2016 and 2015 were as follows:

	<b>Consolidated and Separate financial statements</b>							
	Provision for litigation		Provision for losses on Construction project		Estimated loss under joint venture agreement		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
					(Baht)			
<b>At 1 January</b>	45,847,573	45,847,573	30,800,523	66,518,164	-	66,464,708	76,648,096	178,830,445
Provision made	15,336,535	-	161,009,186	19,998,541	-	-	176,345,721	19,998,541
Used in provision	-	-	-	(55,716,182)	-	(66,464,708)	-	(122,180,890)
Reversal of provision	-	-	(166,061,709)	-	-	-	(166,061,709)	-
Paid in provision	(31,800,000)	-	-	-	-	-	(31,800,000)	-
<b>At 31 December</b>	<b><u>29,384,108</u></b>	<b><u>45,847,573</u></b>	<b><u>25,748,000</u></b>	<b><u>30,800,523</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>55,132,108</u></b>	<b><u>76,648,096</u></b>

The Board of Directors Meeting held on 8 December 2015, resolved to reverse of estimated loss under joint venture agreement in the amount of Baht 66 million because the Central Bankruptcy Court ordered Mivan (Thailand) Co., Ltd. to be a bankrupt.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**Provision for losses on Construction project**

As at 31 December 2016 and 2015, the Company recognized loss on construction project in the amount of Baht 26 million and Baht 31 million, respectively, in the consolidated and separate financial statements.

Please also see note 4 and 48 to the financial statements.

**33 Share capital**

		Consolidated and separate financial statements			
		2016		2015	
	<i>Par value</i>	Number	Amount	Number	Amount
	<i>(Baht)</i>	<i>(in million shares / in million Baht)</i>			
<b><i>Authorized share capital</i></b>					
At 1 January					
- Ordinary shares	<i>1</i>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>
<b>At 31 December</b>					
<b>- Ordinary shares</b>	<b><i>1</i></b>	<b><u>1,600</u></b>	<b><u>1,600</u></b>	<b><u>1,600</u></b>	<b><u>1,600</u></b>
<b><i>Issued and paid up</i></b>					
At 1 January					
- Ordinary shares	<i>1</i>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>	<u>1,600</u>
<b>At 31 December</b>					
<b>- Ordinary shares</b>	<b><i>1</i></b>	<b><u>1,600</u></b>	<b><u>1,600</u></b>	<b><u>1,600</u></b>	<b><u>1,600</u></b>

**Share premium**

Section 51 of the Public Companies Act B.E. 1992 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.

**34 Reserves**

Reserves comprise:

Appropriation of profit and / or retained earnings.

***Legal reserve***

Section 116 of the Public Companies Act B.E. 1992 Section 116 requires that a 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 authorized capital. The legal reserve is not available for dividend distribution.

The Company appropriated legal reserve at 5% of net profit for 2016 and 2015 amounting to Baht 44.81 million and Baht 32.99 million, respectively.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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***Movements in the reserves***

Movements in the reserves are shown in the statement of changes in equity

***Other components of equity***

***Fair value changes of available-for-sale investments***

Fair value changes of available-for-sale investments in the shareholders' equity comprise the cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized or impaired.

**35 Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as managing director and/or the Company's Board of Directors.

Information of the performance of each segment reported a profit before tax of the segment. Which is presented in the management reports on a monthly basis, summarized as follows:

The Group / Company comprise the 3 reportable segments as follows:

- Segment 1 : Construction business
- Segment 2 : Real estate development for apartment service
- Segment 3 : Operate the management business for hotel, service apartment and other properties.

***Geographical segments***

Management considers that the Group/Company operates in a single geographical area, namely in Thailand, and has, therefore, only one major geographical segment.

**Business segment results**

	<b>Segment 1</b>		<b>Segment 2</b>		<b>Segment 3</b>		<b>Total reportable segment</b>	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>For the year ended 31 December</b>	<i>(in million Baht)</i>							
External revenue	7,655	7,166	370	150	38	31	8,063	7,347
Inter-segment revenue	(6)	(9)	-	-	(29)	(31)	(35)	(40)
<b>Total revenues</b>	<b>7,649</b>	<b>7,157</b>	<b>370</b>	<b>150</b>	<b>9</b>	<b>-</b>	<b>8,028</b>	<b>7,307</b>
Interest income	7	11	-	-	-	-	7	11
Interest expense	16	39	49	6	-	-	65	45
Depreciation and amortization	187	169	109	40	-	-	296	209
<b>Profit segment before tax income</b>	<b>1,042</b>	<b>671</b>	<b>(8)</b>	<b>7</b>	<b>(31)</b>	<b>(32)</b>	<b>1,003</b>	<b>646</b>
<b>Assets for reportable</b>	<b>5,846</b>	<b>5,636</b>	<b>3,668</b>	<b>1,077</b>	<b>9</b>	<b>9</b>	<b>9,523</b>	<b>6,722</b>
<b>Property, plant and equipment</b>	<b>888</b>	<b>877</b>	<b>3,131</b>	<b>672</b>	<b>1</b>	<b>1</b>	<b>4,020</b>	<b>1,550</b>
<b>Leasehold right</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>330</b>	<b>350</b>
<b>Liabilities for reportable</b>	<b>2,895</b>	<b>2,874</b>	<b>1,820</b>	<b>234</b>	<b>6</b>	<b>2</b>	<b>4,721</b>	<b>3,110</b>

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Reconciliation of reportable segment profit or loss, assets and liabilities

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Profit or loss</b>				
Total profit for reportable segment	1,004	652	1,047	678
Elimination of inter-segment profits	(1)	(6)	-	-
<b>Profit before income tax</b>	<b>1,003</b>	<b>646</b>	<b>1,047</b>	<b>678</b>
<b>Assets</b>				
Total assets for reportable segments asset as reported	5,503	5,172	5,473	5,242
Investment in subsidiary	-	-	810	211
Property, plant and equipment	4,020	1,550	944	919
<b>Total assets</b>	<b>9,523</b>	<b>6,722</b>	<b>7,227</b>	<b>6,372</b>
<b>Liabilities</b>				
Total liabilities for reportable segments liabilities as reported	4,721	3,110	2,918	2,898
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>4,721</b>	<b>3,110</b>	<b>2,918</b>	<b>2,898</b>

**Major customers**

Revenue from one customer of the Company's segment 1 for the years 2016 and 2015 approximately Baht 1,752 million and Baht 1,577 million, respectively.

**36 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Sale of rendering of service and other income	31,885,685	4,089,559	7,719,466	4,753,216
Gain on revaluation of current investment	8,741,945	6,950,364	8,405,597	6,950,364
Dividends	9,020,568	-	9,020,568	-
Gain on sale of current investment	5,458,602	422,560	5,400,779	422,560
Gain on disposals of equipment	4,065,009	-	4,065,009	-
Revenues of space rental	4,421,452	4,680,978	4,421,452	3,990,778
Others	14,755,273	11,035,211	10,797,402	9,004,804
<b>Total</b>	<b>78,348,534</b>	<b>27,178,672</b>	<b>49,830,273</b>	<b>25,121,722</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**37 Selling expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Tendering cost	542,517	412,792	542,517	412,792
Advertising expense	1,492,255	1,706,815	-	-
Commission	3,438,302	249,474	-	-
Promotion and others	5,254,632	-	-	-
<b>Total</b>	<b>10,727,706</b>	<b>2,369,081</b>	<b>542,517</b>	<b>412,792</b>

**38 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Personnel	312,717,017	215,215,159	280,754,474	208,175,188
Consulting and professional	41,449,670	25,439,312	28,881,540	17,579,082
Entertainment	29,657,578	28,044,731	29,375,611	27,810,832
Depreciation and amortization	21,220,774	16,089,509	21,029,348	15,903,214
Property tax	22,593,901	-	4,798,796	-
Repair from warranty	7,825,367	-	7,825,367	-
Travelling	2,298,109	2,652,740	1,433,879	1,666,192
Vehicle	2,526,821	2,954,889	2,401,861	2,785,109
Bank charge	5,323,004	2,321,141	3,906,873	2,223,622
Maintenance	5,620,340	-	2,527,313	-
Loss on exchange rate	-	1,280,320	-	1,280,320
Others	56,976,653	97,944,394	27,535,508	86,552,021
<b>Total</b>	<b>508,209,234</b>	<b>391,942,195</b>	<b>410,470,570</b>	<b>363,975,580</b>

**39 Employee benefit expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
<b>Management</b>				
Salaries and bonuses	47,482,857	43,697,974	36,160,580	34,153,773
Others	5,105,685	4,531,441	4,047,244	4,531,441
	<u>52,588,542</u>	<u>48,229,415</u>	<u>40,207,824</u>	<u>38,685,214</u>
<b>Other employees</b>				
Salaries wages and bonuses	589,030,291	455,223,141	568,371,953	447,274,346
Others	45,327,216	37,186,612	33,529,305	33,529,305
	<u>634,357,507</u>	<u>492,409,753</u>	<u>601,901,258</u>	<u>480,803,651</u>
<b>Total</b>	<b>686,946,049</b>	<b>540,639,168</b>	<b>642,109,082</b>	<b>519,488,865</b>

Partial employee benefit expenses were included in cost of construction.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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Management and directors benefit expenses were included in statements of comprehensive income as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Cost of construction	12,255,780	14,236,660	12,255,780	14,236,660
Cost of room service	8,052,671	9,544,201	-	-
Administrative expenses	32,280,091	24,448,554	27,952,044	24,448,554
<b>Total</b>	<b>52,588,542</b>	<b>48,229,415</b>	<b>40,207,824</b>	<b>38,685,214</b>

*Provident funds*

The defined contribution plans comprise provident funds established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 5% of their basic salaries and by the Company at rates ranging from 3% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

**40 Expenses by nature**

Certain accounts included in calculating profit (loss) from operations for the years ended 31 December have been classified by nature as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Raw material and consumables used	1,563	1,754	1,563	1,754
Cost of room service	110	105	62	84
Subcontractor cost	2,719	2,653	2,719	2,654
Employee and workers expenses	1,412	1,199	1,401	1,189
Depreciation and amortization expenses	295	210	210	192
Management benefit expenses	53	48	40	39
Doubtful debts expense	47	14	47	14
Other expenses	761	633	677	637
Finance costs	65	45	16	39
<b>Total</b>	<b>7,025</b>	<b>6,661</b>	<b>6,735</b>	<b>6,601</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2016

### 41 Other expenses

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Bad Debt	5,405,231	-	5,405,231	-
Doubtful debts expense	31,964,195	13,774,703	31,971,958	13,774,703
Provision for loss on litigation	15,336,535	-	15,336,535	-
Loss on write off of investment in subsidiary	-	-	549,700	-
Loss on written off of asset	-	33,609,681	-	33,609,681
Other	116,839	-	-	-
<b>Total</b>	<b>52,822,800</b>	<b>47,384,384</b>	<b>53,263,424</b>	<b>47,384,384</b>

### 42 Finance costs

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in Baht)</i>			
Interest expense	65,594,135	50,560,443	15,683,365	39,353,220
Less amounts included in the cost of qualifying assets:				
- Construction contracts work in progress	(505,611)	(5,690,770)	-	-
<b>Net</b>	<b>65,088,524</b>	<b>44,869,673</b>	<b>15,683,365</b>	<b>39,353,220</b>

### 43 (Income) income tax expense

*Income tax expense (income) recognised in profit or loss*

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Current tax expense</b>				
Current year	206	-	206	-
<b>Deferred tax expense (income)</b>				
Change of temporary differences	(55)	19	(55)	19
<b>Total income tax expense (income)</b>	<b>151</b>	<b>19</b>	<b>151</b>	<b>19</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	Rate %	2016 (in million Baht)	Rate %	2015 (in million Baht)
Profit before income tax expense	<u>20</u>	<u>1,003</u>	<u>20</u>	<u>646</u>
Income tax using the Thai corporation tax rate		200		129
Increased taxable expenses		(7)		(124)
Expenses not deductible for tax		6		144
Current year losses for which no deferred tax asset was recognized		4		4
Others		<u>(52)</u>		<u>(134)</u>
<b>Total</b>		<b><u>151</u></b>		<b><u>19</u></b>

	<b>Separate financial statements</b>			
	Rate %	2016 (in million Baht)	Rate %	2015 (in million Baht)
Profit before income tax expense	<u>20</u>	<u>1,047</u>	<u>20</u>	<u>678</u>
Income tax using the Thai corporation tax rate		209		136
Increased taxable expenses		(7)		(124)
Expenses not deductible for tax		6		144
Current year losses for which no deferred tax asset was recognized		4		4
Others		<u>(61)</u>		<u>(141)</u>
<b>Total</b>		<b><u>151</u></b>		<b><u>19</u></b>

*Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants and order to maintain the corporate income tax rate at 20% for the accounting period year 2015 which begins on or after 1 January 2015 until 31 December 2015.

Revenue Code Amendment act No. 42 B.E.2559 date 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting period which begins on or after 1 January 2016.

The Group/the Company has applied the reduced tax rate of 20% in the determining of deferred tax assets and liabilities as at 31 December 2016 and 2015.



**Syntec Construction Public Company Limited and its Subsidiaries**  
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**44 Earnings per share**

Basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholder of the Company and the number of ordinary shares outstanding during the years calculated as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	2016	2015
Profit attributable to equity holders of the Company (comprehensive income (basic) (Baht)	870,399,229	640,217,080	896,236,038	659,818,702
Number of ordinary shares outstanding (shares)	1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
<b>Basic earnings per share (Baht)</b>	<b>0.54</b>	<b>0.40</b>	<b>0.56</b>	<b>0.41</b>

**45 Dividends**

*2016*

The Board of Directors Meeting held on 14 August 2016 resolved the approval of interim dividends from the Company's performance for the period from 1 January 2016 to 30 June 2016 at the rate of Baht 0.04 per share totaling Baht 64 million. The interim dividend was paid to shareholders on 2 September 2016.

The Ordinary General Meeting of Shareholders held on 29 April 2016 resolved the approval of dividends from the Company's result of operations for the period from 1 January 2015 to 31 December 2015 at the rate of Baht 0.11 per share totaling Baht 176 million. The Board of Directors Meeting resolved to pay an interim dividend from of operating results of the Company for the period from 1 January 2015 to 30 June 2015 at the rate of Baht 0.03 per share totaling Baht 48 million remaining Baht 128 million, requiring making the payment on 27 May 2016.

*2015*

The Board of Directors Meeting held on 14 August 2015 resolved the approval of interim dividends from the Company's performance for the period from 1 January 2015 to 30 September 2015 at the rate of Baht 0.03 per share totaling Baht 48 million. The interim dividend was paid to shareholders on 14 September 2015.

The Ordinary General Meeting of Shareholders held on 29 April 2015 resolved the approval of dividends from the Company's result of operations for the period from 1 January 2014 to 31 December 2014 at the rate of Baht 0.07 per share totalling Baht 112 million. The Board of Directors Meeting resolved to pay an interim dividend from of operating results of the Company for the period from 1 January 2014 to 30 September 2014 at the rate of Baht 0.02 per share totaling Baht 32 million remaining Baht 80 million, requiring making the payment on 27 May 2015.

**46 Financial instruments**

*Financial risk management policies*

The Group/Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group/Company do not hold or issue derivative financial instruments for speculative or trading purposes.

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

***Capital management***

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity and also monitors the level of dividends to ordinary shareholders.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings. The Group/Company does not use derivative financial instruments to manage those exposures.

The effective interest rates of deposit at the banks, debt securities and interest-bearing financial liabilities as at 31 December and the periods in which those liabilities 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 <i>(in million Baht)</i>	After 5 years	Total
<b>2016</b>					
<b>Current</b>					
Cash and cash equivalents	0.23	549	-	-	549
Current investments	1.68	1,249	-	-	1,249
Bank overdrafts	3.27	(2)	-	-	(2)
Creditors under rehabilitation plan	-	(27)	-	-	(27)
Other short-term loans	3.27	(160)	-	-	(160)
Long-term loans	4.38	(282)	-	-	(282)
Finance lease liabilities	4.60	(30)	-	-	(30)
<b>Non current</b>					
Pledged deposits at the banks	0.90	-	140	-	140
Long-term loans	4.38	-	(1,424)	-	(1,424)
<b>Total</b>		<b>1,297</b>	<b>(1,284)</b>	<b>-</b>	<b>13</b>
<b>2015</b>					
<b>Current</b>					
Cash and cash equivalents	0.26	644	-	-	644
Current investments	1.63	918	-	-	918
Bank overdrafts and short-term loans from financial institutions	3.83	(163)	-	-	(163)

**Syntec Construction Public Company Limited and its Subsidiaries**  
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<b>Consolidated financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years	Total
Creditors under rehabilitation plan	-	(27)	-	-	(27)
Long-term loans	5.36	(366)	-	-	(366)
Finance lease liabilities	5.74	(34)	-	-	(34)
<b>Non current</b>					
Pledged deposits at the banks	0.79	-	237	-	237
Long-term loans	5.36	-	(190)	-	(190)
Finance lease liabilities	5.74	-	(30)	-	(30)
<b>Total</b>		<b>972</b>	<b>17</b>	<b>-</b>	<b>989</b>

<b>Separate financial statements</b>					
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years	Total
<b>2016</b>					
<b>Current</b>					
Cash and cash equivalent	0.20	479	-	-	479
Current investments	1.68	1,209	-	-	1,209
Long-term loans	4.20	85	-	-	85
Short-term loans from financial institutions	3.27	(160)	-	-	(160)
Creditors under rehabilitation plan	-	(27)	-	-	(27)
Finance lease liabilities	4.60	(30)	-	-	(30)
<b>Non current</b>					
Long-term loans	4.20	-	40	-	40
Pledged deposits at the banks	0.90	-	119	-	119
<b>Total</b>		<b>1,556</b>	<b>159</b>	<b>-</b>	<b>1,715</b>

<b>2015</b>					
<b>Current</b>					
Cash and cash equivalent	0.26	615	-	-	615
Current investments	1.63	918	-	-	918
Bank overdrafts and short-term loans from financial institutions	3.86	(160)	-	-	(160)
Creditors under rehabilitation plan	-	(27)	-	-	(27)
Long-term loans	6.44	(350)	-	-	(350)
Finance lease liabilities	5.74	(34)	-	-	(34)

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	Effective interest rate (% per annum)	Separate financial statements			Total
		Within 1 year	After 1 year but within 5 years <i>(in million Baht)</i>	After 5 years	
<b>Non current</b>					
Long-term loans	4.85	-	85	-	85
Pledged deposits at the banks	0.79	-	237	-	237
Finance lease liabilities	5.74	-	(30)	-	(30)
<b>Total</b>		<b>962</b>	<b>292</b>	<b>-</b>	<b>1,254</b>

***Foreign currency risk***

The Company is exposed to foreign currency risk relating to creditors denominated in foreign currencies of which is immaterial, however, the Company does not utilize any forward exchange contracts. As at 31 December 2016 and 2015, the Company had creditors denominated in the following currencies: -

	2016 <i>(in million Dollars)</i>	2015
<b>Foreign currencies</b>		
United States Dollars	0.43	0.43

***Credit risk***

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers, historical payment and legal opinion analysis, requiring credit over a certain amount. Collection in advance before starting projects and collection based on the completion of work are performed. The exposure to credit risk is represented by the carrying amount less an allowance for doubtful accounts in the reporting date as described in note 7 to the financial statement. However, due to the large number of parties comprising the Group's / Company's customer base, management does not anticipate material losses from its debt collection.

***Liquidity risk***

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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***Determination of fair values***

Fair values of financial assets and liabilities, together with the carrying values shown in the statement of financial position sheets at 31 December were as follows:

	Consolidated financial statements				
	Book Value	Level 1	Level 2	Fair Value Level 3	Total
		(in million Baht)			
<b>31 December 2016 :</b>					
<b>Current</b>					
Deposit at the financial institutions	549	549	-	-	549
Current investments	1,249	1,249	-	-	1,249
Trade accounts receivable	855	-	-	855	855
Other receivables	54	-	-	54	54
Retention receivables under construction contracts	491	-	-	491	491
Unbilled construction in progress	255	-	-	255	255
Advance payments to subcontractors	482	-	-	482	482
Bank overdrafts	(2)	-	-	(2)	(2)
Trade accounts payable	(431)	-	-	(431)	(431)
Other payables	(832)	-	-	(832)	(832)
Creditors under rehabilitation plan	(27)	-	-	(27)	(27)
Long-term loans in default	(190)			(190)	(190)
Current portion of long-term loans	(92)	-	-	(92)	(92)
Finance lease liabilities	(30)	-	-	(30)	(30)
Other short-term loan	(160)	-	-	(160)	(160)
Advances received from customers under construction contracts	(882)	-	-	(882)	(882)
Retentions payables from subcontractors	(315)	-	-	(315)	(315)
Undue value added tax	(71)	-	-	(71)	(71)
Short-term provision	(26)	-	-	(26)	(26)
<b>Non-current</b>					
Other equity securities	556	556	-	-	556
Withholding tax	245	-	-	245	245
Pledged deposits at the banks	140	140	-	-	140
Long-term loans	(1,424)	-	-	(1,424)	(1,424)
Long-term provision	(29)	-	-	(29)	(29)
Employee benefit obligations	(140)	-	-	(140)	(140)
<b>Total</b>	<b>225</b>	<b>2,494</b>	<b>-</b>	<b>(2,269)</b>	<b>225</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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	Consolidated financial statements				
	Book Value	Level 1	Level 2	Fair Value Level 3	Total
		(in million Baht)			
<b>31 December 2015 :</b>					
<b>Current</b>					
Deposit at the financial institutions	644	644	-	-	644
Current investments	918	918	-	-	918
Trade accounts receivable	1,002	-	-	1,002	1,002
Other receivables	42	-	-	42	42
Retention receivables under construction contracts	508	-	-	508	508
Unbilled construction in progress	476	-	-	476	476
Advance payments to subcontractors	96	-	-	96	96
Bank overdrafts and short-term loans from financial institutions	(163)	-	-	(163)	(163)
Trade accounts payable	(339)	-	-	(339)	(339)
Other payables	(751)	-	-	(751)	(751)
Creditors under rehabilitation plan	(27)	-	-	(27)	(27)
Current portion of long-term loans	(366)	-	-	(366)	(366)
Finance lease liabilities	(34)	-	-	(34)	(34)
Advances received from customers under construction contracts	(563)	-	-	(563)	(563)
Retentions payables from subcontractors	(304)	-	-	(304)	(304)
Undue value added tax	(99)	-	-	(99)	(99)
Short-term provision	(31)	-	-	(31)	(31)
<b>Non-current</b>					
Other equity securities	393	393	-	-	393
Withholding tax	209	-	-	209	209
Pledged deposits at the banks	237	237	-	-	237
Long-term loans	(190)	-	-	(190)	(190)
Finance lease liabilities	(30)	-	-	(30)	(30)
Employee benefit obligations	(117)	-	-	(117)	(117)
Long-term provision	(46)	-	-	(46)	(46)
<b>Total</b>	<b>2,139</b>	<b>2,192</b>	<b>-</b>	<b>(53)</b>	<b>2,139</b>

		Separate financial statements			
	Book Value	Level	Level	Fair Value Level	
		1	2	3	Total
		(in million Baht)			
<b>31 December 2016 :</b>					
<b>Current</b>					
Deposit at the financial institutions	479	479	-	-	479
Current investments	1,209	1,209	-	-	1,209
Trade accounts receivable	849	-	-	849	849
Other receivables	61	-	-	61	61
Retention receivables under construction contracts	491	-	-	491	491

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	Book Value	Separate financial statements Fair Value			Total
		Level	Level	Level	
		1	2	3	
		<i>(in million Baht)</i>			
Unbilled construction in progress	255	-	-	255	255
Long-term loans	85	-	-	85	85
Advance payments to subcontractors	469	-	-	469	469
Trade accounts payable	(428)	-	-	(428)	(428)
Other payables	(785)	-	-	(785)	(785)
Creditors under rehabilitation plan	(27)	-	-	(27)	(27)
Current portion of long-term loans	-	-	-	-	-
Finance lease liabilities	(30)	-	-	(30)	(30)
Other short-term loan	(160)	-	-	(160)	(160)
Advances received from customers under construction contracts	(882)	-	-	(882)	(882)
Retentions payables from subcontractors	(315)	-	-	(315)	(315)
Undue value added tax	(71)	-	-	(71)	(71)
Short-term provision	(26)	-	-	(26)	(26)
<b>Non-current</b>					
Other equity securities	556	556	-	-	556
Long-term loans	40	-	-	40	40
Withholding tax	240	-	-	240	240
Pledged deposits at the banks	120	120	-	-	120
Long-term provision	(29)	-	-	(29)	(29)
Employee benefit obligations	(137)	-	-	(137)	(137)
<b>Total</b>	<b>1,964</b>	<b>2,364</b>	<b>-</b>	<b>(400)</b>	<b>1,964</b>

	Book Value	Separate financial statements Fair Value			Total
		Level	Level	Level	
		1	2	3	
		<i>(in million Baht)</i>			
<b>31 December 2015 :</b>					
<b>Current</b>					
Deposit at the financial institutions	615	615	-	-	615
Current investments	918	918	-	-	918
Trade accounts receivable	999	-	-	999	999
Other receivables	61	-	-	61	61
Retention receivables under construction contracts	508	-	-	508	508
Unbilled construction in progress	476	-	-	476	476
Advance payments to subcontractors	96	-	-	96	96
Bank overdrafts and short-term loans from financial institutions	(160)	-	-	(160)	(160)
Trade accounts payable	(339)	-	-	(339)	(339)
Other payables	(750)	-	-	(750)	(750)
Creditors under rehabilitation plan	(27)	-	-	(27)	(27)
Current portion of long-term loans	(350)	-	-	(350)	(350)
Finance lease liabilities	(34)	-	-	(34)	(34)

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	Separate financial statements				
	Book Value	Level 1	Level 2	Fair Value Level 3	Total
		(in million Baht)			
Advances received from customers					
under construction contracts	(562)	-	-	(562)	(562)
Retentions payables from subcontractors	(304)	-	-	(304)	(304)
Undue value added tax	(99)	-	-	(99)	(99)
Short-term provision	(31)	-	-	(31)	(31)
<b>Non-current</b>					
Other equity securities	393	393	-	-	393
Long-term loans	85	-	-	85	85
Withholding tax	206	-	-	206	206
Pledged deposits at the banks	237	237	-	-	237
Finance lease liabilities	(30)	-	-	(30)	(30)
Employee benefit obligations	(115)	-	-	(115)	(115)
Long-term provision	(46)			(46)	(46)
<b>Total</b>	<b>1,747</b>	<b>2,163</b>	<b>-</b>	<b>(416)</b>	<b>1,747</b>

**Financial instruments carried at fair value**

***Fair value hierarchy***

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability

**47 Commitments with non-related parties**

As at 31 December 2016, the Group's/the Company's commitments were as follows:

	Consolidated financial statements	Separate financial statements
<i>(in million Baht)</i>		
<b>Capital commitments</b>		
<i>Not provide for</i>		
Condominium	4	4
Camp and other buildings	4	4
Cost of construction building for service room	488	-
Cost of renovation on Eight Thonglor Residences Project	112	-



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	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
<b>Commitments under non- cancellable operating leases</b>		
Within one year	14	14
After one year but within five years	79	79
Over five years	209	209
	<b>910</b>	<b>310</b>
<b>Other commitments</b>		
Pursuant to subcontractor agreement for the outstanding construction project	1,802	1,802
Letters of guarantee from banks for purchasing inventories, utilities usage, guarantee the work performance and advance received from customers	3,854	2,148
<b>Total</b>	<b>5,656</b>	<b>3,950</b>

The subsidiary (SCR Assets Management Co., Ltd.) had commitment under the technical consulting agreement and the service apartment management with two other companies, requiring consulting fee and service including conditions according to the agreements.

As at 31 December 2016, the Group had unutilized credit facilities obtaining from domestic financial institutions totaling Baht 4,001 million.

#### **48 Contingent liabilities**

As at 31 December 2016, contingent liabilities were as follows:

- The Company had contingent liabilities due to be sued by other person regarding the tort and claiming a compensation of construction with the sued amount of Baht 2.55 million. Such case has been in the process of consideration by the Court, which has not been finalized.

##### ***Litigations***

- On 11 February 2011, the black case no. 270/2554, the Company, as the plaintiff, sued Kempin Siam Company Limited (“the Employer”) regarding false of construction agreement in the amount of Baht 301 million. Subsequently, on 30 September 2011, the Employer sued the Company as the black case no. 1146/2554 regarding false of construction agreement and claim compensation in the amount of Baht 2,864 million. The Court appointed to conciliate but did not agree, so the Court appointed to take evidences from the defendant on 9 December 2015 and 26 January 2016. Subsequently, the Court ordered to combine the cases for consideration and make an appointment to take evidences on 4 May 2016. On 25 March 2016, the defendant agreed to make the payment to the Company in the amount of Baht 200 million as compensation for damages in the amount of Baht 58.51 million which was recorded in statement of comprehensive income for the year ended 31 December 2016. The Company withdrew a plaint which resulted to finish the consideration.

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- On 28 June 2011, the black case no. 2398/2554, the Company and Mivan (Thailand) Co., Ltd., as the plaintiff, sued National Housing Authority regarding false of construction agreement and claimed a compensation in the amount of Baht 850 million. The Court made an appointment for agreement on 20 August 2012. Subsequently, the Court ordered dispose this case and on 7 September 2012, as black case no. 2206/2555, the Company sued National Housing Authority to the Federal Administrative Court. The sued amount was Baht 874 million. Subsequently, on 7 July 2015, the black case no.1218/2558, the National Housing Authority as the plaintiff, sued the Company regarding false of construction agreement and claimed a compensation in the amount of Baht 63 million. The Administrative Court ordered to include this consideration with Black Case No. 2206/2555. As of 28 February 2016, the result has not been finalized.
- SVK joint venture (“Joint venture”), sued to claim loss from a public company regarding false of agreement in the amount of Baht 12.13 million. Meanwhile the Company and venturer was sued by that public company to claim a compensation in the amount of Baht 31.80 million. Subsequently, on 13 February 2013, the Court of First Instance adjudged the Company and venturer to settle to this public company. Subsequently, on 11 April 2013, the Company appealed to the Court and the Appeal Court adjudged the Company and venturer to settle to public company amount of Baht 31.80 million with interest rate 7.5% per annum from 14 October 2010 onwards

Subsequently, on 19 September 2014, the Company filed a petition to the Supreme Court. and on 24 May 2016, the Supreme Court confirmed the judgment to the Company settled the compensation in principal of Baht 31,800,000 with interest of Baht 13,538,958.90 totalling Baht 45,338,958.90 in stead of SVK Joint venture, the first defendant, the second defendant and the third defendant under the contract. On 16 June 2016, the Company made the payment to Thai Airways International Public Company Limited and received the three bank guarantee letters and fixed deposit security of bank of Ayudhya Pcl. to be returned. In addition, SVK Joint Venture informed that such compensation in part of the second and third defendants would be provided by the Company.

- The Company had sued by other person regarding the tort and claiming a compensation of construction with the sued amount of Baht 46.39 million. Subsequently, on 28 December 2012, the Court of First Instance adjudged the Company to settle to the other person in the amount of Baht 13.10 million. Subsequently, on 26 August 2013, the Company appealed to the Court and the Appeal Court adjudged the Company to settle to the above person in the amount of Baht 14.05 million with interest rate 7% per annum from 1 February 2011 onwards.

Subsequently, on 15 May 2014, the Company filed a petition to the Supreme Court. As of 29 February 2016, the case has been in the process of the Court’s consideration, the result has not been finalized. However, as at 31 December 2016 the Company already recorded the provision on the above lawsuits amounting to Baht 14.05 million.

#### **49 The rehabilitation plan of the Company**

The rehabilitation plan of the Company dated 27 December 2000 and a petition to amend the Plan dated 7 February 2001, which were accepted by the meeting of creditors and approved by the Central Bankruptcy Court.

On 30 March 2001, the Central Bankruptcy Court ordered the appointment of Siam Syntech Planner Company Limited as the Company’s Plan Administrator and the Company implemented under the rehabilitation. On 28 April 2003, the Central Bankruptcy Court ordered to cancel the Company’s rehabilitation in accordance with the Bankruptcy Act. Therefore, the responsibility for managing the business operations and the debtors’ assets were devolved to the debtors’

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management. The debtors' shareholders had legal rights from the announcement in the Government Gazette dated 1 July 2003 onwards. Pursuant to the rehabilitation plan requiring a period of 7 year, the Company had reached to the term of plan but the payment has not been complete. The outstanding creditors comprised Group 3 to certain Group 9 because the majority of creditors have not contacted for receiving claims.

**50 Pledged assets**

As at 31 December 2016 and 2015, the Group/Company's cash at banks of Baht 139 million and Baht 237 million in consolidated financial statements and Baht 120 million and 237 in separate financial statement respectively, was used as collateral for loans, issuance of the letters of guarantee from three domestic commercial banks and guarantee to the Court for the settle debt to a creditor as the Court's judgment.

As at 31 December 2016 and 2015, Current investments in mutual fund - debt securities amounted to Baht 73 million and Baht 68 million, respectively, had been used, as collateral for liabilities under letter of guarantee with a domestic commercial bank.

As at 31 December 2016 and 2015, investment properties, land, office buildings and structures existing at present, and to be constructed in the future of which the book value amounted to Baht 173 million and Baht 146 million, respectively, including of indemnity from fire insurance of those assets were mortgaged as collateral for loans from banks issuance of the letter of guarantee from banks, other short-term loans and other long-term loans from others pursuant to the mortgage agreements dated 28 May 2003, 8 May 2008 and 28 July 2009 in the credit line amounting to Baht 1,256 million and Baht 556 million, respectively.

As at 31 December 2015 and 2014, land of a subsidiary (SCR Asset Management Co., Ltd.) of Baht 165 million with structures to be constructed in future are mortgaged as collateral with a domestic commercial bank in accordance with the mortgage agreement dated 12 June 2014 in the credit line amounting to Baht 229 million.

As at 31 December 2016, the residences in Eight Thonglor Project of the subsidiary (CSM Capital Partners Co.,Ltd.) with cost value in the amount of Baht 2,438 million, were mortgaged as collateral for contingent liabilities on borrowing from the domestic commercial bank in the credit line amounting to Baht 1,550 million.

**51 Operating lease**

Leases as lessee

On 15 October 2013, the Company ("lessee") entered into a lease agreement with the Crown Property Bureau ("lessor") where as:

- Lesser is the ownership of land and a residential building located at Langsuan Road.
- Lessee was transferred the right of leasehold land from UOB Apartment Property Fund I (Leasehold) ("former lessee"). The former lessee made a letter to transfer right of such lease to lessee.
- Lesser consents the lessee to have the right in instead of former lessee
- The lease period covers 19 years, 7 months and 17 days from 15 October 2013 to 31 May 2033.
- The objective of lease is use in the rental business as the residences and sub-lease in a single time within the lease period.

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- Lessee agrees to pay fee of transferring the right of leasehold in the amount of Baht 11 million.
- Lessee agrees to pay monthly rental at the rate of Baht 1.06 million – Baht 1.89 million.

Lease agreement contains certain conditions regarding lessee such as not disposal/transfer of the right under the agreement to another person or use the leasehold as a security for repayment etc.

Such leases are classified as operating lease because the rent paid to lessor is adjusted to rate stipulated in agreement at regular interval. The lessee has to comply with the conditions set out in the agreement. In addition, the lessee has to deliver leased asset to the lessor in the former condition when the expiry of agreement.

## **52 Events after the reporting period**

As described in note 29 to the financial statements, on 27 February 2017, the bank has informed a subsidiary (SCR Asset Management Co., Ltd.) that as the subsidiary made the repayment of loan and interest under agreement, therefore, the bank has considered to revise the new financial ratio (DSCR) as not less than 1.0 times in 2017.

## **53 Thai Financial Reporting Standards (TFRS) not yet adopted**

The new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these financial statements. The new and revised TFRSs that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Company does not plan to adopt there TFRSs early.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 40 (revised 2016)	Investment Property
TAS 104 (revised 2016)	Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation

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TFRS	Topic
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases - Incentives
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2016)	Disclosure - Service Concession Arrangements
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2016)	Service Concession Arrangements
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2016)	Transfers of Assets from Customers
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Group/Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**54 Reclassification of accounts**

Certain accounts in the financial statements for the year 2015 have been reclassified to conform to the presentation in the financial statements for the year 2016 were as follows:

	<b>Consolidated financial statements</b>		
	Before reclassify	Reclassify	After reclassify
	<i>(in million Baht)</i>		
<b>Statements of comprehensive income</b>			
Other income	94	(67)	27
Cost of construction	(6,137)	67	(6,070)
	<b>(6,043)</b>	<b>-</b>	<b>(6,043)</b>

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	<b>Separated financial statements</b>		
	Before reclassify	Reclassify	After reclassify
	<i>(in million Baht)</i>		
<i>Statements of comprehensive income</i>			
Other income	92	(67)	25
Cost of construction	(6,133)	67	(6,066)
	<b>(6,041)</b>	<b>-</b>	<b>(6,041)</b>

# WE BUILD WHAT YOU DREAM

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