

**SYNTEC**



**Annual Report 2017**

**SYNTEC CONSTRUCTION PCL.**

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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)”**

## Vision

"To be the leader in construction Industry which must be efficiently develop for the quality, timing, cost, safety, C.S.R. & environment at all time."

## Mission

1. To develop personnel jobs skills & Technology in construction for higher accomplishment and good reputation of the organization.
2. To create engagement plan of innovation and make it happen in our jobs to be the leader in construction work.
3. To manage efficient cost for high ability of competition
4. Keep mission statement to build trust and high satisfaction to the clients
5. Take into consideration of safety, corporate social & environment responsibility with high standardize of constructions.





# 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>	(02) 381-6333
<b>Facsimile</b>	(02) 711-4596
<b>Homepage</b>	www.synteccon.com
<b>Investor Relation</b>	0-2-711-7423 or 0-2381-6333 # 5941  E-mail: ir@synteccon.com
<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>	Miss Maliwan Phahuwattanakorn, C.P.A. (Thailand) Registration No. 4701  Mr. Manit Worrakitjaporn, C.P.A. (Thailand) Registration No. 7326  Mr. Narong Lakthan, C.P.A. (Thailand) Registration No. 4700 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. 0-2711-5300 Fax. 0-2711-5866 E-mail: info@npssiam.co.th
<b>Share Registrar</b>	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Sub-district, Dindaeng, District, Bangkok 10400 Tel.0-2-009-9000 Fax. 0-2-009-9991



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

<b>Company Name &amp; Address</b>	<b>Business Type</b>	<b>No. of Entire Shares</b>	<b>No. of Shares Held by the Company</b>	<b>Paid-up Share Capital</b>	<b>Shares' Equity (%)</b>	<b>Type of Share</b>
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	6,000,000	4,080,000	4,080,000	68.00	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. 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
4. CSM Capital Partners Co., Ltd. 555/7-11 Soi Sukhumvit 63 (Ekamai), Sukhumvit Road, Klongton Nua Sub-district, Wattana District, Bangkok 10110	Investment and Development on Real Estates for Rent	10,000,000	6,000,000	6,000,000	60.00	Ordinary
5. 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 shown in the Annual Registration Statement 2017 (Form 56-1) or [www.synteccon.com](http://www.synteccon.com) topic "Investor News" sub-topic "Annual Registration Statement Form"

## Financial Information

Unit: Million Baht

Company Financial Statements	Consolidated Financial Statements			Separated Financial Statements		
	2017	2016	2015	2017	2016	2015
Total Assets	9,930.95	9,523.22	6,721.83	7,664.37	7,226.51	6,372.54
Total Liabilities	4,367.24	4,721.02	3,109.56	2,529.70	2,918.48	2,897.93
Total Shareholders' Equity	5,563.70	4,802.19	3,612.27	5,134.67	4,308.03	3,474.61
Revenue from construction	8,675.33	7,504.94	7,051.05	8,702.51	7,504.94	7,051.05
Revenue from Accommodation Service	389.25	338.09	138.96	119.38	117.18	106.99
Total Revenue	9,156.69	8,028.12	7,307.09	8,884.95	7,782.84	7,279.91
Gross Profit	1,932.67	1,454.77	1,015.65	1,835.17	1,366.67	1,007.62
Net Profit (Loss)	985.14	852.07	627.57	1,050.11	896.24	659.82
Earnings per Share	0.63	0.54	0.40	0.66	0.56	0.41

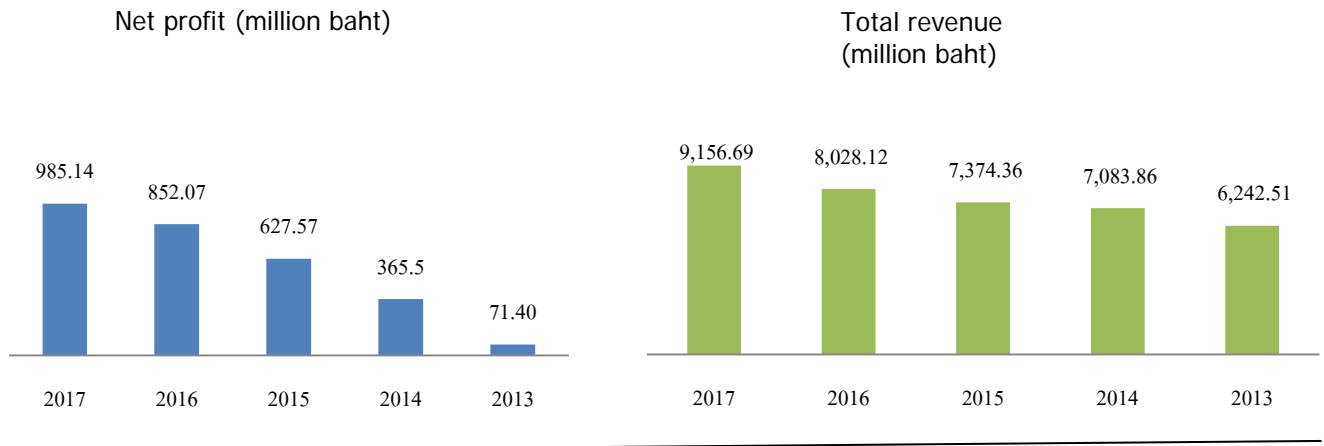
Financial Ratios	Consolidated FS			Separated FS		
	2017	2016	2015	2017	2016	2015
<b><u>Liquidity Ratio</u></b>						
Current Ratio (times)	1.71	1.27	1.42	1.84	1.34	1.43
Quick Ratio (times)	1.21	0.89	0.96	1.30	0.91	0.95
Account Receivable Turnover (times)	9.29	7.94	7.28	9.05	7.75	7.26
Average Collection Period (Days)	39.29	45.97	50.12	40.31	47.10	50.29
Inventory Turnover (times)	55.18	45.39	38.64	54.23	49.47	38.58
Average Inventory Days (Days)	6.61	8.04	9.45	6.73	7.38	9.46
Account Payment Turnover (times)	19.76	16.66	14.76	19.60	16.35	10.79
Average Payment Period (Days)	18.47	21.91	24.73	18.62	22.33	33.84
Cash Cycle (Days)	27.44	32.10	34.84	28.42	32.15	25.92
<b><u>Profitability Ratio</u></b>						
Gross Profit Margin (%)	21.32	18.55	14.13	20.80	17.93	14.08
Operating Profit Margin (%)	13.93	12.79	8.99	15.05	13.74	9.48
Net Profit Margin (%)	10.76	10.61	8.59	11.82	11.52	9.06
Return on Equity (%)	21.26	22.19	19.83	22.24	23.03	20.66
<b><u>Efficiency Ratio</u></b>						
Return on Assets (%)	10.13	10.49	9.78	14.10	13.18	10.83
Return on Fixed Assets (%)	32.75	40.32	53.09	143.53	118.77	92.11
Total Assets Turnover (times)	0.94	0.99	1.14	1.19	1.14	1.19
<b><u>Leverage Ratio</u></b>						
Debt Ratio (times)	0.44	0.50	0.46	0.33	0.40	0.45
Debt to Equity (times)	0.78	0.98	0.86	0.49	0.68	0.83
Interest coverage ratio (times)	13.44	24.98	22.24	449.70	93.25	25.41

## The Calculation Formula of Financial Ratios

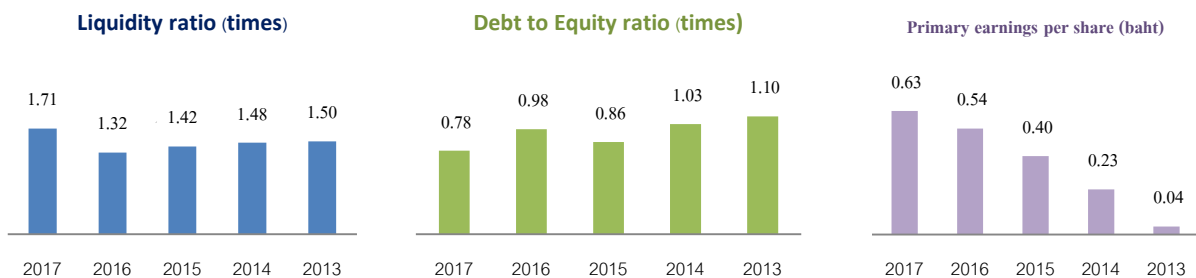
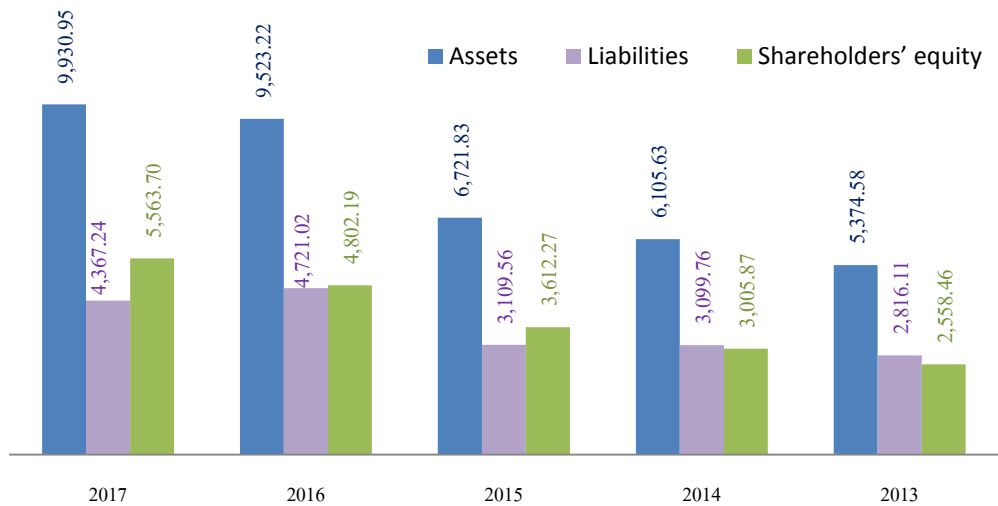
Liquidity Ratio			
Liquidity Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	Inventory Turnover (times)	$\frac{\text{Cost of Sales} + \text{Selling Expenses}}{\text{Average Inventory}}$
Quick Ratio (Times)	$\frac{\text{Cash} + \text{Current Investment} + \text{Net Receivables}}{\text{Total Current Liabilities}}$	Account Payment Turnover (times)	$\frac{\text{Cost of Sales} + \text{Selling Expenses}}{\text{Average Accounts Payable}}$
Account Receivable Turnover (times)	$\frac{\text{Net Sales}}{\text{Average Gross Account Receivables}}$	Average Inventory Days (days)	$\frac{365}{\text{Inventory Turnover (times)}}$
Average Collection Period (Days)	$\frac{365}{\text{Account Receivable Turnover (times)}}$	Average Payment Period (days)	$\frac{365}{\text{Account Payment Turnover (times)}}$
Cash Cycle (days)		Collection Period+Average Inventory Day Average Payment Period	
Profitability Ratios			
Gross Profit Margin (%)	$\frac{\text{Revenue} - \text{cost}}{\text{Revenue}}$	Net Profit Margin (%)	$\frac{\text{Net Profit (Loss)}}{\text{Total Revenue}}$
Operating Profit Margin (%)	$\frac{\text{Earnings before Tax}}{\text{Revenue}}$	Return on Equity (%)	$\frac{\text{Net Profit (Loss)}}{\text{Total Return on Equity}}$
Efficiency Ratio			
Return on Assets (%)	$\frac{\text{Net Profit}}{\text{Total Assets (Average)}}$	Return on Fixed Assets (%)	$\frac{\text{Net Profit} + \text{Depreciation} + \text{Amortization}}{\text{Property, plant and equipment (Average)}}$
Total Assets Turnover (times)		$\frac{\text{Total Revenue}}{\text{Total Assets (Average)}}$	
Leverage Ratio			
Debt Ratio (times)	$\frac{\text{Total Liabilities}}{\text{Total Assets}}$	Debt to Equity (times)	$\frac{\text{Total Liabilities}}{\text{Total shareholders' equity}}$
Interest coverage ratio (times)		$\frac{\text{Cash Flows from Operating Activities}}{\text{interest}}$	



## - Financial outstanding comparing 5 years (consolidated financial statement)



### Statement of financial position (million baht)



## Report of Audit Committee

Audit committee of Syntec Construction PCL. ("Company") comprised of three independent directors who performed independently under the scope of work assigned by the Board of Directors stating in the Board of Directors Charter. The three directors were the experts in the field of law, accounting, finance, and economy, and so on who had qualification and sufficient experience to review the reliability of financial report according to the regulations of The Office of the Securities and Exchange Commission and The Securities Exchange of Thailand (SET), which consisted of:

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

In 2017, the audit committee organized five meetings regularly to consider and review the matters as being responsible for. The meeting reports and suggestions were proposed to the Board of Directors for the further action considered by the Board of Directors as appropriated. The summary of key contents was as follows:

### **Financial Statement**

The audit committee reviewed the important information of the Company's and subsidiary's financial report: quarter financial statement and annual financial statement 2017, on the information accuracy on the report, disclosure of information, accounting policy and significant forecasting according to the certified accounting standard, internal control on financial statement related, and considered the notice from the auditor on financial statement examination to propose to the Board of Directors by having the meeting with the auditor as scheduled.

### **The Connected Transactions or Transactions Prone to a Conflict of Interest**

The audit committee reviewed the connected transactions or transactions prone to a conflict of interest of the Company and subsidiary to be consistent with the notifications of The Office of the Securities and Exchange Commission and The Securities Exchange of Thailand (SET), as well as other relevant laws. The transactions were in accordance with trade terms, fairness and reasonableness without benefit transfer, as well as the accurate and adequate disclosure, and good corporate governance principles that was beneficial for the Company and shareholders.

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

The audit committee had the review to ensure the Company and subsidiary that the business operation was efficient and effective with the adequate internal control system by considering the monitoring report and suggestions on internal audit report of Internal Audit Division. Further, the audit committee proposed to the Board of Directors to amend the audit process emphasizing on risk assessment covering subdivision/important section's activities with the high risk to foster the efficiency of performance, consider the annual plan for Internal Audit Division, and review the sufficiency of internal control system.

### **Certified Public Accountant (CPA)**

The audit committee selected the certified public accountant from the performance in the past year, independency, remuneration, knowledge and skills, capability, sufficiency of resources and experience in the audit. The remuneration of the CPA was considered from the responsibilities and remuneration rate of other office. Moreover, other relevant suggestions were proposed to the Board of Directors.

The audit committee considered and appointed CPA, and proposed the appropriate remuneration to the Board of Directors to propose to the shareholders to appoint NPS Siam Audit Limited as the Company's certified public accountant for 2017.

### **Good Corporate Governance**

The audit committee reviewed and suggested on the good corporate governance policy to be in consistent with the notifications of The Office of the Securities and Exchange Commission and The Securities Exchange of Thailand (SET), which were shareholder's rights, equitable treatment of shareholders, roles of stakeholders, disclosure and transparency, and the responsibilities of directors; the Company's business operation, and the enhancement of the adequate implementation to follow these principles.

### **Implementation on Relevant Rules and Regulations**

The audit committee reviewed the Company's performance to perform in accordance with the relevant laws such as The Securities and Exchange Act, Public Limited Companies Act, and other relevant laws relating to the Company's business operation to ensure that the Company complied with laws and regulations of the responsible agency.

The audit committee trusted that the financial report reviewed by the CPA displayed the significant and reliable information, and had sufficient disclosure according to the financial report standard and regulations. The disclosure of transactions or transactions prone to a conflict of interest complied with securities and exchange law and other relevant laws to the Company's business sufficiently whereas the internal control and audit system were performed appropriately. The development was performed consistently under the good corporate governance to be in accordance with the Company's business conditions.



(Mr. Chaiwat Atsawintarakul)  
Chairman of the Audit Committee



# Board of Directors



(Standing, from left to right:)

Mr. Chaiwat Atsawintarakul  
Independent Director,  
Chairman of the Audit Committee,  
Chairman of the Nomination  
and Remuneration Committee

Mr. Somchai Sirilertpanich  
Vice Chairman,  
Director of Nomination  
and Remuneration Committee,  
Chief Executive Officer

Mr. Jiramote Phahusutr  
Director,  
Managing Director

(Seated, from left to right:)

Miss Benjawan Sinkuknakorn  
Independent Director,  
Director of the Audit Committee,  
Director of the Nomination  
and Remuneration Committee

Dr. Arichai Ractham  
Independent Director,  
Audit Committee,  
Chairman of the Risk Management Committee,  
Director of the Nomination and Remuneration Committee

Mr. Tavee Kullertprasert  
Independent Director

Mr. Paisarn Tangyuenyong  
Independent Director

Mrs. Angsana Munkongcharoen  
Director,  
Director of the Nomination and Remuneration Committee



Mr. Jiramote Phahusutr  
Managing Director

Mr. Somchai Sirilertpanich  
Chief Executive Officer

## Message from the Chief Executive Officer and Managing Director

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Attn: Shareholders and stakeholders,

In 2017, Syntec determined to develop the construction's and services' quality together with the business performing based on good corporate governance, virtue, morality, honesty, transparency, social and environmental responsibility, as well as to treat all stakeholders equally. Consequently, during the past five years, the Company received many awards and certificates from agencies and organizations such as (1) been certified as the member of Thailand's Private Sector Collective Action against Corruption, (2) been qualified to be listed as the registered firm on Thailand Sustainability Investment 2017 or "sustainable shares", (3) been awarded Certificate of ESG100 Company from Thaipat Institute, and (4) been awarded the Best Executive and Best Performance Registered Company (registered company with SET with market cap 3,000-10,000 million baht) from SET Award 2017.

For the past year performance, although Thai economy decelerated, the Company's revenue was growing continuously. The past year revenue was 9,156.69 million baht, growing 14.05% comparing to 2016 while the profit was 985.14 million baht, increased 15.61% from the previous year. The reliability from the Credit Rating of TRIS was in BBB/Stable level.

At the end of 2017, the Company had 37 ongoing construction projects in Bangkok Metropolitan Region and provinces. The total projects value was 23,347.69 million baht and the backlog was 9,364.88 million baht, where the revenue was continually acknowledged.

Since the world has changed and approaching the digital world, and the implementation of "Thailand 4.0" policy as the plan to move forward the country to keep up with the changing world by adjusting economic structure driving with innovation, the direction of the future business operation of the Company was to apply more innovation in order to enhance performance efficiency and foster the Company's competitiveness.

Lastly, Syntec Construction PCL. would like to thank you the shareholders and stakeholders for the kind support. The Company assures that the directors, executives, and all employees would be united and dedicate ourselves to perform the Company's business to become successful with Corporate Social Responsibility for the sustainable economic growth.



Mr. Jiramote Phahusutr  
Managing Director



Mr. Somchai Sirilertpanich  
Chief Executive Officer



## 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 preceded 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.

## 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 Sub-district, Wattana District, Bangkok 10110 and another branch office is located at 61 Soi Langsuan, Ploenchit Road, Lumpini Sub-district, Pathuwan District, Bangkok 10330, having its principle business in construction services and real estate development for accommodation or serviced apartments service.

## Significant development in the past 5 years

- 2013**
- 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.
  - The Board’s meeting resolved to set up 2 subsidiaries which are Sam HR 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.
  - 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.
  - 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).
  - 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 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.

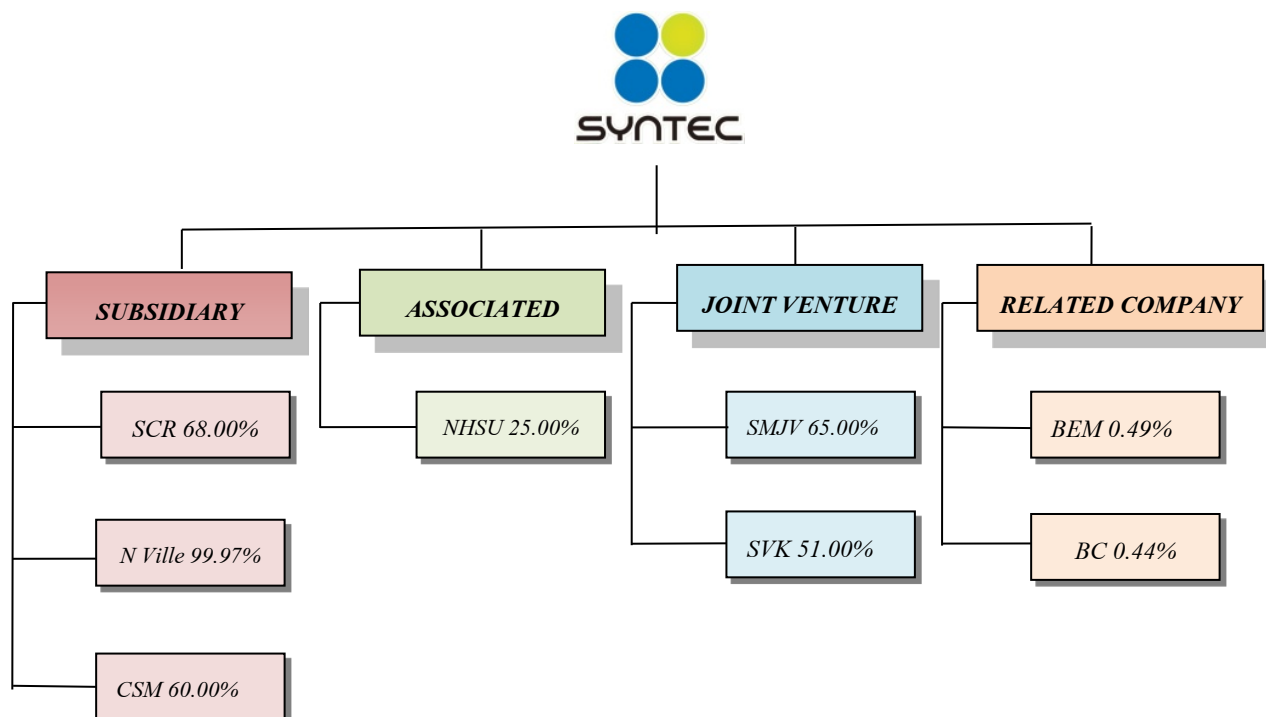
- The Board's meeting resolved to reduce the investment proportion in Syntec Asset Management Co. Ltd. (a subsidiary) to be compliance with the current operational plan, from existing registered capital of 1,000,000 Baht or 10,000 shares with par value of 100 Baht, the Company's shareholding of 74.97% 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**
  - The Board's meeting approved to buy the 3<sup>st</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.
  - 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**
  - 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 January, 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.
  - 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.
  - 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 Venture holds 65% of its total shares.
  - The Board's Meeting resolved to set up CSM 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 (100 Baht per share), the Company holds 60% of total shares or 600,000 Baht or being equal to 6,000 shares.
  - 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**
  - 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.
  - 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 Sub-district, Wattana District, Bangkok 10110.

- C S M Capital Partners Co., Ltd. was registered its capital increase with Ministry of Commerce.
  - Syntec Asset Management Co., Ltd. was registered for its dissolution and liquidation.
- 2017**
- Bought 640,000 shares of SCR Asset Management Co., Ltd. (subsidiary) at 100 Baht per share. Cost of capital was 64,000,000 Baht, As a result, the Company held 68.00% of shares, 4,080,000 shares.
  - Became the member of “Thailand’s Private Sector Collective Action against Corruption” and received the certificate.
  - Been selected to be on the list of the registered firm on Thailand Sustainability Investment 2017 or “Sustainable Shares”. It reflected that the Company was aware and gave priority to Corporate Social Responsibility (CSR) and the administration under Good Governance together with created the good economic return for the sustainable growth.
  - Received the Best Executive and Best Performance Registered Company from all registered company with SET with market cap 3,000-10,000 million baht.

### 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. N Ville: Natural Ville Service Apartment and Management Co., Ltd.
3. CSM : CSM Capital Partners Co., Ltd. / registered on business establishment dated 9 October, 2015
4. NHSU: Natural Hotel Sukhumvit Co., Ltd.
5. SMJV : Syntec-Mivan Joint Venture / Mivan (Thailand) Co., Ltd. was ordered to be bankrupted by the Court on 19<sup>th</sup> October, 2015.
6. SVK : Joint venture Siam Syntec-Wichitphan -Krung Thon (SVK)
7. BEM : Expressway and Metro Public Company Limited change of the name BMCL On 4 Jan, 2016 to be holding share at 0.49 %.
8. BC : Bangkok Club Co.,Ltd



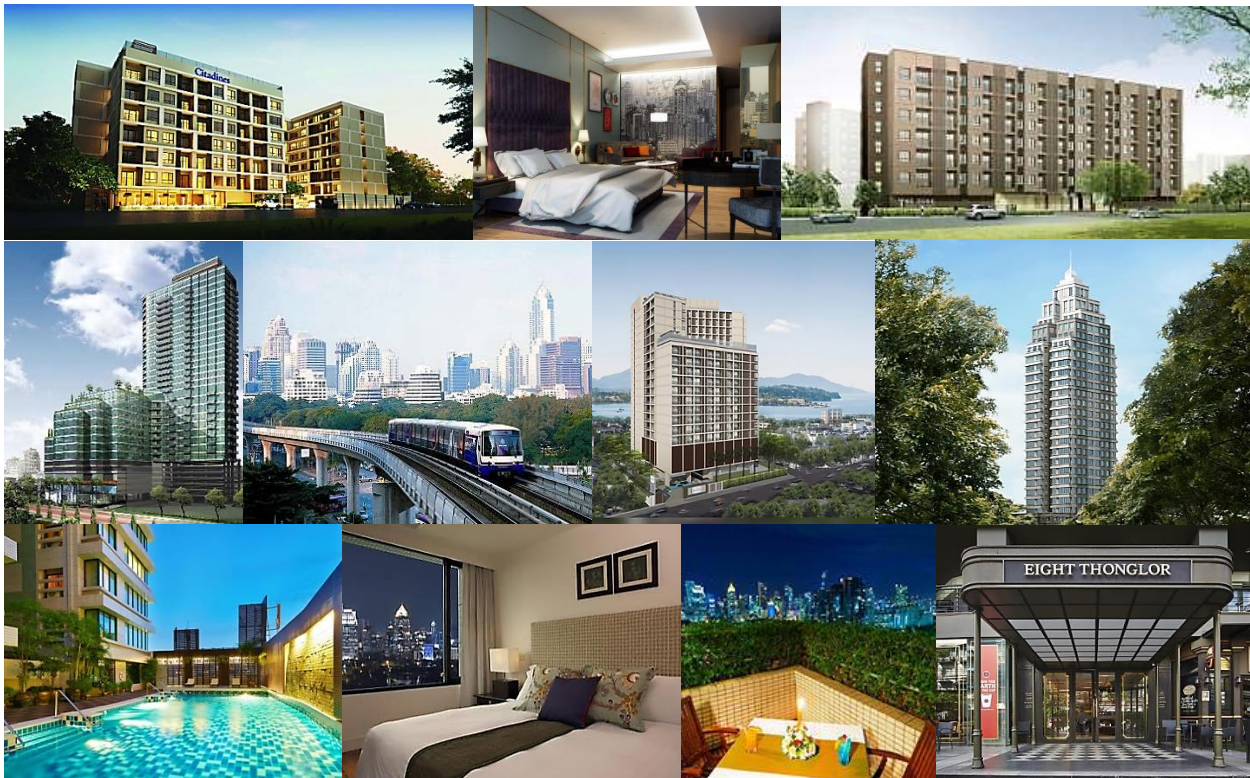
## Details of Subsidiary, Associated Company, and Joint Venture

Joint Venture/Company	Shareholding Ratio	Details of Subsidiary
1. SCR Asset Management Co.,Ltd. (S C R)	68.00%	It engages in business of investment in properties for rent Presently, there are 3 projects under its operations as follows: Citadines Grand Central Sriracha Project,Somerset Central Sriracha Project, The Zone Prachinburi Project
2. Natural Ville Service Apartment and Management Co., Ltd. (N Ville)	99.97%	It engages in the business of personnel management for hotel business, serviced apartment and other properties. At present, it is managing lease right of The Duchess Hotel and Residences
3. CSM Capital Partners Co., Ltd. (CSM)	60.00%	It engages in business of investment in properties for rent At present, it is managing lease right of Eight Thonglor Residence
4. Natural Hotel Sukhumvit Co., Ltd. (NHSU)	25.00%	It engages in the business of real estate development
5. Syntec-Mivan Joint Venture(SMJV) consists of 2 enterprises, namely, Syntec Construction Public Company, Limited and Mivan (Thailand) Co., Ltd.	65.00%	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.
6. Joint venture Siam Syntec-Wichitphan -Krung Thon (SVK)	51.00%	The joint venture that was closed down.

## Investment Policy in Subsidiaries and Associated Companies

The Company had the policy to invest in the beneficial business for the main Company's business that had the possible trend of growth. The investment proportion and administration policy of the subsidiaries, associated companies, and joint venture mainly depended on the expertise in business, investment capability, and management authority. To administrate business the Company was proficient, the representative of directors would join the policy and guidelines setting management to be consistent with the Company's plan, and monitor and control the operation of executive to follow the operational plan. For the management authority in other business the Company was not proficient, the Company's representative would held the position of director rather than took the role in management directly.

In the past, 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.



## Summary of Business Characteristics



### Business Profile

The Company mainly performed construction business for state and private sector such as residence, office, hospital, hotel, shopping mall, factory, and public utility structure. The Company's construction was classified into three types as follows.

1. Main Contractor: The Company proposed the work on behalf of the Company as the contractor by proposing quotation or negotiating with the project owner directly. In case of the large-scale project or the project required the specialization, the Company would hire the proficient sub-contractor to partial operate. The Company would select the sub-contractor from the past performance and reliability without prejudice.

2. Sub-Contractor: The Company was hired from other contractor who got a job from the project owner directly. The Company would consider working with the famous contractor who had stable financial status.

3. Joint Venture: The Company might join the business of the person or group of persons by making investment with money, assets, labor, technology, or others under the agreement or consortium agreement for joint business. The business operation happened when the Company got a large-scale project that the labors and technology were required. Joint venture ended after the completion of the project.



## Revenue Structure from Construction Business

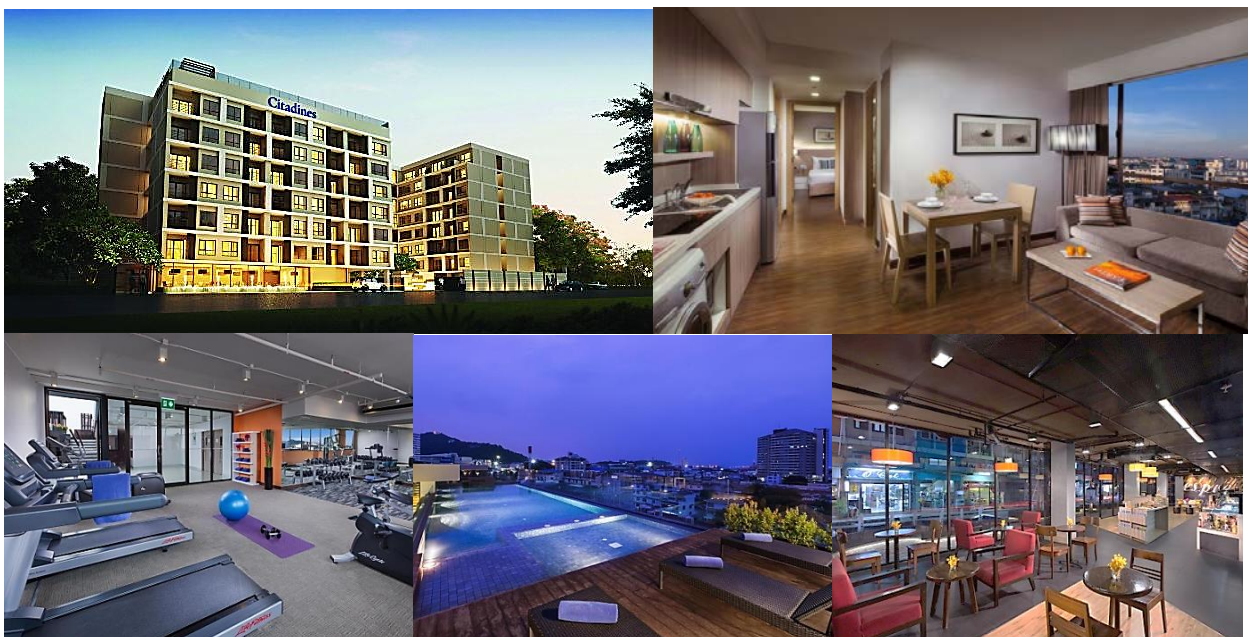
Unit: Billion Baht

Construction Type	201		2016		2015	
	Value	%	Value	%	มูลค่า	%
Residential	6,141.40	70.79	5,759.46	76.74	5,728.37	81.24
Commercial	492.00	5.67	362.21	4.83	757.68	10.75
Institution	-	-	-	-	-	-
Leisure	880.45	10.15	700.85	9.34	255.51	3.62
Retail	717.76	8.27	29.22	0.39	-	-
Industrial	-	-	319.33	4.25	266.28	3.78
Infrastructure	443.72	5.12	333.87	4.45	43.21	0.61
Total	8,675.33	100.00	7,504.54	100.00	7,051.05	100.00

Apart from the construction business, the Company's revenue was from service apartment business, the secondary business generating the increasing stable revenue. The operations were performed via subsidiaries as follows:

1. 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:

1.1 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, it is located at 99/9 Thetsaban 1 Road, Sri Racha Sub-District, Chon Buri Province having been operated since March, 2015. The 8-story hotel with 136 rooms in 9,492m<sup>2</sup> area. It is the short-term and long-term room rent service that most customers are foreigners, particularly Japanese who work in the industrial estate in Chonburi and Rayong. With the convenient location in the well-known province for visiting, tourists will be conveniently traveling to other provinces. The guests would experience the premium service at Ascott International hotel group with facilities such as 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 etc.

In 2017, the Company applied for hotel license as suggested by the state agency and had completed the application on March. The performance result of the past year showed the 80% of staying in 2016 and 81% in 2017.



- Somerset Central Sriracha Project: it is located at Sri Racha District, Chon Buri Province It is located not too far from the first project. The 19-story service apartment with one underground floor and 177 rooms occupied 19,422m<sup>2</sup> area for short-term and long-term rent service that most customers are foreigners, particularly Japanese who work in the industrial estate in Chonburi and Rayong. With the convenient location in the well-known province for visiting, tourists will be conveniently traveling to other provinces. The guests would experience the premium service at Ascott International hotel group with facilities such as 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 etc.

- In 2017, the Company had been evaluated the Environmental Impact Assessment (EIA) and started the mock up room in the actual building in September which was expected to finish in January 2018. The structure work would be completed in March 2018 while architecture work would be completed on October 2018. The building occupancy permit would be receiving on 30 October 2018.



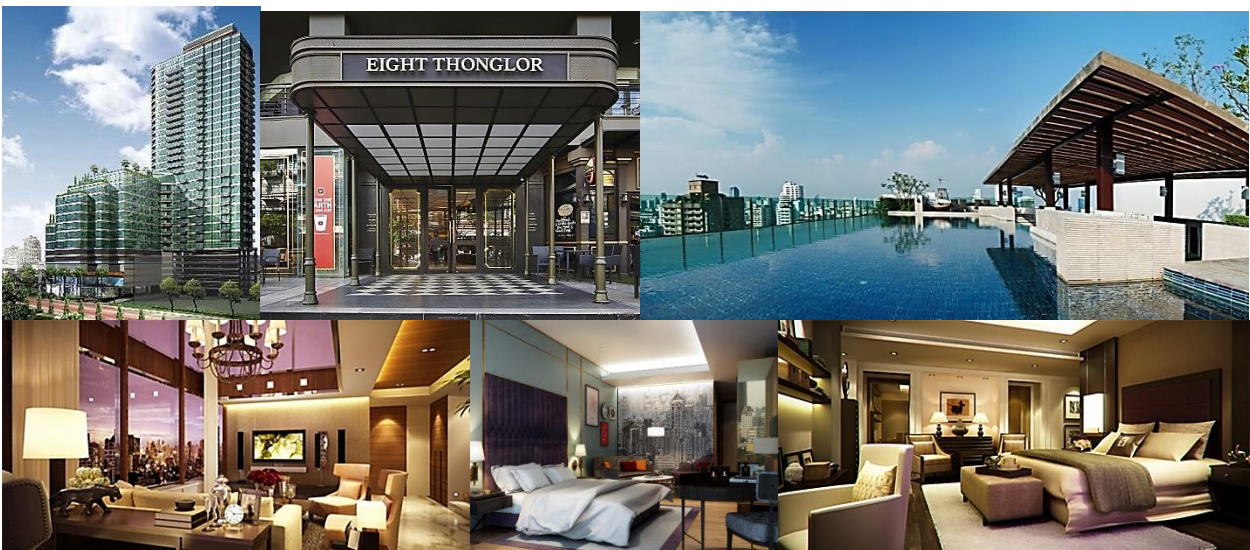


- The Zone Prachinburi Project it is located at Maha Phot District, Prachin Buri Province

This is close by the large industrial estates: 304 Industrial Park and Rojana Industrial Park, Prachinburi. This project consists of two residence buildings with 306 rooms to support the economic expansion and satisfy the customers who have higher purchasing power in the industrial estate region and surrounding areas in the future.

In 2017, the Company had been evaluated the Environmental Impact Assessment (EIA) and is in the process of constructional development.

1.2 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 26th April, 2016.



Eight Thonglor Residence Project: It is located in the best location in Soi Sukhumvit 55 (Thonglor), Klong Tan Neua, Wattana, Bangkok. It is the 15-story building with 47 shops area and 148 residential rooms in 23,626m<sup>2</sup> area equipped with elevator, parking, 24-hour security, CCTV, swimming pool, sauna room, park, and BBQ area. Guests simplify the life with the sky train station, which is only 5-minute walk, hi-end restaurant, convenient store, department store, hospital, international school, university, museum, and nightlife entertainment.

In 2017, there was the reconstruction plan for 43 rooms and 500m<sup>2</sup> of the common area. In 2018, 105 more rooms and 300m<sup>2</sup> of the common area would be added to the plan. It was expected to be completed at the end of 2018. Moreover, marketing plan and promotion would be adjusted by raising the rent rate. Regarding the past year's performance, the staying rate in 2016 of service apartment was 88% and 74% in 2017, which was the result of the room reconstruction. Shop area rental of 2016 was as same as in 2017, at 97%.

1.3 Leasehold: it is operated by Natural Ville Serviced Apartment and Management Co., Ltd. (N Ville) It engages in the business of personnel management for hotel business, serviced apartment and other properties in order to manage the lease right of land and The Duchess Hotel and Residences building (Formerly known as Natural Ville Residence.) with the lease rights period for 19 years, 7 months and 17 days or from 15th October, 2013 until 31st May, 2033.



The Duchess Hotel and Residences Project: (former Natural Ville Residence) It is located in Soi Lung Suan and has been operated since October 2013. It is the 4-star 29-story hotel with 165 rooms occupied 21,507m<sup>2</sup> area. It is known for the large and convenient city-view room equipped with room facilities in the private atmosphere in the center of business region. With this reason, it is suitable for short-term and long-term stay. Furthermore, the hotel provides other services for business people such as small conference room and secretary service, as well as the outdoor swimming pool, sauna room, fitness, restaurant, free Wi-Fi in all rooms and common area, the 55m<sup>2</sup> area for activity and event, tour/ticket desk, free concierge service and newspaper in the lobby, airport taxi (24 hrs.) with expense, and free parking on site. With the convenient location, guests will be easily going to other sites such as shops, restaurants, shopping center, and entertainment places. Various transportations are available including BTS, the closet station is Plern-Chit Station which only take 10-minute walk.

The performance of the past year showed the average of staying rate at 88% in 2016 and 82% in 2017.

## **Products or Services**

The Company is experienced and expert in engineering and construction works. Considering the past revenue structure, the construction works can be classified by the characteristic as follows.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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

The company set policy and other strategies to enhance competitiveness as follows.

**Product strategy:** The Company non-stop determined to develop construction by implementing technology and construction techniques, as well as developing construction workers to become skillful in order to produce the quality works to meet the required standard and agreed plan.

**Price strategy:** The Company proposed the quotation in the bidder to the project owner at the appropriate cost. Currently, the project owner did not consider only the cost but also the past performance and reputation of the company before making decision.

**Time strategy:** The Company performed construction with standard as the requirement from the project owner and delivered the work at the agreed time.

## Customers

Most of the Company's customers were from private sector who were the well-known project developers with stable financial status. In 2017, the Company was trusted to sign the construction contract as below lists.

*Unit: Million Baht*

No.	Project Name	Project Owner	Construction Value
1	Supalai Riva Grande	Supalai PCL.	1,157.50
2	Supalai Veranda Rama 9	Supalai PCL.	692.50
3	The Reserve Thonglor	Prukha Real Estate PCL.	534.00
4	Chapter One Shine Bangpo	Prukha Real Estate PCL.	457.00
5	Noble BE19	Continental City Co., Ltd	1,470.00
6	Noble BE 33	Continental City Co., Ltd	731.00
7	The Politan Aqua	Bangkok Riva Development Co., Ltd.	2,040.00
8	The President Phetkasem-Bangkhae	Chaipattana Land Co., Ltd.	405.00
9	I'm Chinatown	Grand Uniland Co., Ltd	715.00
10	LAVIQ Sukhumvit 57	Real Asset Development Co., Ltd.	542.00
11	Office Building of TRR Property Co., Ltd	TRR Property Co., Ltd	592.00
Total 11 Projects			9,336.00

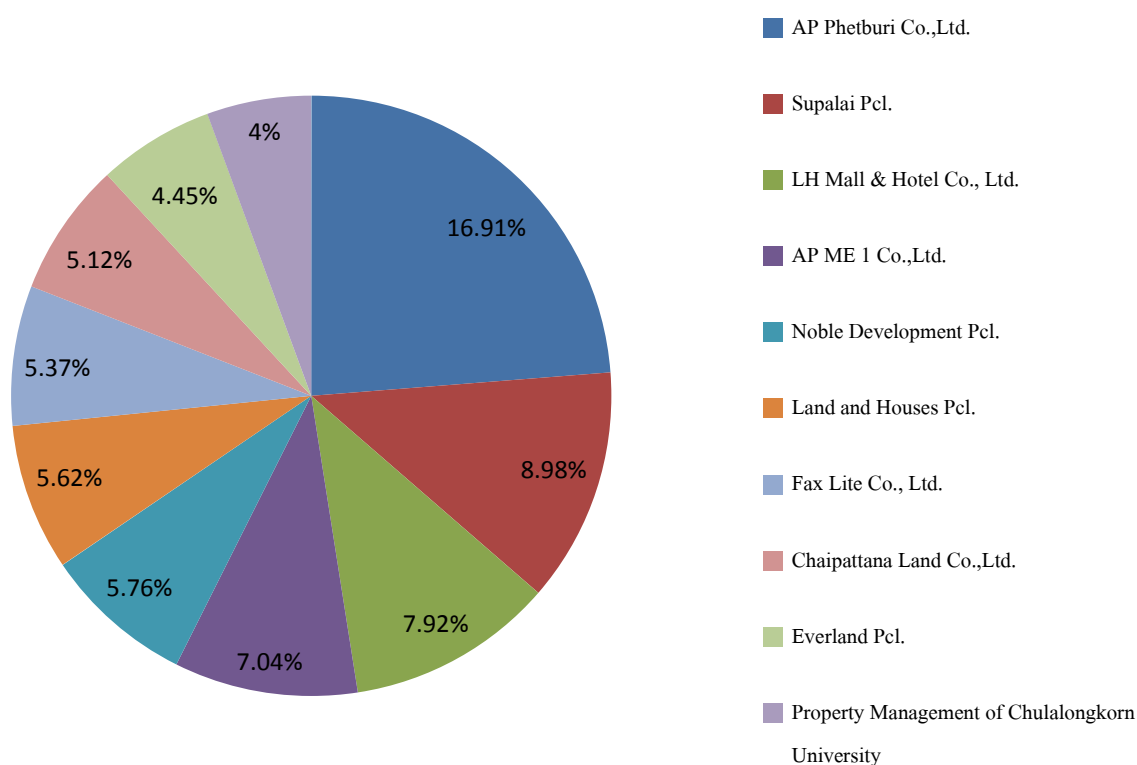
*Note \*was the cost on the contract signing date*

In 2017, the Company signed the construction contract for 11 projects, which the total cost was 9,336 million baht.

However, not only the private sector who was the Company's customers but also the state agency such as Baan Eua Arthorn Project, Maintenance Building at Suvarnabhumi Airport, and flood protection on the bank of Chao Phraya River.

The top-ten customers of the Company in the last year (as of 31 December 2017) were below.

### Top-Ten Customers



### Target Customers

The business operation in 2018 would still focus on the private sector. The Company would select the company that registering with SET. It was evidenced that the Company gain the trust from the leading project developers such as Supalai Public Company Limited, Noble Development Public Company Limited, and Pruksa Real Estate Public Company Limited. Apart from selecting the public company limited, the Company dealt with the company limited by considering the reputation and financial status.

### Distribution and Distribution Chanel

The Company has Estimate & Technical Engineering Department who is responsible for searching information for bidding from state and private sector via media and bidding. As the Company has good



relationship with the current customers, as well as the Company's quality of work in the past that satisfied the customers, the Company is invited to participate the bidding regularly. Occasionally, the current customers who are satisfied with the Company's work recommend the Company to the new customer.

## Competition in Construction Business

### ○ Overall construction industry in 2017

Investment plan in Transportation 2017	Investment cost (million baht)
Double Track Railway Project: 10 Routes	408,616.28
Mass Rapid Transit: 6 Routes	221,148.35
Highway and Expressway Project	167,222.65
Water transport Projects: 3 projects	36,081.24
SRT Project	26,639.07
Road Facilities Project: 5 projects	21,473.29
Air Transport Project	10,949.11
Public bus Project: 1 project	2,272.22
Transportation System Management Project: 1 project	1,355.54
Total investment cost	895,757.55

Source: MOT

And Highway and Expressway Project: 5 routes. The total value was 796,987.28 million baht. Some projects were approved by the cabinet and started the operation whereas the rest were under the study process and waiting for proposing for the approval. This included the construction of the new industrial estate in the Five Special Economic Zones (Tak, Songkhla, Mukdahan, Sa Kaew, and Trat) which covered 5,000 rai area; and Eastern Economics Corridor Development (EEC) that would lead to the investment in infrastructure, factory, and residence in the area.

For the private sector, the construction was concentrated in the part of residence, accounted for 55% of the total value of construction in private sector. The rest were the factory construction, 11%, and others at 24% such as hotel and golf course.

Overall, the growth of construction industry increased constantly as the result of the acceleration of infrastructure investment from government sector, both ongoing projects and new projects, as well as the construction of the new industrial estate in the Special Economic Zones. Regarding the projects of private sector, they were expected to recover in 2018.

(Source : Service Sector Economic Analysis Division, The Economic and Business Research Center)

The overall construction industry in 2017 showed the continual growth with the well support of various factors such as the investment in infrastructure of government sector, which was the large-scale investment, such as Action Plan for 36 projects under the investment credit 895,757.55 million baht, particularly the three major projects: Double Track Railway Project: 10 routes, Mass Rapid Transit: 6 routes,

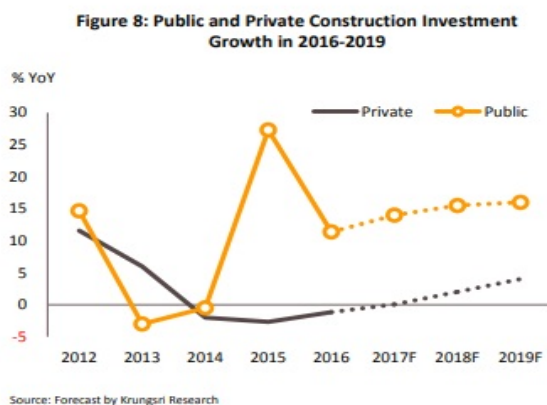
## ○ Trend of industry and competition in the future

The direction of construction industry in 2017-2019 would result from the acceleration of more than 50 large-scale investment projects in the infrastructure of government sector by 2024. This was the major factor driving the construction industry expansion. The projects of private sector would recover from 2018.

The trend of construction of government sector during 2018-2019 expands in accordance with the mega projects. It is expected that the value grows 13-16% per year and the construction value in the two years will be 1.9 trillion baht.



It is expected that the construction of private sector during 2018-2019 will expand 2-4%. It is also predicted that the construction volume in private sector will recover together with the economy in Thailand and the purchasing power of consumers.



(Source: Research Office, Krungsri)

## Competition Potential and Market Share

In the past year, the public utility system project of government sector had some new projects for bidding. Some projects were started such as Metropolitan Rapid Transit Orange Line: Cultural Center-Min Buri.

Anyway, the competition among construction industry is common. The competition among construction in the large project of government sector such as mass rapid transit project requires the entrepreneur with the capital and technical quality, which is few in number. However, there is high competition among construction in private sector i.e. residence, hotel, commercial building because there are numbers of the entrepreneurs.

The bidding for MRT affected the construction investment from the private sector which the residence construction would grow along the MRT line.

In 2017, the Company attended the bidding constantly in order to accumulate backlog. Further, although the competition among construction industry was high as the new and existing contractor competed for market share, the Company still gained the trust from the existing and new customers. In 2017, the Company signed 11 construction contracts; the total value at the signing date was 9,336 million baht. Therefore, on 31 December 2017, the Company had the outstanding balance 9,364 million baht, which would generate revenue to the Company consistently.

As the Company implemented technology and innovation, as well as developed the potential of labors to become knowledgeable and capable, the potential of competitiveness increased. This was proved in the higher value of construction contract and the larger scale and area of construction.

## ○ Market share

Although there was the high competition because the contractors competed for the market share, most of the market shares were on the entrepreneurs who registered with SET under the group “Construction Service”, which included 20 companies.

*Table showing revenue of contractor who registered with SET on consolidated financial statement 2017*

No.	Company Name	Revenue: Million Baht	percentage
1	Italian-Thai Development PCL.	56,139.63	28.66
2	CH. Karnchang PCL.	38,553.61	19.68
3	Sino-Thai Engineering & Construction PCL.	21,190.58	10.82
4	Unique Engineering and Construction PCL.	12,675.12	6.47
5	TTCL PCL.	10,994.78	5.61
6	Naowarat Pattanakarn PCL.	9,345.32	4.77
7	Syntec Construction PCL.	9,156.70	4.67
8	Power Line Engineering PCL.	8,427.91	4.30
9	Christiani & Nielsen (Thai) PCL.	7,943.55	4.06
10	Pre-Built PCL.	4,827.02	2.46
11	Thai Polycons PCL.	3,482.76	1.78
12	Sahakol Equipment PCL.	3,185.68	1.63
13	TRC Construction PCL.	2,435.95	1.24

14	SEAFCO PCL.	1,907.25	0.97
15	BJC Heavy Industries PCL.	1,512.70	0.77
16	Sriracha Construction PCL.	1,284.07	0.66
17	STP & I PCL.	1,158.32	0.59
18	PYLON PCL.	721.27	0.37
19	EMC PCL.	710.41	0.36
20	PAE PCL.	223.76	0.11
Total		195,876.39	100.00

## Products and Services Supply

The construction of the Company started from the contact with media for construction work, including the direct contact with customers. Before proposing quotation, the divisions in Company studied construction drawing and possibility of work. Construction division would draft the construction plan and provided technical data. Cost control division provided information on construction cost, sub-contractor, and conditions required by the project owner that affected the construction cost. Then, the appraisal and bidding division appraised the cost from work volume and checked the cost per unit based on market price. Summary report on construction cost, conditions and plan should be proposed to the Company's management committee to verify and revise as appropriated before sending to the customer. In case of negotiation, the Company's management committee would attend the meeting and consider the approval.

### Process during operation

After winning the bidding and signing the contract with the project owner, the next step was to start the construction as following step.

1. Appoint the Project Manager to be responsible for the construction operations.
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.

### 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.

### Report and record

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

### Following up and Inspection

Heads of each Department 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.

#### 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.



## **Environmental Impacts**

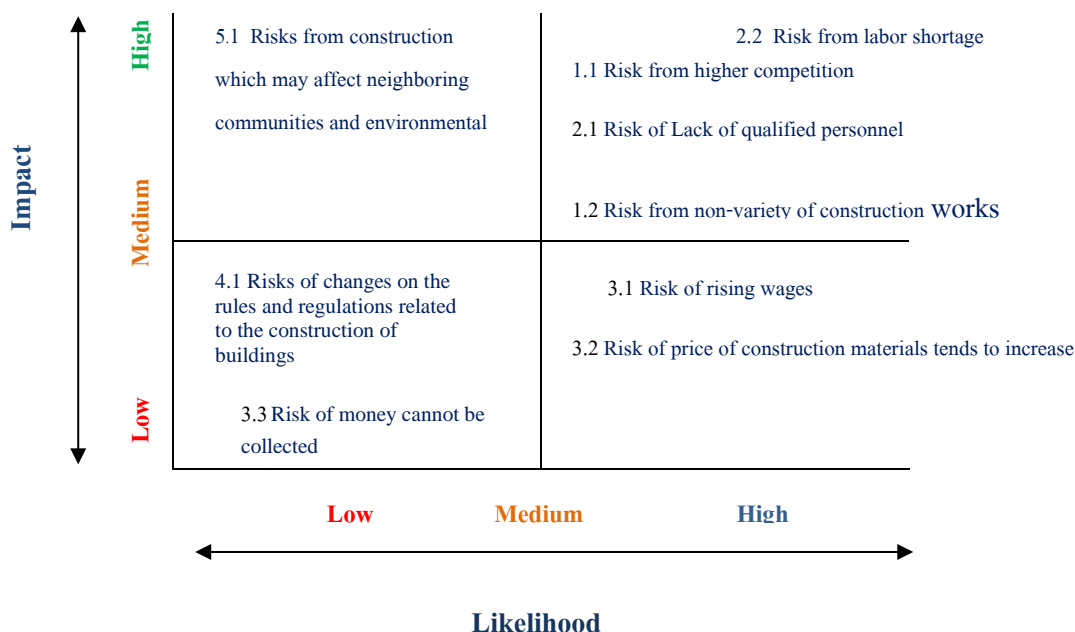
The Company had the policy to perform construction business considering the impacts on environment and surrounding communities. The Company complied with law and other relevant regulations strictly, as well as developed the operation process by implementing technology and innovation to enhance work efficiency and minimize environmental impacts and effects on the community. Furthermore, the Company had the measure to decrease the possible impacts, such as dust, noise pollution, and vibration on society, surrounding communities, and environment (Operation details to minimize the environmental impacts disclosed in the Sustainable Development Report 2017: Environmental Operating).

## 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.

## Risk Management Policy

The Company assesses, ranks, and manages the risks which allow the Company to consider the acceptable risks for the efficient business risk management. In the past year, the Company has set the risk appetite to the responsible persons to consider the potential impacts of the risks and find the way to solve the problems for the achievement of Company's operation as follows



In 2017, the Nomination and Remuneration Committee held totally 4 meetings. 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 as following;

## **1. Strategic Risk**

### **1.1 Risk from higher competition**

Construction business is the competitive service business. Sometimes the economy slows down possibly causing the lower volume of new construction projects and the higher competition. However, the Company has controlled such risks by choosing to bid for the tasks matching the Company's expertise and competitiveness.

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

From the Company's previous operations, it can be seen that the Company received a lot of work from the private sector, especially residential projects. There were some other types of construction works such as office building hotel etc. However, the Company has controlled such risks by regularly participating in construction auctions for the works of the private sector to accumulate workload in hand and to increase the works. The Company has been selected to work with leading real estate developers. Moreover, the Company has diversified the business from the construction business by expanding the operations to other related businesses in order to increase revenue recognition and revenue security to the Company by establishing the subsidiary which is SC asset management co.ltd. and CSM Capital Partners Co., Ltd., to run business of project management and development . There are 3 projects which have already been launched and recognized as follows:

1. Citadines Grand Central Sriracha Project, it is located at 99/9 Thetsaban 1 Road, Sri Racha Sub-District, Chon Buri Province having been operated since March, 2015. The 8-story hotel with 136 rooms in 9,492m2 area. It is the short-term and long-term room rent service that most customers are foreigners, particularly Japanese who work in the industrial estate in Chonburi and Rayong. With the convenient location in the well-known province for visiting, tourists will be conveniently traveling to other provinces. The guests would experience the premium service at Ascott International hotel group with facilities such as 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 etc.

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2. Eight Thonglor Residence Project: It is located in the best location in Soi Sukhumvit 55 (Thonglor), Klong Tan Neua, Wattana, Bangkok. It is the 15-story building with 47 shops area and 148 residential rooms in 23,626m<sup>2</sup> area equipped with elevator, parking, 24-hour security, CCTV, swimming pool, sauna room, park, and BBQ area. Guests simplify the life with the sky train station, which is only 5-minute walk, hi-end restaurant, convenient store, department store, hospital, international school, university, museum, and nightlife entertainment.

In 2017, there was the reconstruction plan for 43 rooms and 500m<sup>2</sup> of the common area. In 2018, 105 more rooms and 300m<sup>2</sup> of the common area would be added to the plan. It was expected to be completed at the end of 2018. Moreover, marketing plan and promotion would be adjusted by raising the rent rate. Regarding the past year's performance, the staying rate in 2016 of service apartment was 88% and 74% in 2017, which was the result of the room reconstruction. Shop area rental of 2016 was as same as in 2017, at 97%.



3. The Duchess Hotel and Residences Project: (former Natural Ville Residence) It is located in Soi Lung Suan and has been operated since October 2013. It is the 4-star 29-story hotel with 165 rooms occupied 21,507m<sup>2</sup> area. It is known for the large and convenient city-view room equipped with room facilities in the private atmosphere in the center of business region. With this reason, it is suitable for short-term and long-term stay. Furthermore, the



hotel provides other services for business people such as small conference room and secretary service, as well as the outdoor swimming pool, sauna room, fitness, restaurant, free Wi-Fi in all rooms and common area, the 55m2 area for activity and event, tour/ticket desk, free concierge service and newspaper in the lobby, airport taxi (24 hrs.) with expense, and free parking on site. With the convenient location, guests will be easily going to other sites such as shops, restaurants, shopping center, and entertainment places. Various transportations are available including BTS, the closet station is Plern-Chit Station which only take 10-minute walk

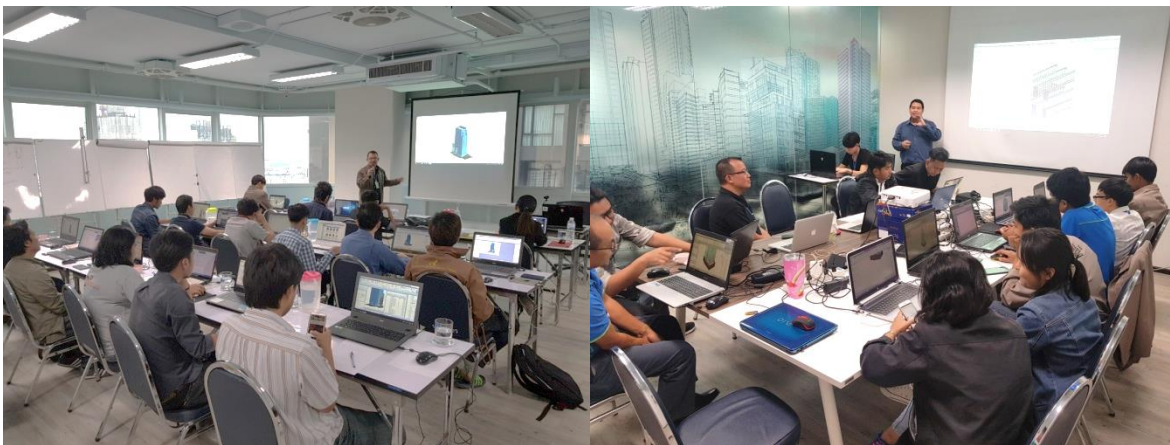
The performance of the past year showed the average of staying rate at 88% in 2016 and 82% in 2017.



## 2. Operation Risk

### 2.1 Risk of Lack of qualified personnel

The construction process requires knowledgeable and expertise personnel being responsible as the project manager or project engineer to control and manage each construction project successfully. In the current situation, there are many old and new companies in the construction industry resulting in the risk of shortages. Therefore, the Company is committed to continuously improving the human resources and capabilities in order to be prepared for the project manager or project engineer. The Company also has the policy to pay remuneration and welfares that is appropriate and competitive with other companies in the same business to motivate the employees with knowledge and competence to retain to work with the Company further.



## 2.2 Risk from labor shortage:

Labor is the main factor for construction work. Over the past few years, the shortage of construction labor remains a major problem as in the past, there were government projects that were large-scale infrastructure projects using many construction labors. The Company may have the shortage of labors resulting in the delay in delivering the construction work to the customers as stated in the contract. In mitigating such risk, the Company has implemented the following actions:

- The Company employs workers directly. At the end of 2017, there were totally 4,146 workers. The Company has to pay the appropriate wages to each worker, ensure the welfares including the welfares of workers paying attention to the residences to be secure with environment and good hygiene to motivate and create the environment for workers to work with the Company further.

- The labor dependence from subcontractors: Apart from having own labors, the Company has to depend on labor force from the subcontractors partly. The Company will select the subcontractors who do not use child labor, illegal migrant workers. When the qualified subcontractor is selected, such subcontractor will be registered as trading partner with the Company. The Company will not rely on only one subcontractor in order to prevent the risk from hiring only one subcontractor.

## 3. Financial Risk

### 3.1 Risk of rising wages

Risk of rising wages: The labor cost is the key cost for the construction business. The government policy of wage increase which will be effective from 1<sup>st</sup> April, 2018, onwards, will affect the cost of the Company inevitably. However, the Company has many measures to reduce the impacts of increasing wages such as the use of new technologies, machines, and tools to replace labors, enhancing the management system to make the workforce more efficient, including controlling the construction materials etc.

### 3.2 Risk of price of construction materials tends to increase

The construction materials are considered the major construction cost. The change in construction material prices affects the construction cost unavoidably. Over the past few months, the construction material prices are likely to increase, as they are used in the construction of public sector project such as cement which is the main construction material. In order to minimize such risk, the Company has closely monitored the movement of construction material prices. If the price of construction materials tends to increase, the Company will order from the distributor in a very large amount per time causing the Company to have bargaining prices in buying things at fixed price. Alternatively, the Company may make a memorandum of understanding for the purchase of construction materials in advance with the supplier at a fixed price in order to control the cost of construction materials as well.



### 3.3 Risk of money cannot be collected

The construction business operation is risky for not being able to collect money from the customers or the money cannot be collected at the specified time as the money must be collected in line with the progress of the construction. Such risk may affect the liquidity and working capital of the Company. As the Company is aware of such risks, the policy is set on strictly selecting the customers based on their financial position, turnovers, reputation and management's profiles before accepting a job.

## 4. Compliance Risk

### 4.1 Risks of changes on the rules and regulations related to the construction of buildings

The construction business operation involves many laws including professional expertise stipulated by laws whether the laws of professional architects and engineers, labor law, environmental laws. Regarding these laws and regulations, the Company must comply with them completely. If this is not done or had not done properly, it can cause damage to the Company. Thus, the Company has the policy to minimize such risk by setting the business operation policy to strictly conform to the regulations of relevant agencies as well as setting the agency to be responsible for monitoring and auditing the operations to keep up with changes all the time.

## 5. Social and/or Environment Risk

### 5.1 Risks from construction which may affect neighboring communities and environmental:

The Company is aware of being a part of social and environmental responsibility. This is the policy that the Company has continuously focused on. The Company is concerned with the care of neighboring communities and the environment surrounding the construction site to be affected by the construction as least as possibly. The Company has the risk assessment and the guidelines for prevention. The actions are taken to reduce the impact on neighboring communities and the environment including the control of pollution caused by the construction to be in accordance with the standards set by the law such as noise dust, waste water, etc.

Apart from the supervision on the impact of the constructions, the Company also has the policy of building relationships with neighboring communities surrounding the construction site by coordinating with the community leaders to survey on the community areas to inquire about environmental issues, possible impacts of construction, social and environmental concerns of the community which need support. The Company will coordinate with the community to build a good relationship.

## 6. Emergency Risk

### 6.1 Aging Society

Many countries around the world are now entering the elderly society (Aging Society)

(or the society composing of population aged 65 or over more than 7% of the total population). And the world population will become the Aged Society over the next 35 years with over 14 percent of the population aged 65 and over. This is a challenge that all countries have to face. Only the results can be rapid and intense differently.

For Thailand, the transition is from the Aged Society to the complete Aged Society. At present, Thailand has a population of aged 65 or more up to 10% or more than 7 million people and by 2040 this population will increase to 17 million people or more than a quarter of the country's population. According to the data from World Population Aging by the United Nations, after 2009, Thai dependent population (children and the elderly) were more than the population in in working age and. In 2017, it is the first time in history to have fewer children than older people.

From the aforementioned situations, the Company would be inevitably affected because the construction business of the Company requires a large number of people in labor age. The Company is ready to deal with entering the Aged Society as follows:

1. For extending the retirement age, the Company has a policy to extend the retirement age of the employees from 55 years old to 60 years old and consider further employment in the case that the employees still have the ability to perform the tasks in order to increase people's working age and help alleviating the impact on the economy of the country as well as retaining the personnel with knowledge, competence, and experiences to work with the Company further.

2. Regarding the construction labor, apart from hiring Thai construction workers, the Company is reliant on subcontractors most of whom are from neighboring countries including workers from Cambodia, workers from Burma, etc. The Company will select subcontractors who do not use child labor and illegal migrant workers. If any subcontractor has such qualifications, they will be registered as partners with the Company.

3. The Company will introduce new technologies and innovations to assist in the construction including the management of construction more to reduce dependence on construction labor, reduce costs, and increase operational efficiency.

## Shareholders

1. Name list of the first 10 shareholders holding the highest number of shares and Director, Executive and spouses Group as of 30 December, 2017 are as follows

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
Phahusutr Group			
1	Mr. Jiramote Phahusutr <sup>1</sup>	184,645,760	11.54
2	Miss Nichaya Phahusutr <sup>2</sup>	175,446,260	10.97
5	Mr. Sukhum Phahusutr <sup>3</sup>	77,720,300	4.85
15	Miss Anisha Attaskulchai <sup>4</sup>	19,057,900**	1.19
Total		456,870,220	28.55
3	Thai NVDR Co., Ltd.	132,390,016	8.27
4	LITTLEDOWN NOMINEES LIMITED 38	79,564,600	4.97
6	Mr. Chawalit Phunpermsuwan	73,393,200	4.58
7	Mr. Preecha Angkhumsab	64,500,000	4.03
8	Mr. Nattaphat Rungsun	50,000,000	3.12
9	RAFFLES NOMINEES (PTE) LIMITED	37,415,800	2.33
10	Mrs. Uporn Subandit	24,849,020	1.55
Total		462,112,636	28.85
Director, Executive <sup>5</sup> and Spouses Group			
	Mr. Nayot Pisanthanakun	1,050,000	0.06
	Mr. Yothin Treerattanaphan	317,300	0.01
	Mr. Phaiboon Chetchotiros	60,000	0.00
	Mr. Veerapong Tungbenjakul	50,000	0.00
Total		1,477,300	0.07
Other shareholders		679,539,844	42.53
Total Paid-up Capital		1,600,000,000	100.00

### Remarks:

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

<sup>2</sup> Miss Nichaya Phahusutrhods 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.

\*\* Transfer from Morgan Stanley & Co. International PLC account To Own Account

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 184,645,760 shares, or 11.54 %.
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 2017"
5. Name list of shareholders in subsidiaries and associates

SCR Asset Management Co., Ltd.

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
1	Syntec Construction Public Company Limited.	4,080,000	68.00
2	Mrs. Chanida Assadathorn	960,000	16.00
3	Mr. Chosak Vongkusolkig	960,000	16.00
Total		6,000,000	100.00

Natural Ville Serviced Apartment and Management Co., Ltd

No.	List of Shareholders	Number of holding shares	Shareholding ratio (%)
1	Syntec Construction Public Company Limited.	19,997	99.985
2	Mr. Somsak Hematanon	2	0.010
3	Mr. Boonkiet Keeratchaiwat	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 Public Company Limited.	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 Public Company Limited	1,073,630	71.5752
2	Syntec Construction Public Company Limited.	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	100.0000

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

Name – Surname	No. of shares			
	Balance at the end of 2016	Acquired	Sold	Balance at the end of 2017
1. Mr. Somchai Sirilertpanich	-	-	-	-
Spouse and underage children	-	-	-	-
2. Mr. Chaiwat Atsawintarangkul	-	-	-	-
Spouse and underage children	-	-	-	-
3. Miss Benjawan Sinkuknakorn	-	-	-	-
Spouse and underage children	-	-	-	-
4. Dr. Arichai Ractham	-	-	-	-
Spouse and underage children	-	-	-	-
5. Mr. Tavee Kullertprasert	-	-	-	-
Spouse and underage children	-	-	-	-
6. Mr. Angsana Munkongcharoen	-	-	-	-
Spouse and underage children	-	-	-	-
7. Mr. Paisarn Tangyuenyong	-	-	-	-
Spouse and underage children	-	-	-	-
8. Mr. Jiramote Phahusutr	176,262,160	8,383,600	-	184,645,760
Spouse and underage children	18,307,900	750,000	-	19,057,900
9. Mr. Sukhum Phahusutr	76,820,300	900,000	-	77,720,300
Spouse and underage children	-	-	-	-
10. Mr. Nayot Pisanthanakun	1,000,000	800,000	750,000	1,050,000
Spouse and underage children	-	-	-	-
11. Miss Nichaya Phahusutr	176,046,260	800,000	1,400,000	175,446,260



Spouse and underage children	-	-	-	-
12. Miss Nuchanat Sirisupamit	-	-	-	-
Spouse and underage children	-	-	-	-
13. Mr.Phaiboon Chetchotiros	80,000	50,000	70,000	60,000
Spouse and underage children	-	-	-	-
Mr. Suwicha Savetsila	-	-	-	-
Spouse and underage children	-	-	-	-
15. Mr. Veerapong Tungbenjakoun	-	50,000	-	50,000
Spouse and underage children	-	-	-	-
16. Mr. Tawatchai Tirapairojana	-	-	-	-
Spouse and underage children	-	-	-	-
17. Mr. Chinnatat Na Ranong	-	-	-	-
Spouse and underage children	-	-	-	-
18. Mr. Anuwat Chutmongkolchart	-	-	-	-
Spouse and underage children	-	-	-	-
19. Mr.Yothin Treerattanaphan	217,300	100,000	-	317,300
Spouse and underage children	-	-	-	-
Mrs. Chongchid Vitheekol	-	-	-	-
Spouse and underage children	-	-	-	-
21. Mr. Kittir Phiriyawirut	-	-	-	-
Spouse and underage children	-	-	-	-

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.

## Dividend Policy

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.

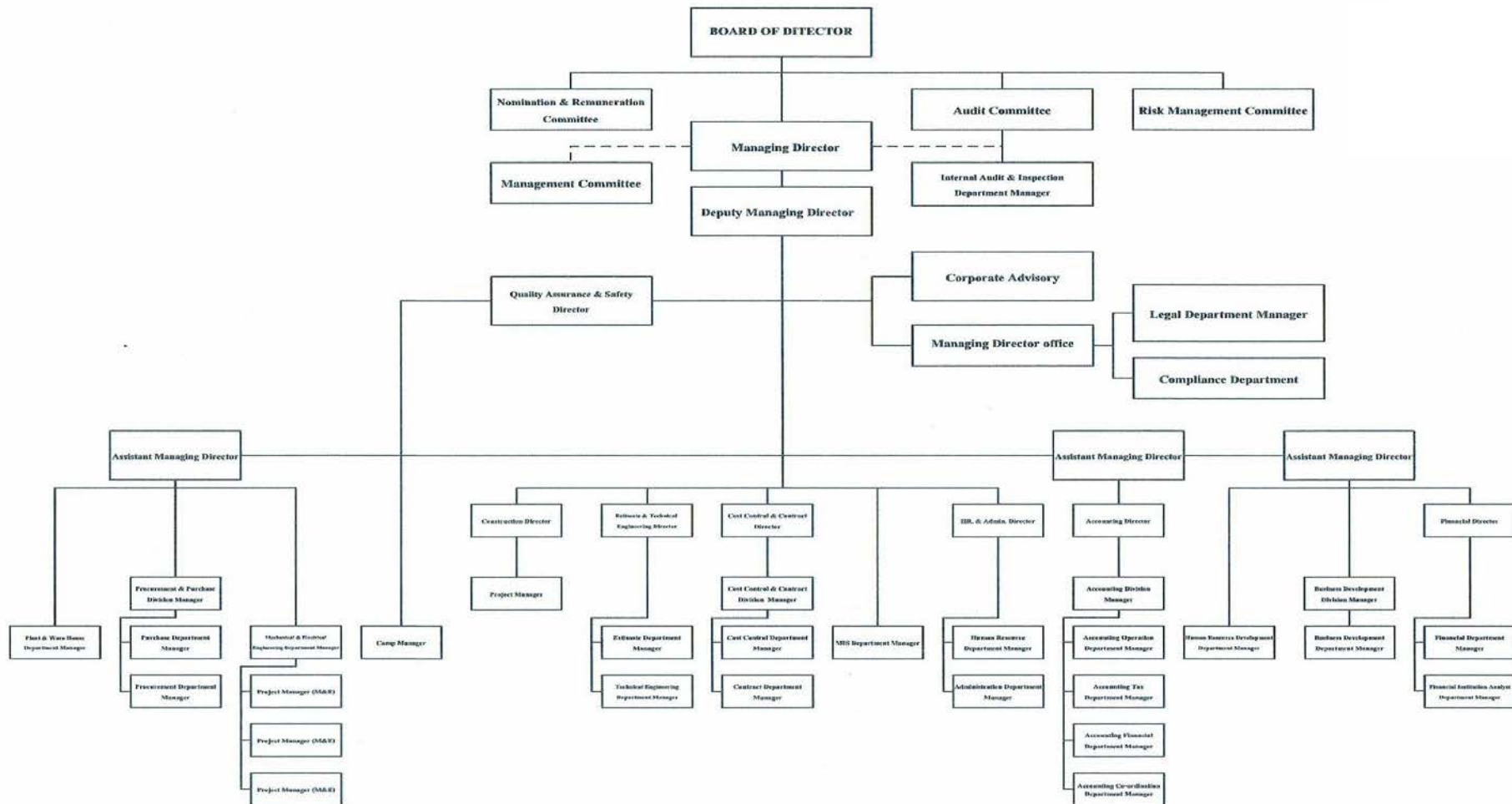
## History of the Dividend Payment

Details of the Dividend Payment	2014	2015	2016	2017
1. Net profit as Company Financial Statement (Million Baht)	385	660	896	1,050
2. Number of Shares (Million Baht)	1,600	1,600	1,600	1,600
3. Annual Dividend (Baht / Shares)	0.07	0.11	0.15	
3.1 First Half Year Dividend(Baht / Shares)	0.02	0.03	0.04	0.04
3.2 Second Half Year Dividend(Baht / Shares)	0.05	0.08	0.11	Wait consideration
4. Total Paid Dividend(Million Baht)	112	176	240	Wait consideration
5. Proportion of Dividend per Net Profits (%)	29	27	27	Wait consideration

## Management Structure

SYNTEC CONSTRUCTION PUBLIC COMPANY LIMITED

Organizational Chart, As of 31<sup>st</sup> December, 2017



## 1. Board of Directors

Currently, there are 8 directors as of 31 December, 2017

Director Name	Position	Type of Director	Starting Year
Mr. Somchai Sirilertpanich	Vice Chairman/ Chief Executive Officer	Executive Director	23 Dec 2004
Mr. Chaiwat Atsawintarangkul	Director	Independent Director	30 Dec 2003
Miss Benjawan Sinkunakorn	Director	Independent Director	14 Nov 2003
Dr. Arichai Ractham	Director	Independent Director	15 May 2007
Mr. Tavee Kullertprasert	Director	Independent Director	29 April 2004
Mrs. Angsana Munkongcharoen	Director	Executive Director	29 April 2004
Mr. Jiramote Phahusutr	Director / Managing Director	Executive Director	29 April 2003
Mr. Paisarn Tangyuenyong	Director	Independent Director	30 June 2013

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. The Board of Directors' Structure consists of individuals possessing qualifications including skills, experiences, and specific competencies beneficial to the Company (Board Skill Matrix)
2. The proper and adequate proportion of the Board of Directors and executives should not less than 5 people and not exceed 12 people without sex discrimination. Currently, there are 8 directors, 2 of whom are all women.
3. The Independent director should having more than one-third of all directors. Currently, there are 5 person, 62.5% and having more than half of the total directors' numbers
4. Executive Directors 3 persons, 37.5% of all directors.

### Independent Directors

The Company's management structure consists of the Board of Directors, The current Board consists of independent directors 5 person's independent directors not acting as executives being independent from the management and controlling shareholders without business relationship with the

Company in the nature that will limit the freedom of expression of opinions freely. They must be qualified as stipulated by the Notification of Capital Market Supervisory Board at least one third of the total number of directors of the Company but not less than three persons. The Board of Directors has approved the definition and qualifications of independent directors as follows:

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.

#### **Appointment and removal of directors**

The Board of Directors has assigned the Nomination and Remuneration Committee to propose the appointment of directors to the shareholder's meeting in accordance with the rules and procedures prescribed in the Company's regulations with the main contents as follows.

1. The Company's Board of Directors appointed by the shareholder's meeting must consist of at least 5 directors and at least 3 independent directors. No less than half of the total number of directors must reside in the Kingdom and at least one director must have knowledge in accounting and finance. The directors must be qualified as required by laws and regulations.

2. The shareholder's meeting is supposed to appoint the directors in accordance with the following rules and procedures:

(1) Each shareholder shall exercise all of the votes

(2) Each shareholder shall exercise all of the votes (1) to elect one or several persons as director.

However, it is not possible to split the votes for any one.

(3) The candidates receiving the highest number in ranking will be elected in the number of directors to be elected or will be elected at that time. In the case where the persons elected in descending

order are equal to or more than the number of directors shall be available at that time, the Chairman of the meeting shall have the casting vote.

3. At the Annual General Meeting of Shareholders every time, one third of the directors at that time shall retire. If the number of directors cannot be divided into three parts, take out the closest amount to one third. In the first and second years after the registration of the Company, the directors who are to be retired shall draw lots. For the remaining years, the directors who are in the longest position shall retire. Those who have been vacated may be re-elected.

4. Any director who resigns shall submit a resignation letter to the Company. Such resignation will be effective from the date the Company receives the letter.

5. The shareholder's meeting may elect a director to retire before the expiration of his term by not less than three-fourth votes of the total number of shareholders attending the meeting and having the right to vote.

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

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 all guidelines as follows

1. 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 or (Director Pool)
2. 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.

2.1 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.

2.2 Knowledge, competence and comprehension on role and duty of the director according to the criteria (Board Skill Matrix)

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

2.4 Decision skills under accurate and sufficient reason and information

2.5 Maturity, stability, and independence in decision

2.6 Professionalism, virtue and responsibility

2.7 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.

4. In case of the former directors who will be re-elected for another term, it will be determined by the performance of the position providing useful feedback and dedicated time to the company.

5. In case of the appointment of an independent director, it will consider from the qualification of the person who will be appointed as the independent directors to be qualified in accordance with the Notification of the Capital Market Supervisory Board.

### **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 and report of the Board of Directors in Annual Report

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.

The Board of Directors selects one director as Chairman. In the case where the Board deems it appropriate, one or more directors may be elected as vice chairpersons. And in the delegation of authority and responsibility of the Board, it will not be in the form of having power to delegate or delegate power to the Board or the authorized persons of the Board of Directors can approve the transactions that he or she may have conflicts with (as defined in the Notification of the Securities and Exchange Commission). There may be conflicts of interest with the Company or the subsidiaries except for the approval following the policy and the criteria for the shareholder's meeting or the Board of Directors.

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

1. Being responsible for leading the Board in overseeing the management of the Management Committee to achieve the objectives set out in the plan.
2. Being the Chairman of the Board of Directors' meeting and the shareholder's meeting of the Company.
3. Being the person having the casting vote. In the case that the Board of Directors has the same number of votes.

### **The meeting and quorum**

The Company shall hold the meeting at least once every three months. In case of urgent agenda, the meeting can be additionally arranged as necessary. 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. All members of the Board can request to examine the Minutes approved by the Board of Directors together with relevant documents from the Company's secretary at all time.

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.

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.

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. If the score of



voting is the same, the Chairman of the meeting will make another vote to have a final result. To vote at the meeting, the Directors that will vote must not be at least 2 out of 3 of all directors.

### Orientation of New Directors

New directors will receive introduction document on the business engagement nature, the Company's business important information and other policies including important beneficial for the position of the Company's directors.

### Training to increase the knowledge and understanding of the directors

The Company encourages the directors to study and provide additional training to increase the knowledge and understanding of the directors' roles and responsibilities for efficient management and in accordance with the good corporate governance principles. In the year 2017, 3 directors attended the training courses or participated in seminars to increase their knowledge of the operation, namely,

Name - Surname	Training Courses/ Seminar of the institution	institution
Mr. Chaiwat Atsawintarangkul	<ul style="list-style-type: none"> <li>-The Audit Committee's Role in Compliance and Ethical Culture Oversight</li> <li>- AC Hot Update to welcome new CG era to achieve the sustainability- TFRS for SMEs for unsophisticated NPAEs, and it is s not as difficult as it sounds</li> <li>- All issues of TFRS in 2017, Batch 2/60</li> <li>Subsidiary 502 Exchange Rate Impact</li> <li>Subsidiary 601 Financial Instruments)</li> <li>Subsidiary 602 Disclosure of Financial Instruments)</li> <li>- Audit Committee Forum</li> <li>- Business Disruption</li> <li>- Update the BOI Inspection</li> <li>- Update COSO Enterprise, Risk Management, Integrating with Strategy and Performance</li> <li>- - Private Auditor Meeting for Training</li> </ul>	<ul style="list-style-type: none"> <li>- IOD</li> <li>- FAP</li> </ul>
Miss Benjawan Sinkuknakorn	<ul style="list-style-type: none"> <li>-The Audit Committee's Role in Compliance and Ethical Culture Oversight</li> </ul>	<ul style="list-style-type: none"> <li>- IOD</li> <li>- FAP</li> </ul>

Dr. Arichai Ractham	- All issues of TFRS in 2017, Batch 2/60 Subsidiary 502 Exchange Rate Impact Subsidiary 601 Financial Instruments Subsidiary 602 Disclosure of Financial Instruments -The Audit Committee's Role in Compliance and Ethical Culture Oversight	- IOD
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Remark: IOD Thai Institute of Directors. FAP: Federation of Accounting Professions

At present, the members of the Board of Directors are trained on the Director Accreditation Program (DAP) and Director Certification Program (DCP) course provided by the IOD with the details and profile of training course as appearing on the topic of the Board of 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 The Audit Committee, The Risk Management Committee, The Nomination and Remuneration Committee

#### 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, 2017, the Audit Committee consists of 3 independent directors as follows:

Director Name	Position	Type of Director
Mr. Chaiwat Atsawintarakul	Chairman of the Audit Committee	Independent director
Miss Benjawan Sinkuknakorn	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.

#### 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 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

7. 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.

### **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, 2017, the Nomination and Remuneration Committee consists of 5 members as follows:

<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

### **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.

## 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, 2017, the Risk Management Committee consists of 3 members as follows:

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.

## 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 employing or consulting 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.



**Table showing No. of the Board of Directors', all Committees' Meetings in 2017**

Name	Table showing No. of the Board of Directors', all Committees' Meetings in 2017									
	Board of Directors		The Audit Committee		The Risk Management Committee		The Nomination and Remuneration Committee		The Management Committee	
		%		%		%		%		%
Mr. Somchai Sirilertpanich	12/12	100					2/2	100	42/42	100
Mr. Chaiwat	12/12	100	5/5	100			2/2	100		
Atsawintarangkul										
Miss Benjawan	12/12	100	5/5	100			2/2	100		
Sinkuknakorn										
Dr. Arichai Ractham	12/12	100	5/5	100	4/4	100	2/2	100		
Mr. Tavee Kullertprasert	10/12	83								
Mrs. Angsana	11/12	92					2/2	100	34/42	81
Munkongcharoen										
Mr.Paisarn Tangyuenyong	12/12	100								
Mr. Jiramote Phahusutr	9/12	75							24/42	57
Mr. Nayot Pisantanakul									6/42	15
Mr. Yot Luksanakoset									42/42	100
Mr.Paiboon Chetchotiros					4/4	100				
Mr. Yotin Treratanapan					4/4	100				

### **The Management Committee**

The Board of Directors consists of no less than 5 qualified directors and executives to manage the Company's business as assigned by the Board of Directors and the obligation of the Management Committee are as follows.

1. Set policies, goals, strategies, action plans, and annual budget to be proposed to the Board of Directors for the approval.
2. Control the business operation of the company in accordance with the policy, goals, strategies, plans, operations and annual budget approved by the Board of Directors to be performed effectively.
3. Responsible for the Company's operations in accordance with the Company's laws, objectives, rules, shareholders meeting resolution, resolution of the Board of Directors meeting as well as related regulations.
4. Study for the feasibility of new projects, and has the power to approve the auction and to work on projects as it deems appropriate.

5. Determine the organizational structure and effective management, covering the selection, training, commissioning and dismissal, including salary, benefits, bonuses, other benefits, and the cost and facilities of the company's employees.

6. Consider matters to be proposed to the Board of Directors for acceptance or approval.

7. Perform other duties assigned by the Board of Directors.

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

The Company requires to evaluate the performance of the Board and subcommittees at least once a year by evaluating the performance of both the entire Board and the individual. The purpose of this evaluation is to enhance the efficiency of the Board and subcommittees. The results are also used to improve the performance of the Board and subcommittees. In every December, the Company Secretary sends a performance evaluation form to evaluate the annual performance. After the completion of each committee evaluation, the evaluation form will be sent back to the Company secretary to gather and summarize the results of the assessment proposed to the Board of Directors and each Sub-committee for acknowledgement further.

○ Evaluation criteria of the Board of Directors and sub-committee (both in group and in an individual).

- The score from 85-100 percent means Very Good-Excellent
- The score from 75-85 percent means good
- The score from 65-75 percent means quite good
- The score from 50 – 65 percent means fair
- The score less than 50 percent means must be improved

○ The performance evaluation topic of Board of Directors and sub-committees.

Performance Evaluation Form for Board of Directors and sub-committees has the main topics which are:

1. Structure and Qualification of Directors
2. The Board of Directors' Meeting
3. Role/Duty/Responsibility of Directors
4. Summary of overall opinion

○ Evaluation results of the Board of Directors and subcommittees (in group and in an individual)

1. Board of Directors The result of the evaluation in 2017 in group was 92.78 percent, and in an individual was 93.47 percent, counted as very good-excellent.

2. Nomination and Remuneration Committee The result of the evaluation in 2017 in group was 94.21 percent, and in an individual was 93.64 percent, counted as very good-excellent.

3. Audit Committee The result of the evaluation in 2017 in group was 92.92 percent, and in an individual was 94.70 percent, counted as very good-excellent.

4. Risk Management Committee The result of the evaluation in 2017 in group was 92.13 percent, and in an individual was 94.70 percent, counted as very good-excellent.

#### **Performance evaluation of top executives (Chief Executive Officer)**

The Company provides performance appraisals to senior executives at the end of each year. The result of such assessment is confidential information that cannot be disclosed. The Nomination and Remuneration Committee will evaluate the performance of the Company based on the business performance of the Company and the implementation following the policies assigned by the Board of Directors. The results of Nomination and Remuneration Committee will be used to determine the remuneration of the Chief Executive Officer further.

#### **Remuneration for directors**

Remuneration for directors will take into account the suitability of obligations, responsibilities on the assigned duties which must be consistent with the performance and business size. It can be comparable to those listed on the Stock Exchange of Thailand in industries and businesses of similar size. The remuneration of such directors is sufficient to motivate the directors who are capable of performing their duties with the Company.

For the year 2017, the directors' remuneration approved by the Annual General Meeting of Shareholders was as follows:

- The Board of Directors' meeting fee: 16,000 Baht/person/time,
- Compensation for the Audit Committee: 300,000 Baht/person/year
- Other compensations

None of other compensations for directors

*Table of the Compensation and Meeting Fee for the Board of Directors and all sub-Committees for 2017*

Name	2017 Compensation and Meeting Fee (Baht)				
	Board of Directors	The Audit Committee	The Nomination and Remuneration Committee	The Risk Management Committee	Total
Mr. Somchai Sirilertpanich	184,000	-	-	-	184,000
Mr. Chaiwat Atsawintarangkul	184,000	300,000	-	-	484,000
Miss Benjawan Sinkuknakorn	184,000	300,000	-	-	484,000
Dr. Arichai Ractham	184,000	300,000	-	-	484,000
Mr. Tavee Kullertprasert	154,000	-	-	-	154,000
Mrs. Angsana Munkongcharoen	184,000	-	-	-	184,000
Mr. Jiramote Phahusutr	122,000	-	-	-	122,000
Mr. Paisarn Tangyuenyong	184,000	-	-	-	184,000
Total	1,380,000	900,000	-	-	2,280,000

#### **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: 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 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. Executives

The Board of Directors clearly separates roles and responsibilities between the Board of Directors and management. The roles and responsibilities of the management in the daily Company's management are determined in accordance with the policies, plans, targets, regulations and rules of the Company including the resolution of the Board of Directors' meeting by reporting the progress on the major operations to the Board of Directors' meeting at least once a month. Presently, as of 31st December, 2016, there are 16 executives\* as follows:

Name - Surname	Position
Mr. Somchai Sirilertpanich	Chief Executive Officer
Mr. Jiramote Phahusutr	Managing Director
Mr. Sukhum Phahusutr	Deputy Managing Director
Miss Nichaya Phahusutr	Deputy Managing Director
Mr. Nayot Pisantanakul	Deputy Managing Director
Miss Nuchchanaj Sirisupamit	Director, Financial Department
Mrs. Chongchid Vitheekol	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
Mr. Kittir Phiriyawirut	Director, Business Development, and Human Resources

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

## **Recruiting Company Leaders and Top Executives**

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.

## **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:

○ 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 covers following position:**

##### **1. President/Managing Director Level:**

When the position of President or Managing Director Levels 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 preceded 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.

### 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 motivate 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, and social security fund to executives totally 67,777,886 Baht.

### 3. 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 The Board of Directors resolved to appoint Miss Ratthapawee Lapnan to be the Company Secretary from 24 July 2017 until present.

○ 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, and 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.



**Mr. Somchai Sirilertpanich**

Aged: 56 years old

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

Totally 13 years (commencement date of being the  
board of director 23 December 2004)

**Educational:**

**Qualification** · MBA Operation Management  
University of Scranton Pennsylvania, USA

**Shareholdings proportion** (on December 31, 2017)

· No for both direct and indirect

**Family Relationship between Executives**

· No-

**Board of Directors Profile**

**Training**· Directors Accreditation Program (1/2003)  
The Thai Institute of Directors Association

**5-Year- Backtracked Job Experience**

· 2544 – 2554 : Narai Phand Co., Ltd

**Other current Positions**

**Other registered companies**

- No –

**Other companies and organizations: Total 4**

- Director - Siam Syntech Planner Co., Ltd.
- Director SCR Asset Management Co., Ltd.
- Director Natural Ville Service Apartment and  
Management Co., Ltd.
- Director CSM Capital Partners Co., Ltd.



**Mr. Chaiwat Atsawintarakul**

Aged: 66 years old

**Position:-**Independent Director,

- Chairman of The Audit Committee
- Chairman of the Nomination and Remuneration Committee

Totally 14 years (commencement date of being the board of director 30 October 2003

**Educational:**

- 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 Ramkhamhaeng University
- B.B.A (Accounting) Ramkhamhaeng University

**Shareholdings proportion** (on December 31, 2017)

- No for both direct and indirect

**Family Relationship between Executives:**

- No

**Training:**

- Directors Accreditation Program (Batch 24/2004)
- Directors Certification Program (Batch 81/2006)
- Audit Committee Program (Batch 12/2006)
- The Audit Committee's Role in Compliance and Ethical Culture Oversight

The Thai Institute of Directors Association

**5-Year- Backtracked Job Experience**

- 2543 – 2558 : Bright Lilly Co., Ltd. (Thailand)

**Other registered companies**

**Other companies and organizations : Total 4**

- Chairman of the Audit Committee Krungthai Car Rent & Lease PCL. - Audit Committee Eastern Printing PLC.
- Audit Committee U City PLC.
- Chairman of the Audit Committee Natural Park PLC.

**Other companies and organizations: Total 7**

- Director MJL Intertrade Co., Ltd.
- Director -Prospect Consulting Co., Ltd.
- Director - Resort Holding Co., Ltd.
- Director - Chiangmai Hot Spring Co., Ltd.
- Director - Andaman Long Beach Resort Co., Ltd.
- Director - Boathouse Hua Hin Co., Ltd.
- Director - Bright Lilly Co., Ltd.



**Miss Benjawan Sinkuknakorn**

Aged: 60 years old

**Position**

- Audit Committee and Director of the  
Nomination and Remuneration Committee  
Totally 14 years (commencement date of being the  
board of director 14 November 2003)

**Educational**

- Literature Chinese Language (Economics and  
Trade), Beijing Language and Culture University  
- MBA, BBA, LL.B., Thammasat University  
- B.Acc. Thammasat University  
- Master of Laws, Thammasat University  
Thai Barrister at law, Institute of Legal Education  
Thai Bar Association

**Shareholdings proportion** (on December 31, 2017)

· No for both direct and indirect

**Family Relationship between Executives**

- No -

**Training**

- Directors Accreditation Program (Batch 24/2004)
- Directors Certification Program (Batch 79/2006)
- Audit Committee Program (Batch 12/2006)
- The Audit Committee's Role in Compliance and  
Ethical Culture Oversight
- The Thai Institute of Directors Association

**5-Year- Backtracked Job Experience**

- 2015 – Present: Wealth Magik Mutual Fund  
Brokerage Co., Ltd.
- 2009 – Present: Multibax PCL.
- 1997 – Present: Prospect Consulting Co., Ltd.

**Other current Positions**

**Other registered companies: Total 1**

Independent Director and Director of the Audit  
Committee, Multibax PCL.

**Other companies and organizations: Total 2**

- Director of the Audit Committee/Managing  
Director Prospect Consulting Co., Ltd.
- Director Wealth Magik Mutual Fund



**Dr. Arichai Ractham**

Aged: 50 years old

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

**Educational**

-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.

**Shareholdings proportion** (on December 31, 2017)

· No for both direct and indirect

**Family Relationship between Executives**

- No -

**Training**

· Directors Accreditation Program (Batch 35/2004)  
· Directors Certification Program (Batch 61/2005)  
· Audit Committee Program (Batch 15/2006)  
· The Audit Committee's Role in Compliance and Ethical Culture Oversight

The Thai Institute of Directors Association

**5-Year- Backtracked Job Experience**

· 2010 – 2017: M-LINK Asia Corporation PCL.  
· 2006– 2012: Office of FDA Food and Drug Administration, Ministry of Health

**Other current Positions**

**Other registered companies: Total 1**

- Risk Management Advisor Crown Seal PCL

**Other companies and organizations: Total 1**

· Kasetsart University, Chulalongkorn University, College of Management Mahidol University (CMMU)





**Mr. Tawee Kullertprasert**

Aged: 45 years old

Position: Independent Director

Totally: 13 years (commencement date of being the board of director 29 April, 2004)

**Educational**

· Master Degree of Financial, Golden Gate University

- Bachelor of Laws (LL.B), 1st class honors, Chulalongkorn University

- Bachelor Degree of Financial, Thai Chamber of Commerce University

**Shareholdings proportion (on December 31, 2017)**

· No for both direct and indirect

**Family Relationship between Executives:**

- No –

**Training:**

- Directors Accreditation Program (Batch 35/2005)
- Directors Certification Program (Batch 79/2006)
- Audit Committee Program (Batch 12/2006)
- TLCA Leadership Development Program (Batch 3/2015)
- TLCA Executive Development Program Certificate, Batch 4, Thai Listed Companies Association
- Senior Executive Program Certificate, Batch 20, Sasin Graduate Institute of Business Administration of Chulalongkorn University

**5-Year- Backtracked Job Experience**

- 2552 – 2554 : Office of Small and Medium Enterprises Promotion (OSMEP)

**Other current Positions**

**Other registered companies:**

- No –

**Other companies and organizations: Total 7**

- Director ACME 1975 Co., Ltd.
- Director Dark Horse Development Co., Ltd.
- Director Knight Club Capital Asset Management Co., Ltd.
- Director Practicum Engineering Co., Ltd.
- Director - Steeler Steel Works Co., Ltd.
- Director Practicum Engineering Co., Ltd.
- Director Siam Syntech Planner Co., Ltd.



**Mr. Paisarn Tangyuenyong**

Aged: 53 years old

**Position:** Independent Director

Totally 1 year (commencement date of being the board of director 30 June, 2016)

**Educational:** - Master Degree of Mechanical Engineering, University of Wisconsin-Madison, USA.

- Bachelor Degree of Mechanical Engineering, University of Wisconsin-Madison, USA

**Shareholdings proportion** (on December 31, 2017)

· No for both direct and indirect

**Family Relationship between Executives**

- No –

### **Training**

· Directors Accreditation Program (Batch 28/2004)

The Thai Institute of Directors Association

### **5-Year- Backtracked Job Experience**

· 2011 – 2015: Natural Park PLC.

· 2004–2010: Park Cuisine Co., Ltd.

· 2004 – 2010: Natural Hotel Panwa Co. Ltd.,

· 2004 – 2010: Natural Hotel Sukhumvit Co., Ltd.

· 2004– 2010: Natural Real Estate Co., Ltd.

· 2004 – 2010: Kempin Siam Co., Ltd.

· 2004– 2010: Natural Park Ville Co., Ltd.

### **Other current Positions**

#### **Other registered companies:**

- No –

#### **Other companies and organizations**

- No –



**Mr. Jiramote Phahusutr**

Aged: 35 years old

**Position:** - Director,

- The Authorized Signatory,
- Managing Director

Totally 4 years (commencement date of being the board of director 29 April, 2013)

**Educational:** Bachelor and Master Degree, Imperial College of Science, Technology and Medicine, London, UK

· High School Education, Sherborne School for boys, Sherborne, UK

**Shareholdings proportion** (on December 31, 2017)

· 11.54% (184,645,760 shares)

**Family Relationship between Executives:**

Son of Mr. Sukum Pohusuut (Deputy Managing Director)

### **Training**

· Directors Accreditation Program (Batch 105/2013)  
The Thai Institute of Directors Association

### **5-Year- Backtracked Job Experience**

· 2008 – 2009: Pacific Star International (Thailand)  
Bangkok

### **Other current Positions**

#### **Other registered companies:**

- No –

#### **Other companies and organizations: Total 5**

- Director - CSM Capital Partners Co., Ltd.
- Director - SCR Asset Management Co., Ltd.
- Director Natural Ville Service Apartment and Management Co., Ltd.
- Director N & J Building Co., Ltd.
- Director N & J Asset Management Co., Ltd.



**Mrs. Angsana Munkongcharoen**

Aged 67 years old

**Position** Director of the Nomination  
and Remuneration Committee, the Authorized  
Signatory, Company

Totally 13 years (commencement date of being the  
board of director: 29 April, 2004)

**Educational:**

- The Oxford and County Secretarial College

**Shareholdings proportion** (on December 31, 2017)

- No for both direct and indirect

**Family Relationship between Executives**

- No –

**Training**

- Directors Accreditation Program (Batch 2/2003)

The Thai Institute of Directors Association

**5-Year- Backtracked Job Experience**

- 2013 – 2014: Syntec Asset Management Co., Ltd.
- 2005 – 2011: Naraiphand Co., Ltd.

**Other current Positions**

**Other registered companies:**

- No –

**Other companies and organizations: Total 2**

- Director Natural Ville Service Apartment and  
Management Co., Ltd.
- Director Natural Hotel Sukhumvit Co., Ltd.

## Corporate Governance

Syntec Construction Public Company Limited ("Company") emphasizes the principle of good corporate governance in accordance with the rules of the Securities and Exchange Commission (SEC). The Board of Directors has set up the Corporate Governance Policy as well as annually reviewed them to ensure that they are consistent with the situation, operational plan and short-term and long-term strategies of the Company.

Since the Company emphasizes and aims to continuously comply with the principle of good corporate governance, as a result, in 2017, the Company was awarded and rated of its good corporate governance by the external governing organizations as follows:

1. The evaluation under the quality assessment of the 2017 Annual General Meeting of Shareholders: The Company was rated of fully 100 scores by the Thai Investors Association.
2. The evaluation under the Corporate Governance of Thai Listed Companies for 2017: The Company was ranked in the level of "Excellence" or 5-star rating by the Thai Institute of Directors.
3. Certificate of ESG100 Company 2017 Award: The company was listed in the top 100 outstanding securities in sustainable business operation with the emphasis on environment, society and good governance for the second consecutive year.
4. The Company was awarded of the Certificate approving the membership in the Collective Action Against Corruption or 'CAC' Project and the Company emphasizes its management with transparency and accountability as well as anti-corruption.
5. The Company was selected to be listed on the Thailand Sustainability Investment: THSI 2017 or "Thailand Sustainability Investment", reflecting that the Company recognizes and prioritizes its business operation with responsibility to environment and society as well as management and administration under the principle of Good Corporate Governance along with the satisfactory economic return.

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

### Section 1. Rights of the Shareholders

The Company's Board of Directors has realized the rights of shareholders. Over and above the Rights to attend shareholders meeting and voting to approved importance Matters provisions of the laws, the fundamental rights of the shareholders are the right to receive share of profits/dividends equally, To communicate with each other, Rights to Proposing Agenda AGM, Rights to to propose Director Nominee, Rights to submit any questions regarding of the AGM, Rights to attend shareholders meeting and voting to

approved importance Matters, Rights to attend shareholders meeting and voting to approved importance Matters, Right to comments, questioning in shareholders meeting, Right to appoint or remove Directors and set remuneration fees, Right to appoint or remove Directors and Right to appoint or remove and set remuneration fees.

The Company has not intercepted or obstructed the chance of shareholders to communicate with each other besides; it is the responsibility of the board of directors to respect and treat all shareholders equally, especially for the minor shareholders, foreign shareholders, and institutional shareholders.

Moreover, the Company has the policy aiming at facilitate and encourage every shareholder including institutional shareholders attend the shareholder meeting which is in accordance with the laws and shareholder meeting standard, as in the year 2017 shareholders possess:

1.1 Right of ownership of shares on buying, selling or transfer shares independently

Thailand Securities Depository Co., Ltd. (TSD) is a Securities Registrar of The company (Company's registrar) to facilitate the ability of shareholders.

1.2 Rights to attend shareholders meeting

- The Shareholder Meetings

The Annual General Meeting of Shareholders is scheduled to be held once a year within a maximum of 4 months from the end of the fiscal year. AGM 2017 The schedule of the meeting has been revealed to the shareholders in advance. The date is 6 March, 2017 for the shareholders they will be able to fix the time to attend the meeting on the scheduled date. At the meeting, the Company is ready to make convenience to the attendants and it has the policy not to arrange the meeting on official holidays and bank holidays, meeting time at 8.30 – 16.00 hrs.

In year 2016, The meeting was held on 28 April 2017 meeting time between 09.00 – 12.00 hrs. The company has held Shareholders Meeting at Bu-Nga Room, 3<sup>rd</sup> floor, Golden Tulip Sofferin, 92 Soi Saeng Cham, Rama 9 Road, Huai Kwang Sub-district, Huai Kwang District, Bangkok. The shareholder is able to attend the meeting easily as the venue is at the city center, near public transport as BTS, MRT. and informed of venue travelling with reference map attached the Invitation Letter.

The Company also coordinates with institutional shareholders to send Proxy to the company in advance to examine the accuracy before the meeting date, by taking into account of facilitating shareholders.



- **Notification of the Shareholder Meetings**

The Company sent Notice to Call the Annual General Meeting of Shareholders with the supporting data for meeting according to agenda such as information was delivered by post to shareholders prior the meeting date for 21 days, both Thai and English versions This is to assure shareholders acknowledge the topics for consideration in the meeting. Furthermore, the objectives and reasons of the board's opinion towards each agenda are indicated clearly. For election of directors, the Company will list profiles of each nominated director to inform shareholders. Regarding the appointment of the auditor, name, independency, duration of works, and salary are indicated clearly as same as the submission for approval of dividend, the Company will inform the policy of dividend, rate of paid dividend, and reasons and information for shareholders.

Additionally, in the shareholder meeting, the Company will acknowledge a name of an independent director in Invitation to the General Meeting of Shareholders for those who are unable to attend the meeting so they can send proxy letter to the independent director or give power of attorney letter to the other person who the shareholder agrees with.

- **Invitation to attend the AGM of Shareholders for the year**

Thailand Securities Depository Co., Ltd. (TSD) is the Company registrar was delivered by post to shareholders with the attachment of invitation letter, proxy form B and C , Annual Report in both Thai and English versions was delivered by post to shareholders on 7 April, 2017 prior the meeting date for 21 days through (TSD) offers securities registration service.This is to open the chance for shareholders to review details of each agenda and prepare the letter of power of attorney in the case of inability of attendance. The stamps for power of attorney letter are available in front of the meeting room without charges.

The company 's Disclose of invitation letter to annual general meeting of shareholders in both Thai and English on company's website [www.synteccon.com](http://www.synteccon.com) for 30 days dvance before date of shareholders meeting started which is the same information Moreover, includes advertise in newspaper for 3 consecutive days (19 – 21 April, 2017)

- **Shareholders' Meeting**

Shareholders' Meeting, The Company will facilitate shareholders in every way, for example, check the document ,positioning staffs to guide the attendants an appropriate catering.

The Meeting was held on 28 April 2017. There appear to be 8 directors, of the total number of directors' company. There were 161 shareholders attending the meeting both by themselves and by

proxies whose shares were collectively amounted to 746,714,884 shares from the total sold shares of 1,600,000,000 or 46.6697% details of which are provided below:

- 21 Shareholders attended the meeting by themselves whose shares were collectively amounted to 20,241,082 shares or 1.2651%.

- 134 Shareholders were represented by their proxy holders whose shares were collectively amounted to 726,473,802 shares or 45.4046%. All of which could form quorum of the meeting pursuant to the Company's Articles of Association also stipulates the quorum of the shareholders' meeting as required by laws in Article 34 stating that in any meeting of shareholders, there shall be totally not less than 25 shareholders and proxies (if any) or not less than a half of the whole number of the shareholders and the calculated shares shall not be less than one third of the total sold shares. In order to ensure correct, clear and Corporate Governance Code of registered companies In the shareholder meeting, The company are able to have 2 representatives is Mr.Manit Worrakijjaporn and Ms.Maliwan Phahuwatthanakorn of auditors from NPS Siam Audit Limited and Mr.Supreedee Natiwiwat from Bunchong & Vidhya Law Office Co Ltd to propose the shareholders' representative who is the third independent person to inspect and verify vote counting in order to establish confidence and the representative from Thai Investors Association is Ms.Angkana Chuduang will attend this meeting on the meeting day.

- In the shareholder meeting,

For the convenience of the shareholders and proxy, the Company had arranged for a barcode system to be used to register with register staff and count the votes, In addition, the Company encourages shareholders to show the ballot in order to confirm the vote for every agenda. The Ballot is provided for each agenda separately so that the shareholders will be able to vote as agreement.

Before the meeting started, Company secretary as representative of the meeting has announced amount and percentage of shareholders attended the meeting together with voting procedures, counting vote of shareholders to vote each agenda under law and regulation of company

1. A shareholder has one vote for each share. The proxy is entitled to one share equal to one vote.
2. Each shareholder may cast his or her vote to approve, disapprove, or abstain from voting. Split votes in other ways are disallowed.
3. Except that it is related to any legal measure, the election of directors will open for individual vote in order to open the chance for shareholders to select the desirable person and the election will be transparent. It is regulated that the shareholders who demonstrate the agreement, the staffs will collect the ballot after the meeting.

4. The Company shall collect ballots only in the case that the shareholders make a disapprove vote or an abstain vote and the Company shall deduct such votes from the total votes in each agenda to obtain the votes of approval.
5. The counting of votes for each agenda item will be counted from the vote of the shareholders attending the meeting to vote on that agenda item. There may be shareholders and the number of votes on each agenda is not equal. There may be some shareholders leaving the meeting room or coming in.
6. A resolution of the meeting will be decided by the majority votes of the shareholders who present and vote at the meeting except those stipulated in this governing rules or applicable laws. The results of the ballot counting will be announced after the end of each agenda item.

The elected directors must receive the votes more than half, from the total eligible votes in the meeting in order to determine the number of approval votes. The Company allows for shareholders who come late are able to vote the agenda that is during the consideration or incomplete resolution, and allocate time appropriately of each agenda thus give opportunity for shareholders to ask question and comment fully in each agenda All attendants can inquire about problems and suspects and also share opinions during the end of the meeting; whereas the inquiry will be recorded so that the absent shareholders will be acknowledged.

- Disclosure of resolutions

Disclosure resolution of shareholders' meeting together with voting results in both Thai and English version thorough news system from The Stock Exchange of Thailand and company's website. After approval

- The report of Annual General Meeting of Shareholders

The Company Secretary has recorded the report of Annual General Meeting of Shareholders correctly and completely includes name list of Directors who attended the meeting together, significant statements, questions or answers or brief opinion of each agenda adhere to facts, number of votes of each agenda (Agreed, Disagreed and Abstained) which mentioned report has submitted to The Stock Exchange of Thailand and related agencies within 14 days counting from date of Annual General Meeting of Shareholders and also disclosed in the company website both Thai and English version for chance of shareholders to have more channel to get the information with delivery to Ministry of Commerce within time specified by Law. Thus, in case shareholders could not attend the meeting then The Company has

processed the pictures published on the website of the company to the shareholders' meeting to get detailed information.

### 1.3 Right to set remuneration of directors fees

The Company has followed the policy specified the policy on rules of presentation and consideration for remuneration of directors to shareholders and appoints nomination and remuneration committee to consider pattern and regulation of remuneration payment by considering the size of business, economic situation, and operating result, including comparing the rivals in the same industry with rationality and also proposing all types of remunerations for directors which are meeting allowances gratuity The Company has proposed the shareholders to consider the approval of the annual general meeting which is according to The Public Limited Companies Act 90 It is specified that “to pay the remuneration to directors must be according to the resolution of the shareholder meeting with the votes not fewer than 2 out of three of the total votes.”

Regarding the table displaying the remuneration of directors, it is evident that the allowance of the meeting of the board in the year 2017 The details are as follows:

*Table of Directors' Remuneration*

<b>remuneration</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
1. Board of Directors					
- Meeting allowance (Baht / person / time)	16,000	14,000	11,000	10,500	10,000
2. Audit Committee					
- Gratuities (Baht / person / year)	300,000	250,000	220,000	210,000	200,000

Regarding the table displaying the remuneration of directors, it is evident that the allowance of the meeting of the board in the year 2017 increased, as in the year 2016 Amounting 2,000 THB or an increase of 14.29 At the same time, the remuneration of Audit Committee also increases from the year 2559 Amounting 50,000 or increased 20.00 % the purpose to return the opinions and suggestions beneficial to the Company's operation.

### 1.4 The right to appoint an auditor And set auditor fees.

The company has set the agenda.

Appointment of auditors And set auditor fees. Proposed to shareholders to approve At the Annual General Meeting of Shareholders, Details about the name of the auditor, Affiliated companies , independence, Period of the Company's auditor And the fees of the auditor.

At the Annual General Meeting of Shareholders for the year 2017 The meeting considered and approved the appointment of Mr. Narong Lakthan Certified Public Accountant Registration No. 4700 Miss Maliwan Pahuatanakorn PahuWattanakorn Certified Public Accountant (Thailand) No. And Mr. Mani Vorakijaporn Certified Public Accountant (Thailand) No. 7326 The auditors from NPS Siam Audit Co., Ltd To be the Company's auditor for the year 2016. The remuneration is 4,150,000 baht. Other Service Fees - None –

Table of Audit Fee

Compensation type	2017	2016	2015
1. Audit Fee for the Company	3,300,000	3,000,000	2,600,000
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.	400,000	300,000	-
- S C R Asset Management Co., Ltd	350,000	300,000	300,000
- Natural Ville Serviced Apartment and Management Co., Ltd.	50,00	50,000	50,000
- Syntec Asset Management Co., Ltd.	-	-	50,000
- Syntec-Mivan Joint Venture	-	-	50,000
3. Other Service Fee	-	-	-
Other Service Fee	4,150,000	3,700,000	3,100,000

It is evident that the remuneration of the year 2017 was increased from 2016 for 450,000 Bath or 12.16% is in accordance with the marketing price.

## Section 2 Rights of Shareholders and Equitable Treatments of Shareholders

The Company has not intercepted or obstructed the chance of shareholders to communicate with each other; this is to assure shareholders in the investment and acknowledge the topics for consideration in the meeting.

Besides, it is the responsibility of the board of directors to respect and treat all shareholders equally, especially for the minor shareholders, foreign shareholders, and institutional shareholders. To provide shareholders with confidence in investment.

2.1 The right to propose the agenda in advance, Nomination To appoint a director.

And submit questions in advance about the company.

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 2017. 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 ([www.synteccon.com](http://www.synteccon.com)) on 14 November 2016 to 31 January, 2017 (totally 79 days of right exercise)., however, the shareholders did not exercise such right.

## 2.2 Proxy

- In case the shareholders could not attend the meeting, the Company allows shareholders to appoint independent directors or mutual person to attend the meeting on their behalf to support the voting rights of the shareholders by using the proxy forms B,C which sent by the company together with the notice of Meeting. The Company sent Notice to Call the Annual General Meeting of Shareholders with the supporting data for meeting according to agenda such as information was delivered by post to shareholders prior the meeting date for 21 days, both Thai and English versions

## Section 3 Role of Stakeholders

The Company respects the right of stakeholders and the board of directors specified the policy in relation with the roles of stakeholders in Good Governance to affirm that they will be taken care and receive the right as the laws enforced. Furthermore, there must be no action violate the stakeholders. The policy and conducts towards each group of stakeholders as flowing

### 3.1 Shareholders

The Company also determines to build stability in finance in order to increase the value of shares to the highest.

### 3.2 Employee,

The company realizes that employees are the main factor to the success; therefore, they must receive appropriate and fair return which conforms to the operation of the Company. Besides, in short term and long term could be competitive in the same industry, including the performance evaluation in accordance with balanced scorecard. KPI is the performance indicator of every employee. The Company has the policy to develop personnel to obtain knowledge and high skills. We provide welfares, provident funds, medical welfare, and activity to enhance the good relations among employees.



### 3.3 Customers

The Company aims at building business with the objective to present products and services to customers responding to the customers' demands and respect the contract. We will disclose information of products and services accurately honestly and also reserve information and confidentiality of customers without revealing or use for misconduct or personal benefits or other benefits.

### 3.4 Competitor

The Company aimed at operating constructional business with morality and ethics by supporting and promoting fair and free trading competition without monopoly or commercial competition policy for obtaining the information of the rivals illegally and against the morality.

### 3.5 Partners

The Company has the policy to treat the trading partners equally and open the opportunity for them to present products and services without taking side. There is no obstruction to any partner to join the competition. To cooperate with the trading partners, the Company does not block any trading partner to join the competition; whereas, the business operation with the partners is based on fair and appropriate benefits to both sides.

### 3.6 Creditor

The Company will strictly follow the conditions and regulations of the contract and financial engagement, specifically the conditions of guarantee. Moreover, the financial report will be submitted to the debtors in compliance with the contract without errors and in the case of incapability of following any condition, the Company will inform the debtor in advance in order to negotiate the solution.

### 3.7 Treatment for the government

The Company will respect the laws and regulations of the state sector without flexibility and also supports the state's policy for the benefits of the nation without any violation acts against the laws of labors, employment, and commercial competition and Environmental

### 3.8 Community and society

The Company gives priority to the community. In consequence, it has the policy and conduct which is ethical and responsible to the society. There will be none action damages the community, the society, and the public interest. Besides, it supports the activities for community development social and cultural continuity

### 3.9 Environmental

The Company is operated under the regulations and laws in Environmental Rules and regulations cover air quality, sound level, vibration, and drainage, including conservation supports it also supports environmental conservation and effectively energy and resource usage campaign.

## Section 4. Disclosure of Information and Transparency

The Company has the policy that reveals Information to investors and shareholders equally and the Company will disclose the financial information and non-financial information which is complete, accurate, and transparent

### 4.1 Shareholder Structure

The Company has clearly disclosed its shareholder structure with details Shareholder Structure Major Shareholders and Minority Shareholders they are the most recent information, resulting that the investors realize lists of shareholders of the company

### 4.2 Reporting of director holdings and direct and indirect management.

Director and executive with Spouse and underage children 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 the company secretary is kept as evidence.

### *Report of Securities Holding of Directors and Executives as of 31 December, 2017*

Name – Surname	No. of shares			
	Balance at the end of 2016	Acquired during the year	Balance at the end of 2016	Distributed during the year.
1. Mr. Somchai Sirilertpanich	-	-	-	-
Spouse and underage children	-	-	-	-
2. Mr. Chaiwat Atsawintarangkul	-	-	-	-
Spouse and underage children	-	-	-	-
3. Miss Benjawan Sinkuknakorn	-	-	-	-
Spouse and underage children	-	-	-	-
4. Dr. Arichai Ractham	-	-	-	-
Spouse and underage children	-	-	-	-
5. Mr.Tavee Kullertprasert	-	-	-	-

Spouse and underage children	-	-	-	-
6. Mr. Angsana Munkongcharoen	-	-	-	-
Spouse and underage children	-	-	-	-
7. Mr. Paisarn Tangyuenyong	-	-	-	-
Spouse and underage children	-	-	-	-
8. Mr. Jiramote Phahusutr	176,262,160	8,383,600	-	184,645,760
Spouse and underage children	18,307,900	750,000	-	19,057,900
9. Mr. Sukhum Phahusutr	76,820,300	900,000	-	77,720,300
Spouse and underage children	-	-	-	-
10. Mr. Nayot Pisanthanakun	1,000,000	800,000	750,000	1,050,000
Spouse and underage children	-	-	-	-
11. Miss Nichaya Phahusutr	176,046,260	800,000	1,400,000	175,446,260
Spouse and underage children	-	-	-	-
12. Miss Nuchanat Sirisupamit	-	-	-	-
Spouse and underage children	-	-	-	-
13. Mr.Phaiboon Chetchotiros	80,000	50,000	70,000	60,000
Spouse and underage children	-	-	-	-
Mr. Suwicha Savetsila	-	-	-	-
Spouse and underage children	-	-	-	-
15Mr. Veerapong	-	50,000	-	50,000
Tungbenjakoun				
Spouse and underage children	-	-	-	-
16. Mr. Tawatchai Tirapairojana	-	-	-	-
Spouse and underage children	-	-	-	-
17. Mr. Chinnatat Na Ranong	-	-	-	-
Spouse and underage children	-	-	-	-
18.Mr. Anuwat	-	-	-	-
Chutmongkolchart				
Spouse and underage children	-	-	-	-
19. Mr.Yothin Treerattanaphan	217,300	100,000	-	317,300
Spouse and underage children	-	-	-	-
Mrs. Chongchid Vitheekol	-	-	-	-

Spouse and underage children	-	-	-	-
21. Mr. Kitti Phiriyawirut	-	-	-	-
Spouse and underage children	-	-	-	-

#### 4.3 Reporting of Conflict of Interest

The Company requires directors and executives to report the Company to their stakeholders. Or of the person who is involved. Under Section 89/14 of the Securities and Exchange Act, BE 2535 as amended. Securities and Exchange Act B.E.2535. (No.) in 2008 to provide the Company with operational information. According to the terms of the transaction. This is a potentially conflicting item of Benefit. This may lead to the transfer of benefits to the Company and its subsidiaries. During the year 2017 There are no directors, management and related persons who may have conflicts of interest. This may cause conflict of interest

#### 4.4 Disclosing Information and Maintaining Confidentiality

The Company has the policy to disclose the data for the use of internal data and reserve the confidentiality in letters for directors and everyone to follow strictly. The directors must not use internal data of the company and trading partners for their own benefits or other's benefits. And they must continue these following conducts:

- Report on executive's securities holding and reports on the change of executive's securities holding under Section 59 of the Securities and Exchange Act B.E. 2535, within 3 business days starting from the date of acquiring, transferring or receiving to Office of Directors. – They are refrained from the Company's stock trading for one month prior to the publishing of financial statement and should wait over 48 hours before starting the trading. If any director commits the wrongdoing, the Company will give them verbal warning and make probation according to the rules.

- Report to the board of directors about the stock trading at least one day prior to the trading date. The to the Securities and Exchange Committee and Send a copy of the report to the company.

The Company will regard internal data and business operation data as the confidential data or the main data. If anyone reveals, the action will cause the great impact to the Company As a result, that person must keep internal data confidential, except that they have been permitted to disclose or when the laws enforce to disclose.

#### 4.5 Related party transaction

The Company specifies the policy of connected transactions and continuous transactions. The director must strictly follow the rules of conduct and consideration and approval process including data disclosure which is in compliance with criteria and announcement from the board of directors according to Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions 2003.

In addition, the directors must hold on the Company's benefit rather than avoiding for personal benefit which might causes damages to duty or correct and efficient performance. Under the laws and morality, the Company completely discloses the data about connected transactions in the Annual Reports (Form 56-2) and Annual Registration Statement (Form 56-1) Apart from this, the directors are forbidden to operate any business or take a part in the business that becomes the rival of the Company as indicated in Business Code of Conduct. However, if there is any connected transactions or conflict in benefits requires approval and agreement from the board of the Company before proceeding the operation. Information about name, relationships with related persons, value of transactions, and reason of necessity must be demonstrated on the annual report in accordance with SET. Moreover, Audit Committee must attend the meeting to consider the continuous transactions with fairness, rationality, and concern on the highest benefit of the Company

In 2017, the Company had not violated any connected transactions and /or neglected SET rules. Furthermore, the Company's structure is not a business group which has the connected transactions that might conflict the benefits.

#### 4.6 Communication channel

For disclosure of financial and non-financial information, the Company has used many channels to reveal it. The Company has already revealed the financial statement and description of thoroughly It is distributed through various channels. include Notification system of the Stock Exchange of Thailand Company website with both Thai and English information. One-on-One (Company Visit) And an analyst meeting (Analyst Meeting)

In the year 2017The Company has disclosed its financial statements ,Management Discussion and Analysis) to Office The Securities and Exchange Commission Thailand ,The Securities and Exchange Commission, Thailand and The Securities Exchange of Thailand in every quarter without delay history and revision.

#### 4.7 Investor Relations

The company has designated Investor Relations unit (Investor Relations) to contact and communicate with investors or shareholders, including institutional investors and minor shareholders and disseminates the corporate information, such as financial and general information, to shareholders, securities analysts, via different channels, such as report submitted to the Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC) and the company's website

In 2017, the investor relation always arranged the activities for shareholders and those who are interested to receive the information as follows:

1. Arrange the Analyst Meeting to declare the operating result and business plan ,

In the year 2017, two activities were organized on 15 December, 2017 and 15 March and August 2017

2. Open the opportunity for the investment analyst make a company visit and/or Conference Call with the executives to inquire about policy, strategy, and business plan while general information is complete, accurate, and up-to-date. It benefits to make the investment decision.

In 2017: Company Visit total 14 times.

The Shareholders, investors, securities analysts and interested persons to access information of the Company, Investors are welcome to contact Investor Relations Department of the Company at: Investor Relations Department E-mail: [ir@synteccon.com](mailto:ir@synteccon.com) Tel: 0-2381-6333# 5941

#### Section 5 Responsibilities of Board of Directors

1. The board of directors specified the policy in regards to the role, duty, and responsibility of the board in Corporate Governance Code. (Detail As : “management structure”)

#### **Corporate Governance Code and Business Code of Conduct**

Apart from Corporate Governance Code for registration as the registered company in the year 2012, the Company also gives importance to these following operations:

1. Anti-Corruption Policy

In Present the Company’s intention to participate in the network of Thailand's Private Sector Collective Action against Corruption (CAC) on November 24, 2014. After being a member, the Company has developed a plan to develop and improve its assessment system for anti-corruption risk, in order to confirm the determination to concretely protest against the corruption, the Board of Directors declared to include such policy in the Business Code of Conduct, 2<sup>nd</sup> revision which was announced and effective from September 21, 2016 onward.



There are three policies related to anti-corruption and anti-dishonesty: (1) Policy of receiving, giving gifts, presents, receptions and other benefits; (2) Policy of donation for charity and sponsorship; and (3) Policy of political assistance. In addition, the Company also notified its trading partners of such policy and requested them to sign for acknowledgement accordingly.

The Company has implemented a policy to not involve in the corruption and all forms of corruptions, both directly and indirectly, as a result, on March 9, 2017, the CAC Board approved the Company to become a member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) for 3-year validity from the date of approval.

#### **Anti – Corruption Policy**

1. Risk assessment of corruption, the Company must indicate the risk and analyze impacts and opportunity and consider Internal Control and appropriate measures to reduce the risk of corruption in order to remain at the acceptable level.

2. The policy and code of conduct must be revised and improved so that the employees understand the policy and the method against corruption. The revision and improvement of policy and regulations must occur regularly.

3. The Company must communicate with the employees to be aware of importance and participation in risk management against corruption, including conveying the trading partner and business related persons to realize the policy in order to demonstrate transparency and determination of anti-corruption.

4. Every unit must specify steps of work and appropriate Internal Control by revising and improving.

5. Personnel's and business related person's history must be examined before the employment, including the contractor and the distributor; whereas the operation must be consented in accordance with related laws.

Additionally, the Company determines and fully devotes to follow the processes which conform to the policy of anti-corruption, which is in accordance with the international standard.

## 2. Whistle Blowing Policy

The Company has provided a channel for stakeholders and all parties affected for report the corruption, suspects of violation or non-compliance with laws, regulations from the operation of the company or an employee's performance to send inquiries all feedback. The Contact Complaint is following;

Function in charge	Whistle-blowing or Complaint Channels		
	Email		Email
The Audit Committee	auditcommittee@synteccon.com	0-2381-6333 Ext. 5940	555/7-11 Soy Sukhumi 63
Legal Department	legal@synteccon.com	0-2381-6333 Ext.5922	(Ekkamai), Sukhumvit Road,
Corporate Secretary	rattapaweel@synteccon.com	0-2381-6333 Ext. 5941	Khlong Tan Nuea Subdistrict,
Compliance Unit	compliance@synteccon.com	0-2711-7423	Watthana District,
Human Resource Management and Administration Department	hrd@synteccon.com	0-2381-6333 Ext. 5151	Bangkok 10110
Internal Audit	internalaudit@synteccon.com	0-2381-6333Ext. 5940	

### The process of receiving the tips or the claims

1. The process of receiving the tips or the claims The Company will respond within 7 days and will assign the internal audit or the appropriate unit to gather the facts for consideration. For the case of misconduct, the internal audit or the assigned unit will submit the case to Audit Committee and the board of directors for acknowledgement and give a command or specify the operating pathway and appointment of Investigation Committee.

2. After the investigation, Investigation Committee will suggest the pathway to Audit Committee and the board of directors to review the solution and penalty.

3. After the end of the investigation, the Company will inform the whistle blower or the petitioner to realize the result within 7 business days.

### **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.

### **3. 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 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 preceded 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 2017, none of violation was found from directors, top executives and employees relating the use of inside information.

#### **4. Respect for human rights**

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 as well as does not force labor, use or support child labor

## **5. Undertaking with fairness**

The Company has the policy to do the operation under just competition Commitment to compliance with Trade Competition Act, B.E. 2542 (1999).and it aims at doing the business with honesty and respects the laws and related regulations strictly, with responsibility social and environmental responsibilities

- Business Competitors: Comply with the rules of fair competition and treat business competitors fairly for mutually fair returns. Also, refrain from dishonestly or improperly seeking confidential information of business competitors and refrain from defaming business competitors through slander.
- Creditors: Stringently observe contracts, agreements, and conditions given to creditors and consistently report the Company's financial status with integrity, accuracy, and promptly to creditors. If conditions cannot be observed, negotiate with business partners well in advance to jointly find remedies and prevent damage.

## Corporate Social Responsibility and environment

In the Company's business operation, apart from adhering to the good corporate governance principles, the Company is also committed to sustainable growth along with its responsibilities. The Company adheres on the principles of corporate social responsibility following the guidelines of the Stock Exchange of Thailand by operating following the 8 principles as follows

### 1. Business Conduct with Fairness

The Company is committed to operate the business with honesty, compliance with the laws and regulations of relevant agencies strictly. The Company also had the policies to be implemented under fair competition by not performing any act to deprive the competitors, promoting free trade, and not discriminating against or exploiting others for free and fair competition.

### 2. Anti – Corruption Practice

The Company is committed to operate the business with honesty, compliance with the laws and regulations of relevant agencies strictly. The Company also had the policies to be implemented under fair competition by not performing any act to deprive the competitors, promoting free trade, and not discriminating against or exploiting others for free and fair competition.

*Received the certificate of membership of  
the CAC Council*



In addition, The Company also provides training for the employees both in the headquarters and the employees in the construction unit to provide knowledge of anti-fraud policies and practices and encourage the employees to be honest. The employees must also not ignore them. In case of witnessing the fraudulent act that will affect the Company, they must inform the supervisors immediately





Attending the “Clean Business Sustainable Thailand Public and Private Sectors Cooperate in Running Thai Business to be Free From Bribery” campaign to publicize the intentions of the public and private sectors in anti-bribery.

### 3. Human Right Esteem

The Company respects the observance of the laws and respects the human rights principles along with respecting human dignity, rights, liberty and equality. There is no discrimination or exclusion due to differences and diversity of persons including Race, religion, language, skin color The political comments and other social status apart from the respect for the right

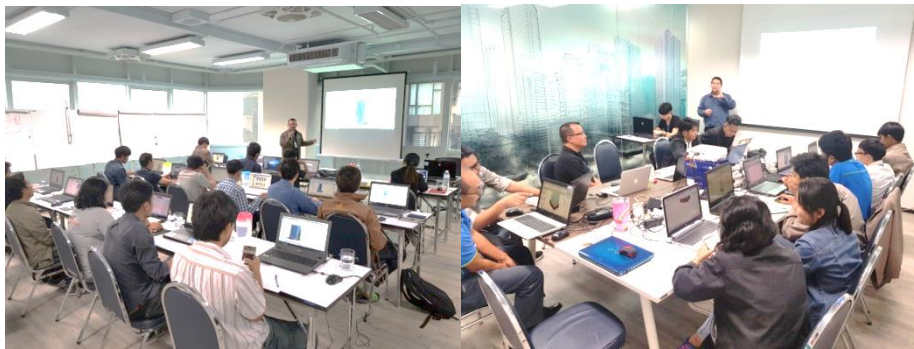
The Company also emphasizes small children of workers who live in worker camps. The Company recognized the safety of small children including the right of children to be taken care of and educated, then established the "Small Child Development Center"; such project not only provides the opportunity for small children to be cared of and educated only but also improves labor productivity since workers do not have to take care of their child during working.



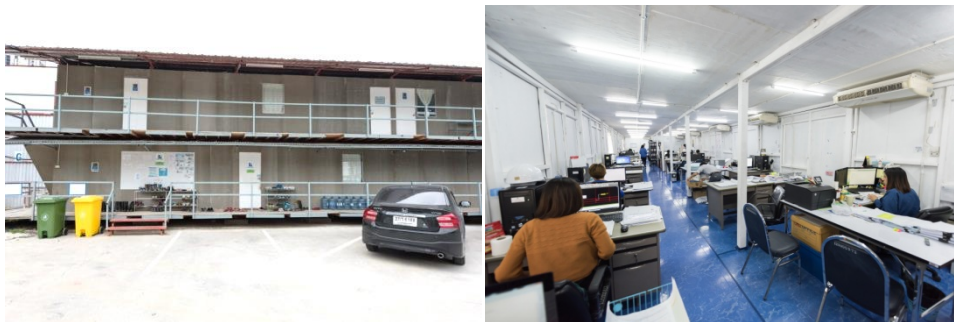
#### 4. Workforce Handle with Fairness

The Company is well aware that human resources are the most important resources in the business as the implementation requires skills, dedication and motivation in order to achieve the goal and reward the Company.

The Company has given importance to the Company's personnel by taking care of welfares and setting appropriate and fair remuneration. The Company also promotes the development of potential including providing useful training and promoting the progress of employees. Moreover, the Company also pays attention to safety and occupational health of the employees



Training for developing the potential of personnel



Workplace of personnel at the construction sites







The activities of human relations

## 5. Consumer Responsibility

The Company will treat the customers fairly in terms of products and services by performing the construction operation correctly following the engineering principles in accordance with the form agreed in the contract and deliver the product at the time set by the customer as well as allowing the customers to complain about the incompleteness of the products and services including revealing the information about products and services accurately and completely to the consumers.

The Company will comply with the terms and conditions as agreed with the customers. If the Company cannot comply with the agreement, the Company will notify the customers immediately to find the solution together.

## 6. Preserve and Take Good Care of Environment

The Company foresees the importance of the environment to human life. The Company's work process will take into account the impact of construction that may affect the environment. Therefore, the Company has set guidelines for the operation to minimize impact on the environment or not affected (*Details are in Corporate Sustainability Report : Topics “ Environmental Performance ”*)

Besides, the Company also supports the reduction of energy consumption and also promotes the use of resources to reduce the amount of waste and use the available resources fruitfully.

## 7. Social and Community Development Cooperation

Apart from operating the constructions with regard to the potential impact on the environment, the Company also participates in promoting and developing community by supporting various social activities or taking the labor force machines of the Company to involve in the improvement and social contribution.



The Company organized a public transport service to people who wished to attend the ceremony to place artificial sandalwood flowers used for the Royal Cremation Rite for the late King Bhumibol



Development of the adjacent community area, the The Politan Breeze1 and The Politan Aqua by conducting the construction of the hall of Wat Noi Nok which is currently under construction.

## 8. Gain and Disseminate Innovation Acquired from Responsibility Operation to Environment and Stakeholders

The Company focuses on the corporate innovation creation and the use of technology to develop various works to respond working with effectiveness, the Company has an idea to promote the establishment of forum for employees to present and create working-related innovative works for building the potentiality of the organization to compete in the construction business to be continuously sustainable.

In 2017, the Company organized the contest project titled 'SYNTEC Innovation Awards 2017', which was held to allow employees to show their creative ideas and innovations related to and beneficial to the Company's operation, innovations can be created in the form of process, technology or inventions without limitation and can be used to effectively improve the potentiality of working.



"Buk Tao Tee Sen"

The work named "Buk Tao Tee Sen" is the innovation used for drawing straight lines and leve ling lines used in the construction activities, the straight lines are necessary to be drawn for building walls while leve ling lines are necessary to be drawn for laying pipes, walls, tiles, etc. This innovation was selected to win because it is a tool necessary for the construction activities and it is easily uses, reduces working time and produced from waste materials from construction works, then it was deemed to support the reduction of wastes from operations.

Since the construction in all projects may have some defects which require the improvement, however, such work improvements sometimes are not effective and unable to complete on time. In order to solve such aforementioned problem, the Company has developed the “GU Program” to solve such problem and develop more effective innovative business together with partners and customers of the Company.

Business and social benefits for stakeholders: Effectively and accurately improve defects (Defect); Improve all defects and complete within specified period; Reduce cost including materials to be used for work improvement. ; Be delivered of work with good performance and specified period.

### **Involvement in the development of community and society**

CSR after process which the Company has continuously implemented and in 2017, the Company involved in the development of community and society through following projects:

#### **1. ‘My School’**

In 2017, the Company delivered school building and teaching equipment including sports equipment to Wat Koo Slot School, Sam Tum Subdistrict, Sena District, Phra Nakhon Si Ayutthaya Province. The Company will continue to run ‘My School’ Project because we perceived that education is the heart of social and national development.



#### **2. Support to the Art Exhibition**



The Company sponsored the Art Exhibition organized by students and Mr. Jiramote Polutatra, Managing Director presided over the opening ceremony of the "538 ART THESIS EXHIBITION 26th" Art Exhibition organized by the 4<sup>th</sup> year students of Department of Visual Arts, the Painting, Sculpture, Graphic Arts and Thai Art Program, Rajamangala University of Technology Thanyaburiat Art Space, Venice Shopping Plaza Watcharapol.



### 3. Career Opportunity with Syntec Construction” Project

The Company has consistently organized such project to offer career opportunity among the newly graduates from vocational schools and higher education institutions in the field of construction and related fields in provincial areas to have a good job in the future.



### 4. Encouragement of social development with other organizations

In 2017, the Company supported the social development projects with other organizations covering 3 aspects: (1) Education and Youth Development; (2) Society and Environment; and (3) Religious and Culture, the total supporting amount was 3,329,209.14 Baht.



## 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. The Audit Committee will approve the appointment, transfer and dismissal of the Chief Internal Auditor and the performance appraisal of the Internal Audit Department.

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, including reviewing and improving the business ethics of the Company to be in accordance with the good corporate governance policy completely. Besides, the Company also sent invitations to contractors, distributors, and partners of the Company to join signing in the anti-corruption affirmation with the Company.

### 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.

This also includes reviewing and building the risk management tools to minimize the potential impact on the Company's business

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. Moreover, in order to ensure the correct practices and compliance to the Company's regulations that the Company has complied with applicable laws and regulations with the appropriate measures, in case the company has transactions with major shareholders, directors, etc. to prevent the transfer of benefits such as through the process of approval by passing the approval process of the non-stakeholders in the transaction, such transaction must be disclosed in accordance with the regulations of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand and the Capital Market Supervisory Board and disclosure of information of related persons or operations in accordance with the accounting standards.

### 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 Vongniphon 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 2017 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 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 2017 annual information form (Form 56-1).

## Related Transactions

### 2017 Related Transactions

Interrelated transactions between the Company with subsidiaries and relevant people in 2017 made by new management. (Debt restructuring plan management and present management)

Name and Relations	Transactions	Transaction Value of 2017 (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, closed the joint venture on 3 <sup>rd</sup> August, 2017.

Name and Relations	Transactions	Transaction Value of 2017	Name and Relations
<u>SCR Asset Management Co., Ltd.</u> - Subsidiaries  - The Company hold the shares in CSM Capital Partners Co., Ltd. representing 52 % of the Company's registered capital  - Director (Mr. Jiramote Phahusutr and Mr. Somchai Sirilertpanich the Company's directors of SCR Asset Management Co., Ltd.	- Interest Receivable	4.09	- 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 Company Limited (Thailand) offers to its subsidiary) loan period of 2 years and the principal in full amount was paid during 2015.  - 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 The repayment was made fully during the year 2017.  - 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, remaining principal is 40 Million Baht. Presently The repayment was made fully during the year 2017.

Name and Relations	Transactions	Transaction Value of 2017	Name and Relations
	- Administrative Income of Construction Management	1.20	- 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.
	- Income from steel selling	1.52	- 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.
	- Administrative Income of Construction Management	27.18	- The Company employs S C R Asset Management Co., Ltd. to manage the construction projects of both Project 2, such
	- Account receivable	14.26	transaction is within the scope of relevant
	- Other Receivables	0.23	transaction in the type of ordinary business support under the general commercial conditions
	- Retention Receivables	0.69	because the Company compares the rate of administrative service fee with other companies and found its fee is nearly similar to general trade.



Name and Relations	Transactions	Transaction Value of 2017	Name and Relations
<p>CSM Capital Partners Co., Ltd.</p> <p>- Subsidiaries</p> <p>- The Company hold the shares in CSM Capital Partners Co., Ltd. representing 60% of the Company's registered capital</p> <p>- Director (Mr. Jiramote Phahusutr and Mr. Somchai Sirilertpanich the Company's director of CSM Capital Partners Co., Ltd.</p>	<p>- Other Receivables</p> <p>- Service income</p>	<p>2.28</p> <p>0.39</p>	<p>CSM Capital Partners Co., Ltd.</p> <p>To provide consultancy services, surveys, comparisons of designers and project consultants related to the project and help coordinating and preparing the documents for hiring designers and project consultants, 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>Natural Ville Service Apartment and Management Co., Ltd.</p> <p>- Subsidiaries</p> <p>- The Company hold the shares in Natural Ville Service Apartment and Management Co., Ltd. representing 99% of the Company's registered capital</p> <p>- Director (Mr. Jiramote Phahusutr and Mr. Somchai Sirilertpanich the Company's director of Natural Ville Service Apartment and Management Co., Ltd.</p>	<p>- administrative expense</p> <p>- Other Receivables</p> <p>- Other creditors</p>	<p>25.23</p> <p>22.74</p> <p>13.22</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>

Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
<p>N &amp; J Asset Management Co., Ltd.</p> <p>- Related company</p> <p>- Director</p> <p>(Mr. Jiramote Phahusutr)</p> <p>The key executives and persons related to the Company hold the shares in N &amp; J Asset Management Co., Ltd. representing 100% of the Company's registered capital</p>	<p>- Building area renting for office utilization</p> <p>- Account Payable</p>	<p>1.64</p> <p>0.18</p>	<p>Contracting company office space at 23thFloor 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 2016to 31 October 2018with 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>
<p>Tate Enterprise Co., Ltd.</p> <p>- Related company</p> <p>- M.D (Mr. Nayot Pisanthanakun)</p> <p>The key executives and persons related to the Company hold the shares in Tate Enterprise Co., Ltd. representing 99.98% of the Company's registered capital</p>	<p>- Buying food and beverages to be used for meetings or banquets agenda</p> <p>- Account Payable</p>	<p>1.01</p> <p>0.01</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>

Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
<p>Naraiphand Co., Ltd</p> <p>- Related company</p> <p>- Director</p> <p>(Mr. Jiramote Phahusutr)</p> <p>The key executives and persons related to the Company hold the shares in Naraiphand Co., Ltd representing 36.11 of the Company's registered capital</p>	<p>- Purchasing souvenir, gift, token and New Year basket</p>	8.93	<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>N &amp; J Hospitality Co., Ltd. -</p> <p>- Related company</p> <p>- Director</p> <p>(Mr. Jiramote Phahusutr)</p> <p>The key executives and persons related to the Company hold the shares in N &amp; J Hospitality Co., Ltd. representing 100 of the Company's registered capital</p>	<p>- Buying food and beverages to be used for meetings or banquets agenda</p> <p>- Account Payable</p>	<p>1.56</p> <p>0.18</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.</p>

Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
Wealthy Living Co., Ltd. - Related company - Director (Mr. Jiramote Phahusutr) The key executives and persons related to the Company hold the shares in Wealthy Living Co., Ltd. representing 99.96 of the Company's registered capital	- Consultancy fee for security service system	2.33	The Company makes contract of consultancy for security service system, marketing, and procurement. 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. However, the above contract was canceled during the year 2017.
Safe series Co., Ltd. - Related company - (Mr. Nayot Pisanthanakun) The key executives and persons related to the Company hold the shares in Safe series Co., Ltd. ,representing 9.25 of the Company's registered capital	- Service Fee - Other creditors - Retention payable for the guarantee	150.41  15.00  5.19	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.

Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
<p>Pink Cafe Co., Ltd.</p> <p>- Related company</p> <p>- Director</p> <p>(Mr. Jiramote Phahusutr)</p> <p>The key executives and persons related to the Company hold the shares in Pink Cafe Co., Ltd., representing 98.28 of the Company's registered capital</p>	<p>- Purchasing souvenir, gift, token and New Year basket</p>	0.01	<p>The Company purchased from Pink Cafe 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>Thonglor Management Co., Ltd. - Related company</p> <p>- Director</p> <p>(Mr. Jiramote Phahusutr)</p> <p>The key executives and persons related to the Company hold the shares in Thonglor Management Co., Ltd. representing 51 of the Company's registered capital</p>	<p>- Administrative fee</p> <p>- Other creditors</p>	<p>16.74</p> <p>1.45</p>	<p>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.</p>
<p>Chuaphaibul Steel Co., Ltd.</p> <p>- Related company</p> <p>- Director</p> <p>(Mr. Jiramote Phahusutr)</p> <p>The key executives and persons related to the Company hold the shares in Chuaphaibul Steel Co., Ltd. representing 22.84 of the Company's registered capital</p>	<p>- purchased Construction material</p> <p>- Accounts Payable</p>	<p>104.01</p> <p>5.16</p>	<p>- The Company and Subsidiary purchased Construction material from Chuaphaibul Steel Co., Ltd. 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.</p>

Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
Rightman Corporation Co., Ltd. - Related company - Director (Mr. Jiramote Phahusutr) The key executives and persons related to the Company hold the shares in Rightman Corporation Co., Ltd., representing 22 of the Company's registered capital	- Income from rental fee  - account receivable  - Administrative fee  - Trade creditor	1.19  1.83  11.54  1.34	- The Company made the rental contract for office area with monthly rental fee and other monthly service fee with the aim to be used as the Company's office building. 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 The Company. hires Rightman Corporation Co., Ltd. To manage the serviced apartment and found its fee is nearly similar to general trade.
Rightman Restaurant Co.,Ltd - Related company - Director (Mr. Jiramote Phahusutr) The key executives and persons related to the Company hold the shares in Rightman Restaurant Co.,Ltd for 40 of the Company's registered capital	- Income from rental fee  - Other Receivables  - Administrative fee  - Trade creditor	3.39 0.01 11.04 0.77	The Company made the rental contract for office area with monthly rental fee and other monthly service fee with the aim to be used as the Company's office building. And to provide food service to such transaction is within the scope of relevant transaction in the type of ordinary business support under the general commercial conditions, the Company hires Rightman Restaurant Co., Ltd to provide food service to guests using the service. 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.

Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
<u>TRR property Co.,Ltd</u> - Related company - Director (Mr. Jiramote Phahusutr) The key executives and persons related to the Company hold the shares in Indirect shareholding Thai Rungruang Industry Co.,Ltd & TRR property Co.,Ltd for 45% of the Company's registered capital	- debtors for the guarantee following the construction contract.  - Unbilled construction work of the construction in progress  - deposit for the construction costs	0.21  6.03  27.63	The Company has entered the construction contract of TRR Building by constructing including the structural works, architecture and building systems, 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.
Thai Rungruang Industry Co.,Ltd - Related company - Director (Mr. Jiramote Phahusutr) The key executives and persons related to the Company hold the shares in Thai Roong Ruang Industry for 20.80 of the Company's registered capital	- Unbilled construction work of the construction in progress	0.36	- The Company has been involved in the survey of Sakon Nakhon Sugar Factory project during the year 2017 and is currently in the process of evaluating the project value.  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.



Name and Relations	Transactions	Transaction Value of 2017 (MB)	Necessity of Transaction
<b><u>Other short-term loans</u></b> - Ms.Yuwadee Pisantanakul - Ms. Chanida Asdathorn	- promissory note	0.48	As of December 31, 2016, the short-term loans from related persons was amounted 80 Million Baht in the form of promissory notes issued by the Company to a financial institution and later, such financial institution discounted notes receivable without recourse to related persons.

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 2017 showed net profit for the amount of 985.15 million baht the same period of 2016 showed net profit for the amount of 852.0757 million baht. This indicated that the profit increased for 133.08 million baht or 15.62 %. The main source of income from construction business has increased during the past 3 years from 2015 amount of 7,051.05 million baht to 7,504.94 million baht in 2016 and 8,675.33 million baht in 2560

The revenue from construction was the highest increase. There were in 2017. There were 37 suspending projects amounting to approximately 23,348 million baht. The total value of balance of work was equal to 9,365 million baht

During 2017, 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 2017 Company has secured as many as 11 new projects

Classified as 9 residential projects, 1 office building project and 1 hotel resort project, the project value is 9,336 million baht

The revenue from construction was increased of 1,170 million baht or 15.60%. It was 8,675.33 million baht in 2017 while it was 7,504.94 million baht in 2016. The reason is during 2017. The Company held the construction projects and handed over 13 projects. The projects that generated main revenue are residential construction project, hotel and resort construction project, and department store and shopping mall construction project, or 70.79%, 10.15%, and 8.27%, respectively.

The revenue from service was increased of 51.16 million or 15.13% in 2017 it was 389.26 million baht in 2016 it was 338.10 million baht. The reason is C S M Capital Partners Co., Ltd. (a subsidiary) having operated been doing its full year for the first year. The real estate development business is a secondary business that generates revenue for the Group with the average occupancy rate of the Group's services provision at 78.55%.

The ratio of construction cost against construction revenue decreased when compared with that of 2017 at 79.23 % of 2016 at 82.25 % or 3.02 % decrease partly because of increasing construction cost and labor cost in construction which are the key cost in the steady condition of the 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 compared with previous year, in 2017, such ratio was 66.39% while in 2016, it was 63.64% or increasing 2.75% because the Company has improved the facilities at C S M Capital Partners Co., Ltd. (a subsidiary) by closing two service areas: 2 floors from 8 floors, for the improvement during June – December 2017. As a result, the revenue from services decreased. However, at the same time, the costs are still the same. Such closure of the service area caused the decrease in the proportion of service cost to service income. However, the Company has the good plan to manage the cost of services.

The cost of administration in 2017 amounted to 630.49 million baht while in the same period of the year 2016 amounted to 492.68 million baht, an increase of 137.80 Million Baht, representing an increase of 27.97%. This is an increase in administrative expenses in two parts; administrative expenses in the parent company increasing in the separate financial statements amounting 132.20 million baht. The increase in core expenses is personnel expenses. However, if comparing the ratio of administrative expenses to total revenue increasing in 2017, such proportion was 6.89%. For the year 2016, the proportion was 6.14% or increased by 0.75 percent

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

##### **Revenue**

Financial Statements for the year 2017 showed a total profit 985.15 million baht. At the same period in 2016, it showed a total profit 852.07 million baht, an increase of 133.08 million baht or 15.26% by the reasons of changes are as follows:

- Revenue from construction for the year 2017 was 8,675.33 million baht, 2016 was 7,504.94 million baht, increasing of 1,170.40 million baht or increasing of 15.60 %, followings were the revenues classified by types of construction works:

- Revenue from direct contractor for residential buildings was 6,141.40 million baht, increasing 381.94 million baht or 6.63 % from 2016, and increasing 31.09 million baht or 0.54 % when comparing to 2015 because the Company joined the bidding of many construction projects from both governmental and private sectors and in 2017, there were 13 projects to be handed over.

- Revenue from the direct contractor for office/commercial buildings was 492.00 million baht, increasing 129.80 million baht or 26.63 % from 2016, due to the continuous construction projects since 2016 and the realization of revenue from the progress in 2017.

- Revenue from the direct contractor for hotel and resort was 880.45 million baht, increasing 179.85 million baht or 25.63% from 2016, and increasing 445.34 million baht or 179.29% from 2015 due to the start of new projects and the operation during 2017.

- Revenue from the direct contractor for infrastructure projects was 443.72 million baht, increasing 109.85 million baht or 32.90 % from 2016 for 333.87 million baht and increasing 290.66 million baht or 672.67 % from 2015 because the short-periods of construction project started in 2016 and they were handed over in 2017.

- Revenue from the direct contractor for industrial factories, as the Company had not received more construction projects for industrial factories from 2016, was 319.33 million baht, increasing 53.05 million baht or 19.92% from 2015 because the Company was successful in the bidding of projects, started to construct in 2015, and handed over in 2016.

- Revenue from the direct contractor for department store/supermarket/shopping mall was 717.76 million baht, increasing 688.54 million baht or 2,356.40% from 2016 which amounted 29.23 million baht or 100% from 2015 because the Company was successful in the bidding of projects and started to construct in 2016 and the operation continued to 2017.

The overall revenue structure is summarized as follows :

Unit: Million Baht

Products Line / Business Group	2017		2016		2015	
	Value	%	Value	%	Value	%
<b>Revenue from direct contractor</b>						
- Residential Buildings	6,141.40	67.07	5,759.46	76.74	5,728.37	81.24
- Office / Commercial Buildings	492.00	5.37	362.21	4.83	757.68	10.75
- Institutions	-	-	-	-	-	-
- Hotel and Resort	880.45	9.62	700.85	9.34	255.51	3.62
- Infrastructure Projects	443.72	4.85	333.87	4.45	43.21	0.61
-Industrial Factories	-	-	319.33	4.25	266.28	3.78
- Department store/Supermarket/Shopping Mall	717.76	7.84	29.22	0.39	-	-
<b>Total Construction Revenue</b>	<b>8,675.33</b>	<b>94.74</b>	<b>7,504.94</b>	<b>93.48</b>	<b>7,501.05</b>	<b>96.50</b>
Revenue from room rental services	389.26	4.25	338.09	4.21	138.96	1.90
Interest Income	6.42	0.07	7.23	0.09	11.10	0.15
Compensation	-	-	58.51	0.73	-	-
Reversal of allowance for doubtful accounts	-	-	40.99	0.51	12.33	0.17
Reversal of estimated loss under joint venture agreement	-	-	-	-	66.47	0.91
Gain on sale of available-for-sale securities	-	-	-	-	-	-
Other Revenues	85.68	0.94	78.36	0.98	27.18	0.37
<b>Total Revenue</b>	<b>9,156.69</b>	<b>100.00</b>	<b>8,028.12</b>	<b>100.00</b>	<b>7,307.09</b>	<b>100.00</b>

The company had net income (as consolidated financial statement) in 2017 for 9,156.69 million baht, in 2016, 8,028.12 million baht and in 2015, 7,307.09 million baht respectively increasing for 1,128.58 million baht or 14.06%. It could be separated as income from being the direct contractor for 8,675.33 million baht or 94.74 % of net incomes and it was the highest increase as being the direct contractor from 2010. However, the 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 389.26 million baht in 2017 and 338.09 million baht in 2016, increasing 51.16 million baht or 15.13%. It was the result of the buying of condominium ownership at the Eight Thonglor by C S M Capital Partners Co., Ltd. (a subsidiary) during 2017 under the management of “Akyra” Brand. It followed the Company’s policy to expand the operation to other relevant businesses in the form of forwarding expansion and to utilize the investment strategy in potential real estate with good location for being ready to function and promptly generate revenue. In 2017, C S M Capital Partners Co., Ltd. (a subsidiary) renovated 2 floors from 8 floors as aforementioned in the ratio of service per service 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 2017, it generated revenue from room service at 201.66 million baht, increasing 41.63 million baht or 25.80%. The revenue from room service is 51.81% of service revenue in the consolidated financial statement and the average ratio of room occupancy was at 73.78%.

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 in Sriracha District, Chon Buri Province and generated the income of room service at 57.01 million baht, a decrease amount of 3.62 million baht or 5.97% from 2017 which generated 60.63 million baht or 14.64% of service revenue in consolidated financial statement. In 2017, the average ratio of room occupancy was at 79.58%.

The operation of Natural Ville Serviced Apartment project by Syntec Construction Public Co., Ltd., Branch 1 is the serviced apartment with full facilities in the center of Bangkok with 146 rooms, which is located on Langsuan Road, Lumpini, Pathumwan District, Bangkok and generated the income of room service at 119.38 million baht, increasing 2.20 million baht or 1.88% from 2016 which it generated income amounting 117.18 Million Baht or 30.67 % of service revenue in consolidated financial statement. In 2017, the average ratio of room occupancy was at 82.28%.

## **Interest Income**

The Interest generated income for the Company in 2017 at 6.42 million baht while in 2016, it generated at 7.23 million baht, decreasing 0.81 million baht because during 2017, 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 are 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 in 2016.

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

The Company has no income from the reversal of allowance for doubtful accounts in 2017. However, in 2016, the Company's income from reversal of allowance for doubtful accounts was 40.99 million baht, decreasing 100% due to 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.

## **Cost of Construction**

Cost of construction per revenue fell by the year 2017 with a rate of 79.33 %, for the year 2016 with a rate of 82.25 % or a decreasing rate of 3.02 %. 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 of construction work 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 level and fields of works. This is the motivation to make employees give more loyalty to the corporate. In 2017, the ratio of labor cost in construction was 18.81 % and in 2016, its ratio was 20.94 %, increasing 2.13 %. The decrease of wages was planned by the Company in accordance with the labor laws which has been adjusted every year. The Company has the plan to control this cost under the budget as it is the main factor that leads to profit or loss. The Company still attentively emphasizes 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 2017 for 258.43 million baht increasing from 2016 to 215.17 million baht to 43.26 million baht or 20.11 %. 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 2017 was 630.49 million baht and in 2016, it was 492.68 million baht, increasing for 137.81 million baht or 27.97 %, the increase was separated into two parts which were expense of personnel in parent company was increased 132.20 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 2017, 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.

### **Other expenses**

Other expenditures in 2017 were 34.69 million baht, increasing from the same period of the year 2016 from 52.82 million baht, decreasing 18.13 million baht or 34.33 %. 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.

### **Income taxes**

Income tax expense in 2017 was 277.41 million baht, increasing 126.05 million baht or 83.28% from the same period of 2016 which was 151.36 million baht. The income taxes increased due to the increase of net profit of the annual operating result.

### **Net Profit (Loss)**

In 2017, the Company had a net profit of 984.15 million baht, in 2016 of 852.07 million baht, an increase of 133.08 million baht, representing an increase of 15.62 % which to compare the ratios of profitability in the form as follows:

Gross Profit Margin (%) Operating Profit Margin (%)	Consolidated FS			Separated FS		
	2017	2016	2015	2017	2016	2015
Net Profit Margin (%)	21.32%	18.55%	14.13%	20.80%	17.93%	14.08%
Gross Profit Margin (%)	13.93%	12.79%	8.99%	15.05%	13.74%	9.48%
Operating Profit Margin (%)	10.76%	10.61%	8.59%	11.82%	11.52%	9.06%

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

##### Total assets

Total asset of the company according to consolidated financial statement increased, for 2017, it was 9,930.95 million baht increasing from the same period in 2016 for 407.73 million baht or 4.28 %, causing from the change of assets items as follows:

The current asset was increased 554.79 million baht or 14.97 % with main reasons from

- The increase of temporary investment because the Company managed the operating income for the utmost benefit through interest and profit from holding short-term investment fund.
- The trade receivables increase, conforming to the increasing revenue of construction in 2017 due to the Company received more construction projects comparing to the previous year. Furthermore, the increase of receivables was the result of the completion of constructions projects as indicated in the contract; therefore, the number is higher than the previous year.
- Most of the increased current receivables is a result of other current receivables in the consolidated financial statement due to the increase in revenue department receivable.
- The unpaid project value during the construction of trade receivables increases due to the construction is progressed faster than we had planned but the time of billing from the project owner as indicated in the contract has not arrived yet. The realization of revenue is in accordance with the ratio of completed works. In consequence, the project value was higher comparing to the previous year.

Non – Current Assets decreased 147.06 million baht or 2.53% with the main reason from:

- Other long-term investments decreased due to the fact that most fixed deposits were redeemed during the year.
- The debtors of guarantee following the non-current construction contract increase in correspondence with the increase in construction income due to the fact that the receivables from the performance guarantee fund are guaranteed by the employer as specified in the contract to guarantee the construction project in accordance with the term agreed in the contract.

- The withholding income tax decreased by 203.66 million baht as a result of during the year 2017 the Company was repaid for the corporate income tax from the Revenue Department.
- Other non-current assets decreased mainly due to the decrease in deposits from machinery leasing contract due to the payment of installment due under the agreement during the year 2017.

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

#### **Total liabilities**

The company had total liability in 2017 for 4,367.24 Million baht decreasing from 2016 as the amount of 353.78 Million baht or 7.49 % with following main transactions:

- Account payables were decreased by 429.74 Million baht

Current liabilities decreases 429.74 million baht or 14.71% with the main reasons from

- The bank overdrafts and short-term loans from financial institutions increased as a result of taking the bills of exchange to reduce the bank's bills worth 99.14 million baht.
- The current portion of financial lease liabilities in one year decreases by 100% as a result of the repayment due from the machinery leasing contract maturity which corresponds to the non-current assets in the deposit as stated in the non-current assets above.
- The current portion of financial lease liabilities in one year decreases by 100% as a result of the repayment due from the machinery leasing contract maturity which corresponds to the non-current assets in the deposit as stated in the non-current assets above.
- Short-term loans decreased by 100% as a result of repayment of bills during the year 2017.
- The advance payment received from construction contracts resulted from the receipt of advance payment from the Hirer during the year 2017 to finance the construction of the project with the number of construction projects and the size of construction projects more than in 2016 and in line with the increased account receivables as discussed in current assets.
- Advance payment received from construction contracts increased by 318.70 million baht as the Company received money from the hirer which is the new project being commenced for the construction in 2017.
- Non-current liabilities increased by 75.93 million baht or 4.22% mainly due to the increase in deferred tax liabilities as a result of the decrease in deferred tax assets in the amount of allowance for doubtful accounts owing to the lawsuit and mediation process completed during the year 2017.
- Provision for non-current liabilities for employee's benefits has been increased as a result of a change in assumptions, resulting in an increase in provisioning.
- Provision for other non-current liabilities increased as a result of provisioning for lawsuits that occurred during the year 2017 on a conservative basis.

Furthermore, the Company maintains Debt to Equity Ratio as of 31 December 2017 equally 0.78: 1time which was not over the specified standard of 2.5: 1 time.

#### Shareholders' equity

- Shareholder's equity in 2017 as 5,563.71 Million baht increasing from the same period in 2016 as a amount of 761.52 Million baht or 15.86 %. It was an increase of reserve capital by:
- Profit from the operation increased 65.35 Million baht
- - Non-controlling interests decreased by 16.46 million baht as a result of the Company's acquisition of non-controlling interests in the subsidiary during the year 2017.
- Other components of equity increased by 18.04 million baht as a result of higher prices of securities held for sale compared to last year.
- - For legal reserve amounting to 1.45 million baht, the Company has set the legal reserve in accordance with the law during the period.

#### Liquidity

Overview of Operations in cash and cash equivalents of the year 2017 of 644.32Million baht, increasing from the year 2016 was 255.99 Million baht or 65.92%.The increase was from the operation performance during 2016 which the liquidity ratio can be compared in a variety of following formats:

Liquidity Raito (Unit: times)	Consolidated FS			Separated FS		
	2017	2016	2015	2017	2016	2015
Liquidity Ratio (times)	1.71	1.32	1.42	1.84	1.34	1.43
Quick Liquidity Ratio (times)	1.21	0.86	0.96	1.30	0.91	0.95

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

Additional details are shown in Chapter 3: Risk Factor, Subject: Financial Risk.

However, in the 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 the policy to follow and look after various costs as well as arrange tools to follow up costs under the planned budget. Furthermore, there is the policy to expand its operation to other relevant businesses apart from construction business in the form of forwarding expansion in order to increase the revenue channels from 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 generation of prompt income. It is one more channel to generate more income to the Company for further stability.

## **The Responsibility for the Financial Reporting of the Board of Directors**

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 2017 are materially correct in accordance with the generally accepted accounting principles.



Mr. Somchai Sirilertpanich  
Chief Executive Officer

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

Financial statements for the year ended  
31 December 2017  
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 2017, and the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, including 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 2017, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that 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 contract revenues 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 for each project 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 2017, the Group and the Company had contract revenues amounted to Baht 8,675 million and Baht 8,703 million (accounting for 95 percent and 98 percent, respectively of total revenues), contract costs amounted to Baht 6,873 million and Baht 6,900 million and Baht 816 million (accounting for 87 percent and 91 percent, respectively of total expenses), unbilled construction in progress amounted to Baht 816 million and Baht 816 million, allowance for doubtful accounts amounted to Baht 9 million and Baht 9 million (net amount was 8 percent and 11 percent, respectively of total assets), and provisions such as the estimated costs of rectification in the period of guarantee work or the expected project losses or penalties of delay etc. totaled to Baht 23 million and Baht 23 million (accounting for 1 percent and 1 percent, respectively of total liabilities).</p> <p>Therefore, key audit matter is the recognition of contract revenues by percentage of completion, estimate of total construction cost of each project to calculating percentage of completion under contract and other provisions. These transactions impact to the Group's and the Company's financial statements.</p> <p>Accounting policies were disclosed in notes 3, 11 and 34, 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 rectification cost in the period of guarantee work, payment and process of accounting records, authorization 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 and variation order 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 cost of rectification in the period of guarantee work, 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 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 2017, the Group and the Company had those receivables totalling Baht 2,444 million and Baht 2,448 million, respectively and allowance for doubtful accounts totalling Baht 35 million and Baht 35 million, respectively. (net amount was 23 percent and 31 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 in progress were disclosed in notes 3, 8, 10 and 11, respectively.</p>	<p>Key audit procedures included:</p> <ul style="list-style-type: none"> <li>• Understand the process of accounting records, contracting, issuing invoice, 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 of 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 the method of computation of the allowance for 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>Examination of the accumulating financial information process of the Group/the Company</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 and personnel management of which businesses are managed by three other companies. Those subsidiaries separately accumulate and record data into six sections with different accumulating financial information process. In addition, they have various accounting policies with respect to revenue recognition, and a number of documents which the management or person with duty to keep accounts and bookkeeper needs to accumulate data precisely, accurately and update.</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, classifying, preparing financial statements and eliminating intergroup transactions both internal and external, including related internal control of the Group/the Company;</li> <li>• Review the design and implementation of such internal control procedures of the Group/the Company;</li> <li>• Perform in operating effectiveness testing over the internal control procedures of the Group/the Company including information of technology system related to the recording;</li> <li>• Perform substantive testing of the Group/the Company as follows: <ul style="list-style-type: none"> <li>- Verify the schedules against the general ledger of each section;</li> <li>- Verify the accuracy of 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 Group/the Company and consolidated financial statements including eliminating intergroup transactions.</li> </ul> </li> </ul>

#### *Other matters*

The consolidated and separate statements of Syntec Construction Public Company Limited and its subsidiaries, and of Syntec Construction Public Company Limited, respectively, for the year ended 31 December 2016, which are included as a comparative information, were audited by another auditor in the same office who expressed an unmodified opinion on those financial statements in his report dated 28 February 2017.

### *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.

(Maliwan Phahuwattanakorn)  
 Certified Public Accountant  
 Registration Number 4701

NPS Siam Audit Limited  
 Bangkok  
 28 February 2018

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

**Statements of financial position**

**As at 31 December 2017**

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
(in Baht)					
Current assets					
Cash and cash equivalents	6	436,374,051	500,280,875	375,899,459	430,675,731
Current investments	7	1,545,667,693	1,249,056,974	1,544,836,135	1,208,713,126
Trade accounts receivables	5, 8	1,039,258,200	855,354,845	1,042,578,744	849,092,342
Other current receivables	5, 9	66,904,623	54,097,924	62,509,695	61,029,426
Current retention receivables under					
construction contracts	10	126,013,524	167,005,067	126,013,524	167,005,067
Unbilled construction in progress	11	806,735,574	255,440,212	806,735,574	255,440,212
Current portion of long-term loans	5, 18	-	-	-	85,000,000
Inventories	12	115,716,631	143,882,897	114,794,323	143,448,000
Advance payments to subcontractors	13	125,137,171	481,897,426	125,137,171	468,826,295
Total current assets		4,261,807,467	3,707,016,220	4,198,504,625	3,669,230,199
Non-current assets					
Available-for-sale investments	5	578,819,795	556,268,375	578,819,795	556,268,375
Investments in associate	5, 14	235,417	275,905	-	-
Investment in subsidiaries	5, 15	-	-	1,010,063,700	809,999,700
Other long-term investments	17	186,724	48,370,577	186,724	48,370,577
Non-current retention receivables					
under construction contracts	10	437,685,328	323,797,996	438,377,841	323,797,996
Long-term loans	5, 18	-	-	-	40,000,000
Investment properties	19, 52	103,239,914	103,522,587	103,239,914	103,522,587
Property, plant and equipment	20, 44, 52	4,037,006,465	4,019,827,343	860,528,811	943,920,475
Leasehold right	21	309,979,465	330,133,100	309,979,465	330,133,100
Intangible assets	22	10,337,554	12,771,635	5,701,910	6,491,315
Withholding tax		41,874,310	245,534,393	34,687,535	240,164,623
Pledged deposit at bank	24, 52	133,995,338	139,562,599	113,994,328	119,561,595
Other non-current assets	25	15,786,151	36,139,384	10,291,175	35,050,524
Total non-current assets		5,669,146,461	5,816,203,894	3,465,871,198	3,557,280,867
Total Assets		9,930,953,928	9,523,220,114	7,664,375,823	7,226,511,066



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

**Statements of financial position**

**As at 31 December 2017**

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
		(in Baht)			
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	26	100,501,702	1,805,838	99,140,187	-
Trade accounts payables	5, 27	293,999,896	430,848,849	286,179,083	428,260,936
Other current payables	5, 28	848,778,382	832,158,084	787,995,600	784,925,900
Current portion of creditors under					
rehabilitation plan	29	25,216,606	26,579,566	25,216,606	26,579,566
Current portion of long-term loans	31	119,600,000	116,000,000	-	-
Current portion of finance lease liabilities	32	-	29,838,566	-	29,838,566
Short-term loans	5, 30	-	160,000,000	-	160,000,000
Advances received from customers					
under construction contracts	5, 11	615,358,276	881,589,758	615,358,276	881,589,758
Retention payables from subcontractors	5	310,242,930	315,191,280	310,242,930	315,191,280
Undue value added tax		115,646,378	71,300,257	115,646,378	71,300,257
Current income tax payable		10,576,125	-	10,576,125	-
Other current provisions	34	22,969,122	25,748,000	22,969,122	25,748,000
Other current liabilities		27,777,433	29,320,671	7,457,759	8,816,252
Total current liabilities		2,490,666,850	2,920,380,869	2,280,782,066	2,732,250,515
Non-current liabilities					
Long-term loans	31	1,604,958,301	1,590,629,524	-	-
Deffered tax liabilities	23, 45	35,468,786	20,278,623	35,468,786	20,278,623
Non-current provisions for					
employee benefits	33	162,954,341	139,625,033	158,707,660	136,570,252
Other non-current provisions	34	54,743,552	29,384,108	54,743,552	29,384,108
Deposit from customers		18,452,712	20,729,303	-	-
Total non-current liabilities		1,876,577,692	1,800,646,591	248,919,998	186,232,983
Total liabilities		4,367,244,542	4,721,027,460	2,529,702,064	2,918,483,498

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

**Statements of financial position**

**As at 31 December 2017**

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
(in Baht)					
Shareholder's equity					
Share capital	35				
Authorized share capital		1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Issued and paid share capital		1,600,000,000	1,600,000,000	1,600,000,000	1,600,000,000
Share premium					
Share premium on ordinary shares	36	23,744	23,744	23,744	23,744
Discount from changes in the ownership interests in subsidiary	4	(6,869,861)	-	-	-
Retained earnings					
Appropriated					
Legal reserve	36	160,000,000	158,551,365	160,000,000	158,551,365
Unappropriated	47	2,984,005,581	2,218,650,843	3,088,992,268	2,281,835,849
Other components of shareholders' equity	5	285,657,747	267,616,610	285,657,747	267,616,610
Total equity attributable to owners of the parent					
		5,022,817,211	4,244,842,562	5,134,673,759	4,308,027,568
Non-controlling interests	16	540,892,175	557,350,092	-	-
Total shareholders' equity		5,563,709,386	4,802,192,654	5,134,673,759	4,308,027,568
Total liabilities and shareholders' equity		9,930,953,928	9,523,220,114	7,664,375,823	7,226,511,066

Syntec Construction Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2017

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
		(in Baht)			
<b>Revenues</b>					
Contract revenues		8,675,334,236	7,504,937,341	8,702,513,812	7,504,937,341
Room service revenues		389,258,548	338,099,168	119,383,190	117,180,424
Interest income	5	6,424,741	7,229,443	10,256,369	11,398,334
Compensation for damages		-	58,509,948	-	58,509,948
Reversal of allowance for doubtful accounts	8, 9, 10, 11	-	40,991,973	-	40,991,973
Other income	5, 38	85,680,682	78,348,534	52,805,384	49,830,273
<b>Total revenues</b>		<b>9,156,698,207</b>	<b>8,028,116,407</b>	<b>8,884,958,755</b>	<b>7,782,848,293</b>
<b>Expenses</b>					
Contract costs	20, 33, 41	6,873,493,017	6,173,098,945	6,900,160,293	6,173,098,945
Room service costs	5, 21, 41	258,432,749	215,172,125	86,550,616	82,361,983
Distribution costs	39	30,930,842	26,284,444	16,099,855	16,099,255
Administrative expenses	5, 19, 20, 22, 33, 40, 41	630,485,992	492,682,496	527,112,025	394,913,832
Other expenses	43	34,690,205	52,822,800	25,853,030	53,263,424
Finance costs	44	66,063,068	64,582,913	1,656,536	15,683,365
<b>Total expenses</b>		<b>7,894,095,873</b>	<b>7,024,643,723</b>	<b>7,557,432,355</b>	<b>6,735,420,804</b>
Share of loss of associate	5, 14	(40,488)	(40,582)	-	-
<b>Profit before income tax expense</b>		<b>1,262,561,846</b>	<b>1,003,432,102</b>	<b>1,327,526,400</b>	<b>1,047,427,489</b>
Income tax expense	23, 45	277,413,382	151,360,107	277,413,382	151,191,451
<b>Profit for the year</b>		<b>985,148,464</b>	<b>852,071,995</b>	<b>1,050,113,018</b>	<b>896,236,038</b>
<b>Other comprehensive income</b>					
<b>Items that will be reclassified subsequently to profit or loss</b>					
Gains on remeasuring available-for-sale investments	5	22,551,421	162,986,567	22,551,421	162,986,567
Income tax relating to items that will be reclassified subsequently to profit or loss	23	(4,510,284)	(32,597,314)	(4,510,284)	(32,597,314)
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>18,041,137</b>	<b>130,389,253</b>	<b>18,041,137</b>	<b>130,389,253</b>

Syntec Construction Public Company Limited and its Subsidiaries

Statements of comprehensive income

For the year ended 31 December 2017

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2017	2016	2017	2016
		(in Baht)			
<b>Items that will not be reclassified</b>					
<b>to profit or loss</b>					
Gains (losses) on remeasurements					
of defined benefit plans	33	(2,011,584)	(527,047)	(1,910,679)	(1,237,532)
Income tax relating to items that will not be					
reclassified to profit or loss	23	382,136	-	382,136	-
<b>Total items that will not be reclassified</b>					
<b>to profit or loss</b>					
		<b>(1,629,448)</b>	<b>(527,047)</b>	<b>(1,528,543)</b>	<b>(1,237,532)</b>
<b>Other comprehensive income for the year,</b>					
<b>net of tax</b>					
		<b>16,411,689</b>	<b>129,862,206</b>	<b>16,512,594</b>	<b>129,151,721</b>
<b>Total comprehensive income for the year</b>					
		<b>1,001,560,153</b>	<b>981,934,201</b>	<b>1,066,625,612</b>	<b>1,025,387,759</b>
<b>Profit (loss) attributable to :-</b>					
Owners of the parent		1,008,412,242	870,399,229	1,050,113,018	896,236,038
Non - controlling interests	16	(23,263,778)	(18,327,234)	-	-
<b>Profit for the year</b>					
		<b>985,148,464</b>	<b>852,071,995</b>	<b>1,050,113,018</b>	<b>896,236,038</b>
<b>Total comprehensive income (loss) attributable to :-</b>					
Owners of the parent		1,024,823,931	1,000,261,435	1,066,625,612	1,025,387,759
Non - controlling interests	16	(23,263,778)	(18,327,234)	-	-
<b>Total comprehensive income for the year</b>					
		<b>1,001,560,153</b>	<b>981,934,201</b>	<b>1,066,625,612</b>	<b>1,025,387,759</b>
<b>Earnings per share</b>					
Basic	46	<b>0.63</b>	<b>0.54</b>	<b>0.66</b>	<b>0.56</b>

Syntec Construction Public Company Limited and its Subsidiaries  
Statements of changes in equity  
For the year ended 31 December 2017

		Consolidated financial statements							
		Issued and paid share capital	Share premium on ordinary shares	Retained earnings		Other components of shareholders' equity	Total equity attributable to owners of parent	Non-controlling interests	Total shareholders' equity
	Note			Legal reserve	Unappropriated	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	47	-	-	-	(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 subsidiaries									
Acquisition for non - controlling interests without a change in control		-	-	-	-	-	-	399,950,682	399,950,682
Total changes in ownership interest in subsidiaries		-	-	-	-	-	-	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
Comprehensive income for the year									
Profit		-	-	-	870,399,229	-	870,399,229	(18,327,234)	852,071,995
Other comprehensive income	5, 33, 36	-	-	-	(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	36	-	-	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 2017

Consolidated financial statements									
Note	Issued and	Share premium on ordinary shares	Discount from changes in the ownership	Retained earnings		Other components of shareholders' equity	Total equity attributable to	Non-controlling interests	Total shareholders' equity
	paid share capital		Legal reserve	Unappropriated (in Baht)	Available-for-sale investments	owners of parent			
<b>For the year ended 31 December 2017</b>									
<b>Balance at 1 January 2017</b>	<b>1,600,000,000</b>	<b>23,744</b>	<b>-</b>	<b>158,551,365</b>	<b>2,218,650,843</b>	<b>267,616,610</b>	<b>4,244,842,562</b>	<b>557,350,092</b>	<b>4,802,192,654</b>
<b>Transaction with owner, recorded directly in equity :-</b>									
<b>Contributions by and distribution to owners of the Company</b>									
Dividends to owner of the Company	47	-	-	-	(239,979,421)	-	(239,979,421)	-	(239,979,421)
<b>Total contributions by and distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(239,979,421)</b>	<b>-</b>	<b>(239,979,421)</b>	<b>-</b>	<b>(239,979,421)</b>
<b>Changes in ownership interest in subsidiaries</b>									
Purchase of additional investment in subsidiary		-	-	(6,869,861)	-	-	(6,869,861)	(57,194,139)	(64,064,000)
Acquisition for non - controlling interests without a change in control		-	-	-	-	-	-	64,000,000	64,000,000
<b>Total changes in ownership interest in subsidiaries</b>		<b>-</b>	<b>-</b>	<b>(6,869,861)</b>	<b>-</b>	<b>-</b>	<b>(6,869,861)</b>	<b>6,805,861</b>	<b>(64,000)</b>
<b>Total transaction with owner, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>(6,869,861)</b>	<b>-</b>	<b>(239,979,421)</b>	<b>(246,849,282)</b>	<b>6,805,861</b>	<b>(240,043,421)</b>
<b>Comprehensive income for the year</b>									
Profit		-	-	-	1,008,412,242	-	1,008,412,242	(23,263,778)	985,148,464
Other comprehensive income	5, 33, 36	-	-	-	(1,629,448)	18,041,137	16,411,689	-	16,411,689
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,006,782,794</b>	<b>18,041,137</b>	<b>1,024,823,931</b>	<b>(23,263,778)</b>	<b>1,001,560,153</b>
Transfer to legal reserve	36	-	-	-	1,448,635	(1,448,635)	-	-	-
<b>Balance at 31 December 2017</b>		<b>1,600,000,000</b>	<b>23,744</b>	<b>(6,869,861)</b>	<b>160,000,000</b>	<b>2,984,005,581</b>	<b>285,657,747</b>	<b>5,022,817,211</b>	<b>5,563,709,386</b>

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 2017

		Separate financial statements				Other components	
		Issued and	Share premium on	<u>Retained earnings</u>		of shareholders' equity	
	Note	paid	ordinary shares	Legal reserve	Unappropriated	Available-for-sale	Total
		share capital				investments	shareholders' equity
				(in Baht)			
<b>For the year ended 31 December 2016</b>							
<b>Balance at 1 January 2016</b>		<b>1,600,000,000</b>	<b>23,744</b>	<b>113,739,564</b>	<b>1,623,614,612</b>	<b>137,227,357</b>	<b>3,474,605,277</b>
<b>Transaction with owner, recorded directly in equity:</b>							
<b>Contributions by and distribution to owners of the Company</b>							
Dividends to owner of the Company	47	-	-	-	(191,965,468)	-	(191,965,468)
<b>Total contributions by and distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(191,965,468)</b>	<b>-</b>	<b>(191,965,468)</b>
<b>Comprehensive income for the year</b>							
Profit		-	-	-	896,236,038	-	896,236,038
Other comprehensive income	5, 33, 36	-	-	-	(1,237,532)	130,389,253	129,151,721
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>894,998,506</b>	<b>130,389,253</b>	<b>1,025,387,759</b>
Transfer to legal reserve	36	-	-	44,811,801	(44,811,801)	-	-
<b>Balance at 31 December 2016</b>		<b>1,600,000,000</b>	<b>23,744</b>	<b>158,551,365</b>	<b>2,281,835,849</b>	<b>267,616,610</b>	<b>4,308,027,568</b>

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 2017

		Separate financial statements				Other components	
		Issued and	Share premium on	<i>Retained earnings</i>		of shareholders' equity	Total
<i>Note</i>		paid	ordinary shares	Legal reserve	Unappropriated	Available-for-sale	shareholders' equity
		share capital				investments	
				<i>(in Baht)</i>			
<b>For the year ended 31 December 2017</b>							
<b>Balance at 1 January 2017</b>		<b>1,600,000,000</b>	<b>23,744</b>	<b>158,551,365</b>	<b>2,281,835,849</b>	<b>267,616,610</b>	<b>4,308,027,568</b>
<b>Transaction with owner, recorded directly in equity:</b>							
<b>Contributions by and distribution to owners of the Company</b>							
Dividends to owner of the Company	47	-	-	-	(239,979,421)	-	(239,979,421)
<b>Total contributions by and distributions to owners of the Company</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(239,979,421)</b>	<b>-</b>	<b>(239,979,421)</b>
<b>Total transaction with owner, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(239,979,421)</b>	<b>-</b>	<b>(239,979,421)</b>
<b>Comprehensive income for the year</b>							
Profit		-	-	-	1,050,113,018	-	1,050,113,018
Other comprehensive income	5, 33, 36	-	-	-	(1,528,543)	18,041,137	16,512,594
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,048,584,475</b>	<b>18,041,137</b>	<b>1,066,625,612</b>
Transfer to legal reserve	36	-	-	1,448,635	(1,448,635)	-	-
<b>Balance at 31 December 2017</b>		<b>1,600,000,000</b>	<b>23,744</b>	<b>160,000,000</b>	<b>3,088,992,268</b>	<b>285,657,747</b>	<b>5,134,673,759</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 year ended 31 December 2017**

	Consolidated		Separate	
	financial statements		financial statements	
Note	2017	2016	2017	2016
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit for the year	985,148,464	852,071,995	1,050,113,018	896,236,038
<b>Adjustments to reconcile profit to cash</b>				
receipts (payments)				
Reversal of allowance for doubtful accounts	(57,600)	(40,991,973)	(57,600)	(40,991,973)
Doubtful debts expense	551,186	31,964,194	551,186	31,971,957
Bad Debt expense	-	5,405,231	-	5,405,231
Depreciation and amortization	360,338,582	295,151,137	244,846,710	210,386,299
Interest income	(6,424,741)	(7,229,443)	(10,256,369)	(11,398,334)
Interest expense	66,063,068	64,582,913	1,656,536	15,683,365
Loss on write off of withholding tax	244,873	-	244,873	-
Unrealized gains from changes in fair value of current investments	(13,989,816)	(8,741,945)	(14,171,012)	(8,405,597)
Gain on disposal and write off of equipment	(6,538,638)	(3,844,118)	(7,388,833)	(3,878,990)
Unrealized gain on exchange rate	(1,362,960)	(124,490)	(1,362,960)	(124,490)
Loss on write off of investment in subsidiary	-	-	-	549,700
Share of loss of associate	40,488	40,582	-	-
Estimated costs of rectification in the period of guarantee work (reversal)	23,300,000	(5,052,523)	23,300,000	(5,052,523)
Provision for litigation	25,359,444	15,336,535	25,359,444	15,336,535
Provision for employee benefit	24,387,577	22,875,774	23,234,129	20,817,968
Subsidiary's prior year tax assessed	8,837,174	-	-	-
Tax expense	277,413,382	151,435,743	277,413,382	151,191,451
	1,743,310,483	1,372,879,612	1,613,482,504	1,277,726,637
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivables	(184,036,835)	159,085,903	(193,619,882)	163,287,833
Other current receivables	(11,081,044)	(18,600,305)	(77,673)	7,857,725
Retention receivable under construction contract	(72,895,790)	9,746,339	(73,588,302)	9,746,339
Unbilled construction in progress	(551,295,362)	222,162,042	(551,295,362)	222,162,042
Inventories	28,166,266	(5,108,068)	28,653,678	(4,673,172)
Advance payments to subcontractors	345,191,175	(385,880,001)	332,120,043	(372,808,869)
Other non-current assets	20,353,234	15,760,997	24,759,350	16,209,857
Trade accounts payable	(136,848,952)	91,670,364	(142,081,853)	89,306,281
Other current payables	27,958,014	82,936,097	14,412,452	23,792,541
Advance received under construction contracts	(266,231,482)	318,696,559	(266,231,482)	318,696,559
Retention payable from subcontractors	(4,948,350)	11,111,217	(4,948,350)	11,111,217
Undue value added tax	44,346,121	(27,490,367)	44,346,121	(27,490,367)
Deposit receipt from customers	(2,461,338)	41,233,723	-	-
Other current liabilities	(1,358,492)	227,342	(1,358,492)	227,342
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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 2017**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>Note</i>	2017	2016	2017	2016
	<i>(in Baht)</i>			
Payment of estimated costs of rectification in the period of guarantee work	(26,078,878)	-	(26,078,878)	-
Payment of provisions for litigation	-	(31,800,000)	-	(31,800,000)
Payment of employee benefits	(3,069,853)	(848,714)	(3,007,400)	(777,700)
Net Cash generated from operation	949,018,917	1,855,782,740	795,486,474	1,702,574,265
Withholding tax received	206,032,479	-	205,844,963	-
Payment of additional prior year tax	(2,590,262)	-	-	-
Withholding tax paid	(264,639,424)	(242,556,325)	(256,387,990)	(240,055,322)
<b>Net cash from operating activities</b>	<b>887,821,710</b>	<b>1,613,226,415</b>	<b>744,943,447</b>	<b>1,462,518,943</b>
<b><i>Cash flows from investing activities</i></b>				
Interest received	6,626,636	8,232,581	10,781,323	12,275,984
Purchase of current investments	(1,994,543,703)	(2,539,130,209)	(1,994,543,703)	(2,489,122,709)
Proceeds from current investments	1,711,922,800	2,216,765,975	1,672,591,706	2,206,765,975
Proceeds from long-term investments	48,183,853	(48,370,577)	48,183,853	(48,370,577)
Proceeds from short-term loans	-	-	-	30,000,000
Payment of short-term loans	-	-	-	(30,000,000)
Payment of long-term loans to related party	-	-	(88,000,000)	(40,000,000)
Proceeds from long-term loans to related party	-	-	213,000,000	-
Purchase of investment in subsidiaries	-	-	(200,064,000)	(599,400,000)
Purchase of property, plant and equipment	(354,386,533)	(2,747,669,099)	(140,060,082)	(219,259,913)
Purchase of intangible assets	(3,387,453)	(11,920,070)	(2,220,830)	(3,824,477)
Sales of equipment	9,665,310	7,669,088	9,440,410	7,669,088
Pledged deposits at bank	5,567,261	97,543,311	5,567,267	117,544,315
<b>Net cash used in investing activities</b>	<b>(570,351,829)</b>	<b>(3,016,879,000)</b>	<b>(465,324,056)</b>	<b>(1,055,722,314)</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(68,119,359)	(64,588,668)	(3,717,863)	(15,659,158)
Dividends paid	(239,979,421)	(191,965,468)	(239,979,421)	(191,965,468)
Bank overdrafts	(444,323)	(727,146)	-	-
Proceeds from short-term loan from financial institutions	99,140,187	160,000,000	99,140,187	160,000,000
Payment of short-term loans from financial institutions	-	(160,000,000)	-	(160,000,000)
Proceeds from short-term loans	-	25,000,000	-	-
Payment of short-term loans	(160,000,000)	(25,000,000)	(160,000,000)	-
Proceeds from long-term loans	55,700,000	1,550,000,000	-	-
Payment of long-term loans	(37,771,223)	(49,152,412)	-	-
Payments of redemption of debentures	-	(350,000,000)	-	(350,000,000)

Syntec Construction Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2017

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
Proceeds from non-controlling interests		64,000,000	399,950,883	-	-
Payment for non - controlling interests		(64,064,000)	-	-	-
Finance lease payment		<u>(29,838,566)</u>	<u>(33,907,987)</u>	<u>(29,838,566)</u>	<u>(33,907,987)</u>
<b>Net cash from (used in) financing activities</b>		<b><u>(381,376,705)</u></b>	<b><u>1,259,609,202</u></b>	<b><u>(334,395,663)</u></b>	<b><u>(591,532,613)</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(63,906,824)</b>	<b>(144,043,383)</b>	<b>(54,776,272)</b>	<b>(184,735,984)</b>
Cash and cash equivalents at 1 January	6	<u>500,280,875</u>	<u>644,324,258</u>	<u>430,675,731</u>	<u>615,411,715</u>
<b>Cash and cash equivalents at 31 December</b>	6	<b><u><u>436,374,051</u></u></b>	<b><u><u>500,280,875</u></u></b>	<b><u><u>375,899,459</u></u></b>	<b><u><u>430,675,731</u></u></b>
<b>Non-cash transactions</b>					
Interest expense capitalized in cost of construction in progress	20	-	505,611	-	-

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

These notes form an integral part of the financial statements.

The financial statements were authorized for issue by the Board of Directors on 28 February 2018.

**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, Klongton Nua, Wattana, Bangkok and a branch office located at 61 Soi Langsuan, Lumpini, Pathumwan, Bangkok.

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

The major shareholders during the year were as follows:

	2017	2016
	<i>(% of total paid share capital)</i>	
Phahusuth Group	27.36	26.84

The principal activities 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 2017 and 2016 were as follows:

	Name of entity	Type of business	Country of incorporation	Ownership interest (%)	
				2017	2016
	<i>Direct subsidiaries</i>				
1)	SCR Asset Management Co., Ltd.	Service apartment or real estate development for rental	Thailand	68.00	52.00
2)	Natural Ville Service Apartment and Management Co., Ltd.	Personnel management for hotel, service apartment and other properties	Thailand	99.97	99.97
4)	CSM Capital Partners Co., Ltd.	Service apartment or real estate development for rental	Thailand	60.00	60.00

**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 related applicable rules and regulations of the Thai Securities and Exchange Commission.



**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**2.2 New financial reporting standards**

The FAP has issued new and revised TFRS which are effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS does not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group/Company.

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 2018 and have not been adopted in the preparation of these financial statements.

**2.3 Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items.

<b>Items</b>	<b>Measurement bases</b>
Current investments	Fair value
Available-for-sale investments	Fair value
Defined benefit liability	Present value of the defined benefit obligation as disclosed in note 33 to the financial statements

**2.4 Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Group's 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 the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

**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 19	Investment properties
Note 32	Lease classification

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**2.5.2 Assumptions and estimation uncertainties**

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

Notes 4, 14, 15 and 16	Allowance for impairment of investments
Note 23	Current and deferred taxation and utilization of tax losses
Note 33	Assumptions relating to discount rate, salary increase rate, employee turnover rate, mortality rate and disability rate
Note 34	Estimation of construction project costs, provision for the estimating costs of rectification in the period of guarantee work
Note 48	Valuation of financial instruments
Note 50	Provisions for contingent liabilities from litigation

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

***Allowance for 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.

***Estimation of 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.

***Estimating costs of rectification in the period of guarantee work***

Management applies judgement in estimating the costs of rectification in the period of guarantee work 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.

***Non-current provisions for employee benefit***

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.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

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 has contingent liabilities as a result of litigation. The management has used judgment to assess 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 Measurement of fair Value**

A number of the Group's /Company's 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 chief financial officer.

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

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

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

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

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

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:

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

Note 5	Measurement of available-for-sale investments
Note 7	Measurement of current investments
Note 48	Financial instruments

#### 2.7 *Change in accounting estimate*

The Board of Directors Meeting of the Company held on 20 April 2017 resolved to approve the Company reviewed the useful life of machinery and construction equipment by prospective method since 1 January 2017 as follows:

	Useful lives		Basis of review
	Formerly	New	
	(Years)		
Machinery and construction equipment	5-15	8-15	Condition determined by engineer

The review of useful lives of those assets resulted to decrease in depreciation for the year ended 31 December 2017 by Baht 2.65 million in the consolidated and separate financial statements.

- 2.8 The consolidated and separate financial statements for the years ended 31 December 2017 and 2016 included the investments and share of loss of an associate, which had been accounted for by equity method amounted to 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 prepared by management. In addition, the Company had no obligation under the guarantee for the such set up associate an allowance for impairment of investment in the above mentioned associate was as at 31 December 2017 and 2016 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 was immaterial.

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

##### *Non-controlling interests*

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

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Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions under "discount from changes in the ownership interests in subsidiary" (please see note 15 to the financial statements).

*Loss of control*

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

*Associate 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 initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

*Transactions eliminated on consolidation*

Intra-group balances and transactions and any unrealized income or expenses 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 to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to extent that there is no evidence of impairment.

**3.2 Foreign currencies**

*Foreign currency transactions*

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

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

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

Foreign currency differences are generally recognized in profit or loss.

**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 profit or loss 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 based on their listed 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 current receivables***

Trade and other current 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 measured at the lower of cost or net realizable value. Spare parts and supplies are measured at average cost less impairment loss.

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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 to complete and 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.

Unbilled construction in progress is presented separately under current assets in the statement of financial position. If progress billings 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<sup>152</sup>. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.



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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.

**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 measured 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 property to a working condition for its 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 measured 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.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

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 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.

#### *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 components	5-32 years
Machinery and construction equipment	5-15 years
Steel and aluminium formwork	5-15 years
Furniture, fixtures and equipment	3-5 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<sup>154</sup> that are acquired by the Company and have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

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*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.

**3.12 Intangible assets**

Intangible assets that are acquired by the Group/Company and have finite useful lives, are measured at cost less accumulated amortisation and accumulated 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 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's/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 profit or loss 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.

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*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.

*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 in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, 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 current payables**

Trade and other current 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.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### *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.

#### *- 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, 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.

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*Other provisions are as follows :*

- *Estimated costs of rectification in the period of guarantee work*

Estimated costs of rectification in the period of guarantee work are recognized within the period of time under each the project contract, basing 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.

- *Estimate of delay penalties*

An estimate of delay penalties is recognized as liabilities according to contracts which is based on output and a weighting off all possible outcomes against their associated probabilities.

- *Estimate of expected losses on construction projects*

An estimate of expected 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.

*Contract revenues*

Contract revenues include 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 revenues are 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 transferred to the buyer.

*Rendering of service*

Rendering of service are room service revenue, revenue from food and beverages, and other service incomes are recognised when guests check in or services are provided.

*Interest and dividend income*

**Syntec Construction Public Company Limited and its Subsidiaries**  
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Interest income is recognised in profit or loss as it accrues. Dividend income is recognised in profit or loss on the date the Group's/Company'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.

**3.19 Expenses**

Expenses are recognized on the accrual basis.

**3.20 Finance costs**

Finance costs 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 Group/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 Group/Company the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group/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 Group's/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.

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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.



# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

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 joint ventures entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 4 Acquisition of non-controlling interests

The Board of Directors Meeting of the Company held on 20 June 2017 approved the Company acquired 640,000 ordinary shares of SCR Asset Management Co., Ltd (“the subsidiary”) from the former shareholder in the price of Baht 100 per share.

On 22 June 2017, the Company acquired an additional 16% interest in SCR Asset Management Co., Ltd. of Baht 64.06 million in cash, resulting in increasing its ownership from 52% to 68%. The carrying amount of SCR Asset Management Co., Ltd.’ s net assets in the Group’s financial statements on the date of acquisition was Baht 357 million. The Group recognized a decrease in non-controlling interests of Baht 57 million due to change in the Company’s ownership interest in SCR Asset Management Co., Ltd.

The effects of changes in the Group’s ownership interest in SCR Asset Management Co., Ltd. were as follows:

		<i>(in Baht)</i>
Group’s ownership interest at 1 January 2017		183,869,429
Effect of increase in Group’s ownership interest		
Cash paid for acquiring non-controlling interest in the subsidiary	64,064,000	
Discount from changes in the ownership interests in subsidiary	<u>(6,869,861)</u>	57,194,139
Share of comprehensive income for the year		
For the period from 1 January 2017 to 30 June 2017 (recognize in proportion of 52%)	2,011,522	
For the period from 1 July 2017 to 31 December 2017 (recognize in proportion of 68%)	<u>(1,791,596)</u>	219,926
Increase in Group’s ownership interest from the increasing in share capital of the subsidiary (recognize in proportion of 68% of Baht 200 million) (please see note 15 to the financial statements)		<u>136,000,000</u>
<b>Group’s ownership interest at 31 December 2017 (in proportion of 68%)</b>		<b><u>377,283,494</u></b>

### 5 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:

Name of entities	Country of incorporation/ nationality	Nature of relationships
<b>Subsidiaries</b>		
1. SCR Asset Management Co., Ltd.	<sup>161</sup> Thailand	Subsidiary, 68% shareholding in 2017 and 52% shareholding in 2016, and some common directors

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

Name of entities	Country of incorporation/ nationality	Nature of relationships
2. Natural Ville Service Apartment and Management Co., Ltd.	Thailand	Subsidiary, 99.97% shareholding and some common directors
3. 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 venture and cease operations
<b>Related companies</b>		
1. Bangkok Expressway and Metro Public Company Limited	Thailand	Related company, 0.49% shareholding
2. Mivan (Thailand) Co., Ltd.	Thailand	Related company as a venture 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, some common shareholder
5. N&J Assets Management Co., Ltd.	Thailand	Related company, some common directors
6. Narai Phand Co., Ltd.	Thailand	Related company, directors related to the director of the Company
7. N & J Hospitality Co., Ltd.	Thailand	Related company, directors related to the director of the Company
8. Pink Café Co., Ltd.	Thailand	Related company, directors related to the director of the Company
9. Safe Series Co., Ltd.	Thailand	Related company, shareholder as a key management personnel of the Company
10. Wrightman Corporation Co., Ltd.	Thailand	Related company, key management personnel (in 2017) or common shareholders (in 2016) with the Company and subsidiary, directors related to the shareholder and same management who manages the Company's branch.
11. Mankongsangtong Holding Co., Ltd.	Thailand	Related company, common shareholders
12. Thonglor Management Co., Ltd.	Thailand	Related company, shareholder related to the Company's directors.
13. Wealthy Living Co.,Ltd.	Thailand	Related company, shareholder related to the Company's directors.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

Name of entities	Country of incorporation/ nationality	Nature of relationships
14. Chuaphaibul Steel Co., Ltd.	Thailand	Related company, directors related to the director or shareholder of the Company
15. Wrightman Restaurant Co., Ltd.	Thailand	Related company, some common shareholder
16. Thai Roong Ruang Co., Ltd.	Thailand	Related company, shareholder and director related to the shareholders and directors of the Company
17. TRR Property Ltd.	Thailand	Related company, shareholder and director as the shareholder and director of the subsidiary

### Related persons

1. Six related persons	Thailand	Related persons, as the Company's and the subsidiaries' directors, shareholders, key management personnel or related to the key management personnel
2. 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:

	Pricing policies
Sale of steel and others	Invoice price (at cost)
Interest income	MLR – 2.375 and MLR – 2.75 per annum
Contract revenues	Cost price plus profit margin not less than 12%
Contract costs	Market price
Purchase of steel	Market price
Management fee for service apartment	Contract price on the basis determined by the related parties concerned which approximated the market rate
Service expenses	Contract price on the basis determined by the related concerned which was not higher than employment rate
Consulting fee for security system	Contract price on the basis determined by the related concerned
Administrative expenses	Market price

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

Rental expenses	<b>Pricing policies</b> Contract price on the basis determined by the related concerned which approximated the market rate
Interest expenses	3.00% per annum
Directors benefit expenses represented meeting allowance and director bonus	Approval from the Company's directors and shareholders
Directors and management benefit expenses represented 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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Revenue</b>				
<b>Subsidiary</b>				
Contract revenues	-	-	27,179,576	-
Sale of steel	-	-	1,522,019	1,005,580
Rendering of service and others	-	-	1,585,308	1,200,000
Interest income	-	-	4,088,750	4,407,919
<b>Related companies</b>				
Contract revenues	10,573,381	-	10,573,381	-
Rental and service expenses	4,584,573	578,182	4,584,573	578,182
Other service expenses	11,210,123	-	-	-
<b>Expenses</b>				
<b>Subsidiaries</b>				
Management fee for service apartment	-	-	25,234,222	29,174,642
<b>Related companies</b>				
Contract costs	150,407,938	111,248,624	150,407,938	111,248,624
Management fee for service apartment	27,713,344	19,803,389	11,538,701	8,735,130
Space rental and services	1,643,508	1,643,465	1,643,508	1,643,465
Consulting fee for security system	2,328,334	8,453,667	2,328,334	8,453,667
Other service expenses	22,551,147	10,998,229	22,551,147	10,998,229
Purchase of steel	104,007,777	-	103,162,890	-
<b>Related Persons</b>				
Interest expenses	479,228	181,920	479,228	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	66,113,108	47,482,857	48,537,827	38,080,580
Post-employment benefits	1,664,778	5,105,685	1,664,778	2,127,244
Total key management personnel compensation	<u>67,777,886</u>	<u>52,588,542</u>	<u>50,202,605</u>	<u>40,207,824</u>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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

***Trade accounts receivables - related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b><i>Subsidiaries</i></b>				
SCR Asset Management Co., Ltd.	-	-	14,262,376	-
<b><i>Related company</i></b>				
Wrightman Corporation Co., Ltd.	1,827,305	-	-	-
<b>Total</b>	<b>1,827,305</b>	<b>-</b>	<b>14,262,376</b>	<b>-</b>

***Retention receivables under construction contracts - related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b><i>Subsidiaries</i></b>				
SCR Asset Management Co., Ltd.	-	-	692,513	-
<b><i>Related company</i></b>				
TRR Property Ltd.	210,280	-	210,280	-
<b>Total</b>	<b>210,280</b>	<b>-</b>	<b>902,793</b>	<b>-</b>

***Other current receivables - related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b><i>Related companies</i></b>				
<b><i>Other receivables and advances</i></b>				
<b><i>Joint ventures</i></b>				
SVK Joint Venture	11,099,066	11,099,066	11,099,066	11,099,066
Syntec – Mivan Joint Venture	-	2,490,678	-	2,490,678
<b><i>Subsidiaries</i></b>				
SCR Asset Management Co., Ltd.	-	-	227,543	4,901,575
Natural Ville Service Apartment and Management Co., Ltd.	-	-	22,742,306	19,234,251
CSM Capital Partners Co., Ltd	-	-	2,281,200	6,200
<b><i>Related companies</i></b>				
Wrightman Corporation Co., Ltd.	-	1,095,643	-	-
Wrightman Restaurant Co., Ltd.	75,056	-	75,056	-
	<b>11,174,122</b>	<b>14,685,387</b>	<b>36,425,171</b>	<b>37,731,770</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Related persons</b>				
Advance to directors	60,000	387,053	60,000	367,053
Advance to project managers	4,151,000	4,850,000	4,151,000	4,850,000
Total key management personnel	4,211,000	5,237,053	4,211,000	5,217,053
Total	15,385,122	19,922,440	40,636,171	42,948,823
Less allowance for doubtful accounts	(11,099,066)	(13,589,744)	(11,099,066)	(13,589,744)
<b>Net</b>	<b>4,286,056</b>	<b>6,332,696</b>	<b>29,537,105</b>	<b>29,359,079</b>

As at 31 December 2017 and 2016, advance to project managers in the amount of Bath 4.15 million and Baht 4.85 million, respectively, represented the petty cash for construction projects in the amount of Baht 50,000 to Baht 100,000 per a project.

### *Unbilled construction in progress - related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Related company</b>				
Thai Roong Ruang Co., Ltd.	362,253	-	362,253	-
TRR Property Ltd.	6,029,219	-	6,029,219	-
<b>Total</b>	<b>6,391,472</b>	<b>-</b>	<b>6,391,472</b>	<b>-</b>

### *Short-term loans to related parties*

Movements of short – term loans to related parties during the years end 31 December were as follows:

	<b>Separate financial statements</b>	
	2017	2016
	<i>(in Bath)</i>	
At 1 January	-	-
Increase during the year	-	30,000,000
Decrease during the year	-	(30,000,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

Investments in associate and subsidiaries were described in notes 14 and 15 to the financial statements.



**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

*Available – for –sale investments*

	<b>Consolidated and separate financial statements</b>			
	2017		2016	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
<b>Other related company</b>				
Bangkok Expressway and Metro				
Public Company Limited	221,747,612	578,819,795	221,747,612	556,268,375
Add valuation adjustment	357,072,183	-	334,520,763	-
<b>Net</b>	<b>578,819,795</b>	<b>578,819,795</b>	<b>556,268,375</b>	<b>556,268,375</b>

Movements of available-for-sale investments for the years ended 31 December were as follows:

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in Bath)</i>	
<b>At cost:-</b>		
At 1 January	221,747,612	221,747,612
No changes during the year	-	-
<b>At 31 December</b>	<b>221,747,612</b>	<b>221,747,612</b>
<b>Unrealized gain from changes in fair value of investments for the year presented in shareholder s' equity net of income tax</b>	<b>18,041,137</b>	<b>130,389,253</b>

*Long-term loans to related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Subsidiary</b>				
SCR Asset Management Co., Ltd.	-	-	-	125,000,000
<b>Other related company</b>				
Gentech Engineering Co., Ltd.	4,956,268	4,956,268	4,956,268	4,956,268
<b>Total</b>	<b>4,956,268</b>	<b>4,956,268</b>	<b>4,956,268</b>	<b>129,956,268</b>
Less allowance for doubtful accounts	(4,956,268)	(4,956,268)	(4,956,268)	(4,956,268)
Long-term loans, net	-	-	-	125,000,000
Less current portion of long – term loans	-	-	-	(85,000,000)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000,000</b>

As at 31 December 2016, the Company had long-term loans to a subsidiary (“SCR Asset Management Co., Ltd.”) of Baht 125 million, respectively, represented long-term loans under 4 loan agreements, requiring payable on demand. The principal and interest will be repaid within 2 years, interest charged at MLR-2.375% per annum.

Long-term loans to other related company had no contract and interest bearing.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	4,956,268	4,956,268	129,956,268	89,956,268
Increase during the year	-	-	88,000,000	40,000,000
Decrease during the year	-	-	(213,000,000)	-
<b>At 31 December</b>	<b><u>4,956,268</u></b>	<b><u>4,956,268</u></b>	<b><u>4,956,268</u></b>	<b><u>129,956,268</u></b>

***Trade accounts payable – related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Other related parties</b>				
N&J Hospitality Co., Ltd.	178,709	944,248	178,709	944,248
Tate Enterprise Co., Ltd.	51,735	211,486	51,735	211,486
Chuaphaibul Steel Co., Ltd.	5,161,742	22,073,890	5,161,742	22,073,890
<b>Total</b>	<b><u>5,392,186</u></b>	<b><u>23,229,624</u></b>	<b><u>5,392,186</u></b>	<b><u>23,229,624</u></b>

***Other current payables – related parties***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Subsidiary</b>				
Natural Ville Service Apartment and Management Co., Ltd	-	-	13,223,771	17,087,120
<b>Related Parties</b>				
Safe Series Co., Ltd.	15,003,811	-	15,003,811	-
Thonglor Management Co., Ltd.	1,453,841	4,003,946	-	-
Wealthy Living Co.,Ltd.	-	2,291,667	-	2,291,667
Wrightman Corporation Co., Ltd.	1,339,638	1,450,197	967,048	483,681
Wrightman Restaurant Co., Ltd.	774,705	-	774,705	-
<b>Total</b>	<b><u>18,571,995</u></b>	<b><u>7,745,810</u></b>	<b><u>29,969,335</u></b>	<b><u>19,862,468</u></b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

*Short-term loans from related persons*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Related persons</b>				
One key management personnel	-	10,000,000	-	10,000,000
One director	-	70,000,000	-	70,000,000
<b>Total</b>	<b>-</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>

As at 31 December 2016, short-term loans from related persons in the amount of Baht 80 million represented the Company's promissory notes issued to a financial institution due on 26 May 2017 with interest rate at 3% per annum. Subsequently, such financial institution discounted promissory notes without recourse to two related persons. On 15 and 17 March 2017, the Company made the repayment of such loan in full amount.

Please also see notes 26 and 30 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>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	80,000,000	-	80,000,000	-
Increase/transfer during the year	-	105,000,000	-	80,000,000
Decrease during the year	(80,000,000)	(25,000,000)	(80,000,000)	-
<b>At 31 December</b>	<b>-</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>

*Advance received from customers under construction contracts*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Other related party</b>				
TRR Property Ltd.	27,663,551	-	27,663,551	-
<b>Total</b>	<b>27,663,551</b>	<b>-</b>	<b>27,663,551</b>	<b>-</b>

*Retention payables from subcontractors*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Other related party</b>				
Safe Series Co., Ltd.	5,185,420	4,156,183	5,185,420	4,156,183
<b>Total</b>	<b>5,185,420</b>	<b>4,156,183</b>	<b>5,185,420</b>	<b>4,156,183</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### *The commitments with related parties*

The Ordinary General Meeting of Shareholders of the Company held on 28 April 2017 resolved the approval of directors' remunerations for the year 2017 which were represented the meeting allowance of Baht 16,000 per time per head, and the annual audit committee directors' remunerations of Baht 300,000 per head.

The Ordinary General Meeting of Shareholders of the Company 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 remunerations for audit committee directors of Baht 220,000 per head.

### *Significant agreements with related parties*

#### **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 included salaries and other administration expenses) and other disbursements to be approved by the Company.

On 31 March 2016, the Company had entered into a service agreement with SCR Asset Management Co., Ltd ("the subsidiary"). The agreement has been effective from April 2016 to March 2017, requiring a monthly service fee of Baht 100,000. Subsequently, on 31 March 2017, the Company renewed the service agreement for a period of 1 year from April 2017 to March 2018.

On 19 May 2017, the Company had entered into the construction management agreement with a subsidiary ("SCR Asset Management Co., Ltd") for the Somerset Central Siracha project, totalling Baht 62 million. Until 31 December 2017, the revenue realized in the amount of Baht 27 million, the remaining amounted to Baht 35 million.

On 1 July 2017, the Company had entered into a service agreement with CSM Capital Partners Co., Ltd ("the subsidiary"). The agreement has been effective from January 2017 to December 2017, requiring a monthly service fee of Baht 500,000.

#### **Related companies**

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 rental agreement. Please also see note 54 to the financial statements.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

On 1 August 2015, the Company had entered into the operating and managing agreement with a related company (Wrightman Corporation Co., Ltd.) for a period from 1 August 2015 to 31 October 2020 in order to manage service apartment, prepare the financial documents, budget and prepare annual marketing plan of branch of the Company with the basic fee at rate 2% of total revenues 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 agreement with a related company (Wrightman Corporation Co., Ltd.) for a period from 1 April 2016 to 31 March 2017 to act as a representative of a subsidiary in managing service apartment, preparing financial report and annual budget. Management fee was calculated from all expenses of the agent based on the number of rooms and hotel employee expense.

On 12 February 2016, CSM Capital Partners Co., Ltd (“the subsidiary”) entered into a service agreement with a related company (Thonglor Management Co., Ltd.) 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 at the rate 2% of total revenue of retail shops;
- Incentive fee at the rate of 4% net of profit in the project of retail shops;
- Corporation fee on service area at a fixed rate of Baht 250,000 per month.

Subsequently, on 8 August 2017 and 1 October 2017, CSM Capital Partners Co., Ltd (“the subsidiary”) entered into the new service agreement and memorandum for a period from 1 April 2017 to 31 March 2018 with the monthly service fee as follows:

- Management fee at the rate 1% of total revenue of retail shops;
- Incentive fee at the rate of 3% net of profit in the project of retail shops;
- Corporation fee on service area 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. Subsequently, 1 February 2017, the Company had renewed the agreement for a period from 1 February 2017 to 31 January 2018 with the monthly rate of Baht 540,000. Subsequently, on 1 May 2017, the Company terminated the above agreement.

On 20 December 2017, the Company had entered into the construction agreement with a related company (“TRR Property Ltd.”) for the TRR Office Building project, totalling Baht 553 million. Until 31 December 2017, the amount earned Baht 10 million, the remaining amounted to Baht 543 million.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Cash	320,910	284,933	-	12,000
Cash on hand	393,994	778,950	157,208	269,980
Cash at banks – current accounts	134,536,081	127,449,586	124,333,182	125,311,994
Cash at banks – savings accounts	287,899,835	350,057,097	238,185,838	283,371,448
Highly liquid short-term	13,223,231	21,710,309	13,223,231	21,710,309
<b>Total</b>	<b>436,374,051</b>	<b>500,280,875</b>	<b>375,899,459</b>	<b>430,675,731</b>

Cash and cash equivalents of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

### 7 Current investments

	Consolidated financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
Bills of exchange	290,212,261	290,212,261	110,000,000	110,000,000
Mutual fund – debt securities	1,241,278,646	1,255,455,432	1,130,315,028	1,139,056,974
<b>Total</b>	<b>1,531,490,907</b>	<b>1,545,667,693</b>	<b>1,240,315,028</b>	<b>1,249,056,974</b>

	Separate financial statements			
	2017		2016	
	Cost	Fair value	Cost	Fair value
	<i>(in Baht)</i>			
Bills of exchange	290,212,261	290,212,261	110,000,000	110,000,000
Mutual fund – debt securities	1,240,470,523	1,254,623,874	1,090,307,528	1,098,713,126
<b>Total</b>	<b>1,530,682,784</b>	<b>1,544,836,135</b>	<b>1,200,307,528</b>	<b>1,208,713,126</b>

As at 31 December 2017 and 2016, current investments in mutual fund – debt securities amounted to Baht 131 million and Baht 73 million, respectively, had been used as collateral for liabilities under letter of guarantee with two domestic commercial banks and a domestic commercial bank, respectively.

Movements of current investments for the years ended 31 December were as follows:

	Consolidated Financial statement		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Bills of exchange</b>				
At 1 January	110,000,000	324,238,298	110,000,000	324,238,298
Purchases during the year	1,210,743,703	1,185,322,709	1,210,743,703	1,185,322,709
Sales during the year	(1,030,531,442)	(1,399,561,007)	(1,030,531,442)	(1,399,561,007)
<b>At 31 December</b>	<b>290,212,261</b>	<b>110,000,000</b>	<b>290,212,261</b>	<b>110,000,000</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	<b>Consolidated</b>		<b>Separate</b>	
	<b>Financial statement</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Mutual fund – debt securities</b>				
At 1 January	1,139,056,974	593,712,497	1,098,713,126	593,712,497
Purchases during the year	783,800,000	1,353,807,500	783,800,000	1,303,800,000
Sales during the year	(681,391,358)	(817,204,968)	(642,060,264)	(807,204,968)
Valuation adjustments	13,989,816	8,741,945	14,171,012	8,405,597
<b>At 31 December</b>	<b><u>1,255,455,432</u></b>	<b><u>1,139,056,974</u></b>	<b><u>1,254,623,874</u></b>	<b><u>1,098,713,126</u></b>

Please see also note 52 to the financial statements.

Current investments of the Group /Company as at 31 December 2017 and 2016, were denominated entirely in Thai Baht.

## 8 Trade accounts receivables

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Related party	1,827,305	-	14,262,376	-
Other parties	1,044,136,226	905,558,680	1,035,021,699	899,296,177
<b>Total</b>	<b><u>1,045,963,531</u></b>	<b><u>905,558,680</u></b>	<b><u>1,049,284,075</u></b>	<b><u>899,296,177</u></b>
<i>Less allowance for doubtful accounts</i>	<i>(6,705,331)</i>	<i>(50,203,835)</i>	<i>(6,705,331)</i>	<i>(50,203,835)</i>
<b>Net</b>	<b><u>1,039,258,200</u></b>	<b><u>855,354,845</u></b>	<b><u>1,042,578,744</u></b>	<b><u>849,092,342</u></b>
 Bad debts and doubtful debts expense for the year	 191,080	 13,781,570	 191,080	 13,781,570
Reversal of allowance for doubtful accounts for the year	(57,600)	(26,687,491)	(57,600)	(26,687,491)
<b>Total</b>	<b><u>133,480</u></b>	<b><u>(12,905,921)</u></b>	<b><u>133,480</u></b>	<b><u>(12,905,921)</u></b>

Aging analyses for trade accounts receivables were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Within credit terms	710,730,830	746,987,779	707,766,676	743,589,335
Still litigation	51,946,598	95,578,582	51,946,598	95,578,582

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Overdue:				
- Less than 3 months	157,190,722	59,718,629	159,350,395	57,209,171
- Over 3 months to 6 months	122,498,005	2,759,482	120,118,857	2,404,881
- Over 6 months to				
12 months	2,443,266	220,732	8,947,439	220,732
- Over 12 months	1,154,110	293,476	1,154,110	293,476
Total overdue	<u>283,286,103</u>	<u>62,992,319</u>	<u>289,570,801</u>	<u>60,128,260</u>
<b>Total</b>	<b><u>1,045,963,531</u></b>	<b><u>905,558,680</u></b>	<b><u>1,049,284,075</u></b>	<b><u>899,296,177</u></b>

The normal credit term granted by the Group /Company ranges from 15 days to 45 days.

Trade accounts receivables of the Group /Company as at 31 December 2017 and 2016, were denominated entirely in Thai Baht.

As at 31 December 2017, trade accounts receivables amounting to Baht 99.14 million representing notes receivable to be discounted with the financial institution as described in note 26 to the financial statements.

## 9 Other current receivables

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Other receivables	16,489,248	14,387,621	39,985,896	36,637,952
Accrued income	4,131,940	7,088,722	4,625,989	6,611,429
Prepaid expenses	19,321,004	22,838,865	14,713,536	17,861,162
Input tax not due	5,872,727	-	4,057,968	-
Advances	18,564,868	19,819,717	16,471,364	19,615,917
Prepaid value added tax	<u>20,035,767</u>	<u>9,830,831</u>	<u>165,873</u>	<u>170,798</u>
Total	84,415,554	73,965,756	80,020,626	80,897,258
Less allowance for doubtful accounts	<u>(17,510,931)</u>	<u>(19,867,832)</u>	<u>(17,510,931)</u>	<u>(19,867,832)</u>
<b>Net</b>	<b><u>66,904,623</u></b>	<b><u>54,097,924</u></b>	<b><u>62,509,695</u></b>	<b><u>61,029,426</u></b>
Related parties	11,174,122	14,685,387	36,425,171	37,731,770
Key management personnel	4,211,000	5,237,053	4,211,000	5,217,053
Other parties	<u>69,030,432</u>	<u>54,043,316</u>	<u>39,384,455</u>	<u>37,948,435</u>
	84,415,554	73,965,756	80,020,626	80,897,258
Less allowance for doubtful accounts	<u>(17,510,931)</u>	<u>(19,867,832)</u>	<u>(17,510,931)</u>	<u>(19,867,832)</u>
<b>Net</b>	<b><u>66,904,623</u></b>	<b><u>54,097,924</u></b>	<b><u>62,509,695</u></b>	<b><u>61,029,426</u></b>



# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Bad debt and doubtful debts expense for the year	133,477	3,055,061	133,477	3,055,061
Reversal of allowance for doubtful accounts for the year	-	(235,273)	-	(235,273)
<b>Total</b>	<b>133,477</b>	<b>2,819,788</b>	<b>133,477</b>	<b>2,819,788</b>

Other receivable of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

### 10 Retentions receivables under construction contracts

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Related parties	210,280	-	902,793	-
Other parties	582,418,652	511,418,316	582,418,652	511,418,316
<b>Total</b>	<b>582,628,932</b>	<b>511,418,316</b>	<b>583,321,445</b>	<b>511,418,316</b>
Less allowance for doubtful accounts	(18,930,080)	(20,615,253)	(18,930,080)	(20,615,253)
<b>Net</b>	<b>563,698,852</b>	<b>490,803,063</b>	<b>564,391,365</b>	<b>490,803,063</b>

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Current	126,013,524	167,005,067	126,013,524	167,005,067
Non-current	437,685,328	323,797,996	438,377,841	323,797,996
<b>Total</b>	<b>563,698,852</b>	<b>490,803,063</b>	<b>564,391,365</b>	<b>490,803,063</b>

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Bad debts and doubtful debts expense for the year	-	15,528,036	-	15,528,036
Reversal of allowance for doubtful accounts for the year	-	(7,888,758)	-	(7,888,758)
<b>Total</b>	<b>-</b>	<b>7,639,278</b>	<b>-</b>	<b>7,639,278</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Aging analyses for retention receivables under construction contracts were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
			<i>(in Baht)</i>	
Within credit terms	470,659,750	428,633,922	471,352,263	428,633,922
Still litigation	58,582,986	60,268,159	58,582,986	60,268,159
Overdue:				
- Less than 1 year	50,024,196	22,516,235	50,024,196	22,516,235
- Over 2 years to 3 years	3,362,000	-	3,362,000	-
Total overdue	53,386,196	22,516,235	53,386,196	22,516,235
<b>Total</b>	<b>582,628,932</b>	<b>511,418,316</b>	<b>583,321,445</b>	<b>511,418,316</b>

The normal period of retentions under construction granted by the Company ranges from 1 – 2 years.

Retentions receivables under construction contracts of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

**11 Unbilled construction work in progress**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2017	2016	2017	2016
			<i>(in Baht)</i>	
Related parties	6,391,472	-	6,391,472	-
Other parties	809,373,238	293,469,348	809,373,238	293,469,348
Total	815,764,710	293,469,348	815,764,710	293,469,348
Less allowance for doubtful accounts	(9,029,136)	(38,029,136)	(9,029,136)	(38,029,136)
<b>Net</b>	<b>806,735,574</b>	<b>255,440,212</b>	<b>806,735,574</b>	<b>255,440,212</b>
Bad debt and doubtful debts expense for the year	-	4,958,521	-	4,958,521
Reversal of allowance for doubtful accounts for the year	-	(6,180,451)	-	(6,180,451)
<b>Total</b>	<b>-</b>	<b>(1,221,930)</b>	<b>-</b>	<b>(1,221,930)</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Construction project contracts amount	<u>30,746</u>	<u>28,713</u>	<u>30,746</u>	<u>28,713</u>
Contract revenue recognized as revenue since commencing date to present	22,890	19,766	22,890	19,766
Less progress billings (as invoices)	<u>(22,119)</u>	<u>(19,547)</u>	<u>(22,119)</u>	<u>(19,547)</u>
Unbilled construction in progress	771	219	771	219
Unbilled construction in progress (in litigation)	45	45	45	45
Unbilled construction in progress (before 2000)	<u>-</u>	<u>29</u>	<u>-</u>	<u>29</u>
Unbilled construction in progress at the end of year	816	293	816	293
Less allowance for doubtful accounts	<u>(9)</u>	<u>(38)</u>	<u>(9)</u>	<u>(38)</u>
<b>Net</b>	<b><u>807</u></b>	<b><u>255</u></b>	<b><u>807</u></b>	<b><u>255</u></b>
Excess of progress billing over work in progress	<u>(615)</u>	<u>(882)</u>	<u>(615)</u>	<u>(882)</u>
<b>Net</b>	<b><u>192</u></b>	<b><u>(627)</u></b>	<b><u>192</u></b>	<b><u>(627)</u></b>

## 12 Inventories

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Construction materials	105,127,576	134,118,427	105,127,576	134,118,427
Spare parts and supplies	11,433,139	10,608,554	10,510,831	10,173,657
Less allowance for devaluation of inventories	<u>(844,084)</u>	<u>(844,084)</u>	<u>(844,084)</u>	<u>(844,084)</u>
Spare parts and supplies, net	<u>10,589,055</u>	<u>9,764,470</u>	<u>9,666,747</u>	<u>9,329,573</u>
<b>Total</b>	<b><u>115,716,631</u></b>	<b><u>143,882,897</u></b>	<b><u>114,794,323</u></b>	<b><u>143,448,000</u></b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Cost of inventories was recognized in expense and included in contract costs	<u>1,781</u>	<u>1,562</u>	<u>1,808</u>	<u>1,562</u>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Inventories as at 31 December 2017 and 2016 were expected to utilize as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Expected to utilize within 1 year	115	143	114	143
Expected to utilize over 1 year	1	1	1	1
<b>Total</b>	<b>116</b>	<b>144</b>	<b>115</b>	<b>144</b>

**13 Advance payments to subcontractors**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Other parties	125,363,500	481,897,426	125,363,500	468,826,295
Less allowance for doubtful accounts	(226,329)	-	(226,329)	-
<b>Total</b>	<b>125,137,171</b>	<b>481,897,426</b>	<b>125,137,171</b>	<b>468,826,295</b>
Doubtful debts expense for the year	226,329	-	226,329	-

Advance payments to subcontractors of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

**14 Investments in associate**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	275,905	316,487	9,375,000	9,375,000
Share of loss of investment from equity method	(40,488)	(40,582)	-	-
	235,417	275,905	9,375,000	9,375,000
Less allowance for devaluation of investments	-	-	(9,375,000)	(9,375,000)
<b>At 31 December</b>	<b>235,417</b>	<b>275,905</b>	<b>-</b>	<b>-</b>

There were no acquisitions and disposals of investments in associate during the years ended 31 December 2017 and 2016.

Investments in associate of the Company as at 31 December 2017 and 2016 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 2017**

Investments in associate as at 31 December 2017 and 2016 were as follows:

Consolidated financial statements												
	Ownership interest		Paid - up capital		Cost method		Equity method		Impairment		At equity, net	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(%)						(in million Baht)					
Associate												
Natural Hotel Sukhumvit Co., Ltd.	25	25	41	41	10	10	0.24	0.28	-	-	0.24	0.28
Total					10	10	0.24	0.28	-	-	0.24	0.28
Separate financial statements												
	Ownership interest		Paid - up capital		Cost method		Impairment		At cost, net		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(%)						(in million Baht)					
Associate												
Natural Hotel Sukhumvit Co.,Ltd.	25	25	41	41	10	10	(10)	(10)	-	-	-	-
Total					10	10	(10)	(10)	-	-	-	-

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

The following summarized financial information of the associate which has been accounted for using the equity method in the consolidated financial statements.

	<b>Ownership interest (%)</b>	<b>Total assets</b>	<b>Total liabilities (in million Baht)</b>	<b>Total revenues</b>	<b>Profit (loss) for the year</b>
<b>2017</b>					
Natural Hotel Sukhumvit Co., Ltd.	25	1.05	0.12	0.001	(0.16)
<b>Total</b>		<b>1.05</b>	<b>0.12</b>	<b>0.001</b>	<b>(0.16)</b>
<b>2016</b>					
Natural Hotel Sukhumvit Co., Ltd.	25	1.16	0.07	0.001	(0.16)
<b>Total</b>		<b>1.16</b>	<b>0.07</b>	<b>0.001</b>	<b>(0.16)</b>

**15 Investments in subsidiaries**

Movements during the years ended 31 December were as follows:

	<b>Separate financial statements</b>	
	<b>2017</b>	<b>2016</b>
	<i>(in Baht)</i>	
As at 1 January	809,999,700	211,149,200
Acquisition	200,064,000	599,400,200
Write off of investment	-	(549,700)
<b>At 31 December</b>	<b>1,010,063,700</b>	<b>809,999,700</b>
Loss on write off of investment	-	549,700

The Extraordinary Meeting of Shareholders of subsidiary (SCR Assets Management Co., Ltd.) held on 4 July 2017 approved the increase of the company's authorized share capital by Baht 200 million from Baht 400 million to Baht 600 million by creation of 2 million new ordinary shares of Baht 100 par value. The subsidiary registered the increased shares with Ministry of Commerce on 31 July 2017.

The Extraordinary Meeting of Shareholders of subsidiary (CSM Capital Partners Co.,Ltd) held on 23 April 2016 approved the increase of the Company's authorized 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 shares with Ministry of Commerce on 10 May 2016.

Investments in subsidiaries of the Company as at 31 December 2017 and 2016 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 2017**

Investments in subsidiaries as at 31 December 2017 and 2016 were as follows:

	Ownership interest		Paid - up capital		Separate financial statements				At cost, net		Dividend income	
	2017	2016	2017	2016	Cost method		Impairment		2017	2016	2017	2016
	(%)		(in million Baht)		2017	2016	2017	2016	(in Baht)			
<b>Direct subsidiary</b>												
SCR Asset Management Co., Ltd.	68.00	52.00	600	400	408,064,000	208,000,000	-	-	408,064,000	208,000,000	-	-
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	60.00	1,000	1,000	600,000,000	600,000,000	-	-	600,000,000	600,000,000	-	-
<b>Total</b>					<b>1,010,063,700</b>	<b>809,999,700</b>	<b>-</b>	<b>-</b>	<b>1,010,063,700</b>	<b>809,999,700</b>	<b>-</b>	<b>-</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**16 Non-controlling interests**

The following table summarizes the information relating to each of the Group's subsidiaries that has a material non-controlling interest:

	SCR Asset Management Co., Ltd.		CSM Capital Partners Co., Ltd.		Total	
	2017	2016	2017	2016	2017	2016
			<i>(in million Baht)</i>			
Non-controlling interest percentage	32.00	48.00	40.00	40.00		
Current assets	44	45	51	96		
Non-current assets	787	658	2,444	2,466		
Current liabilities	(82)	(143)	(156)	(147)		
Non-current liabilities	(194)	(206)	(1,431)	(1,447)		
<b>Net assets</b>	<b>555</b>	<b>354</b>	<b>908</b>	<b>968</b>		
<b>Carrying amount of non-controlling interest</b>	<b>178</b>	<b>170</b>	<b>363</b>	<b>387</b>	<b>541</b>	<b>557</b>
Revenue	68	65	225	177		
Profit (loss)	1	(12)	(61)	(31)		
Other comprehensive income	-	-	-	-		
<b>Total comprehensive income</b>	<b>1</b>	<b>(12)</b>	<b>(61)</b>	<b>(31)</b>		
<b>Profit (loss) allocated to non-controlling interest</b>	<b>-</b>	<b>(6)</b>	<b>(24)</b>	<b>(12)</b>	<b>(24)</b>	<b>(18)</b>
Cash flows from operating activities	31	14	85	135		
Cash flows from investing activities	(122)	(28)	(26)	(2,567)		
Cash flows from financing activities	95	9	(73)	2,477		
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4</b>	<b>(5)</b>	<b>(14)</b>	<b>45</b>		



# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 17 Other long-term investments

	Consolidated and separate financial statements			
	Cost		Fair value	
	2017	2016	2017	2016
	(in Baht)			
General investments	3,000,000	3,000,000	-	-
Less allowance for devaluation of investments	(3,000,000)	(3,000,000)	-	-
General investments, net	-	-	-	-
Fixed deposit 24 months	186,724	48,370,577	186,724	48,370,577
<b>Total</b>	<b>186,724</b>	<b>48,370,577</b>	<b>186,724</b>	<b>48,370,577</b>

Movements of other long-term investments for the years ended 31 December were as follows:

	Consolidated and separate financial statements	
	2017	2016
	(in Baht)	
<b>General investments</b>		
At 1 January	3,000,000	3,000,000
No change during the year	-	-
Valuation adjustment	(3,000,000)	(3,000,000)
<b>At 31 December</b>	<b>-</b>	<b>-</b>
<b>Fixed deposit 24 months</b>		
At 1 January	48,370,577	-
Increase during the year	-	48,370,577
Decrease during the year	(48,183,853)	-
<b>At 31 December</b>	<b>186,724</b>	<b>48,370,577</b>

Other long-term investments of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

### 18 Long-term loans

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in Baht)			
Related parties	4,956,268	4,956,268	4,956,268	129,956,268
Less allowance for doubtful accounts	(4,956,268)	(4,956,268)	(4,956,268)	(4,956,268)
	-	-	-	125,000,000
Less current portion of long-term loans	-	-	-	(85,000,000)
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,000,000</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Movements of long-term loans for the years ended 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	-	3,000,200	-	3,000,200
Decrease during the year	-	(3,000,200)	-	(3,000,200)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Long-term loans of the Group/ Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

**19 Investment properties**

	<b>Consolidated and separate financial statements</b>		
	Land	Condominium	Total
	<i>(in Baht)</i>		
<b>Cost</b>			
At 1 January 2016	99,643,500	5,649,570	105,293,070
Addition/transfer	-	3,419,328	3,419,328
<b>At 31 December 2016 and 1 January 2017</b>	<b>99,643,500</b>	<b>9,068,898</b>	<b>108,712,398</b>
No change during the year	-	-	-
<b>At 31 December 2017</b>	<b>99,643,500</b>	<b>9,068,898</b>	<b>108,712,398</b>
<b>Accumulated depreciation</b>			
At 1 January 2016	-	4,783,993	4,783,993
Depreciation charge for the year /transfer	-	405,818	405,818
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>5,189,811</b>	<b>5,189,811</b>
Depreciation charge for the year	-	282,673	282,673
<b>At 31 December 2017</b>	<b>-</b>	<b>5,472,484</b>	<b>5,472,484</b>
<b>Net book value</b>			
<b>At 31 December 2016</b>	<b>99,643,500</b>	<b>3,879,087</b>	<b>103,522,587</b>
<b>At 31 December 2017</b>	<b>99,643,500</b>	<b>3,596,414</b>	<b>103,239,914</b>

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in Baht)</i>	
Depreciation charge for the year was included in: -		
Administrative expenses	282,673	105,779

Please also see note 54 to the financial statements.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

*Measurement of fair value*

Investment properties as at 31 December 2017 and 2016 in the amount of Baht 103 million and Baht 104 million, respectively comprised land with the cost value amounted to Baht 100 million represented the appraisal value, which was appraised by the appraiser, based on market price of Baht 231 million as the appraisal report dated 20 December 2017, and condominium with carrying amount value of Baht 3 million and Baht 4 million, respectively, represented the appraisal value, which was appraised by the appraiser, based on market price of Baht 11 million as the appraisal report dated 29 December 2017. The fair value measurement of investment property has been categorised as a Level 3 fair value.

*Pledge*

As at 31 December 2017 and 2016, investment properties as land totaled area of 55 Rai, 1 Ngan, 43 Square wah, totaling 6 title deeds cost value amounted to Baht 100 million, with existing structures and/or thereon have been mortgaged as collateral for a bank guarantee with a domestic commercial bank in the amount of Baht 700 million and please see also note 52 to the financial statements.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

**20 Property, plant and equipment**

Consolidated financial statements								
		Buildings and	Construction	Aluminium	Furniture,		Construction	
	Land	building	machinery and	lining	fixtures and		in	Total
		components	equipment	Boards	equipment	Vehicles	progress	
				(formwork)				
				(in Baht)				
Cost								
At 1 January 2016	475,232,057	558,159,545	1,305,020,741	557,396,937	170,502,316	172,059,790	38,753,946	3,277,125,332
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)
At 31 December 2016								
and 1 January 2017	1,601,757,548	1,916,638,663	1,365,264,415	562,161,447	227,877,955	200,593,814	88,451,588	5,962,745,430
Additions	-	15,169,747	34,530,120	16,536,535	21,209,333	43,248,588	223,692,210	354,386,533
Transfers	-	16,652,981	19,691,173	-	43,107,770	-	(79,451,924)	-
Disposals	-	(689,618)	(15,573,875)	(28,149,598)	(19,381,200)	(18,661,373)	(904,820)	(83,360,484)
At 31 December 2017	1,601,757,548	1,947,771,773	1,403,911,833	550,548,384	272,813,858	225,181,029	231,787,054	6,233,771,479

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

	Consolidated financial statements							
	Land	Buildings and building components	Construction machinery and equipment	Aluminium lining boards (formwork) (in Baht)	Furniture, fixtures and equipment	Vehicles	Construction in progress	Total
<i>Accumulated depreciation</i>								
At 1 January 2016	-	185,863,830	871,021,823	454,170,981	107,414,217	108,706,480	-	1,727,177,331
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 and 1 January 2017</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>
Depreciation charge for the year	-	145,857,538	93,753,680	29,778,725	38,458,944	26,231,853	-	334,080,740
Disposals	-	(332,522)	(14,902,770)	(28,149,514)	(18,187,635)	(18,661,372)	-	(80,233,813)
<b>At 31 December 2017</b>	<b>-</b>	<b>429,713,925</b>	<b>1,016,491,130</b>	<b>459,882,129</b>	<b>154,255,892</b>	<b>136,421,938</b>	<b>-</b>	<b>2,196,765,014</b>
<i>Net book value</i>								
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>
Owned assets	1,601,757,548	1,518,057,847	387,420,702	90,666,254	118,557,969	88,759,092	231,787,053	4,037,006,465
<b>Total at 31 December 2017</b>	<b>1,601,757,548</b>	<b>1,518,057,847</b>	<b>387,420,702</b>	<b>90,666,254</b>	<b>118,557,969</b>	<b>88,759,092</b>	<b>231,787,053</b>	<b>4,037,006,465</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

				<b>Separate financial statements</b>				
	Land	Buildings and building components	Construction machinery and equipment	Aluminium lining boards (formwork) <i>(in Baht)</i>	Furniture, fixtures and equipment	Vehicles	Construction in progress	Total
<b>Cost</b>								
At 1 January 2016	85,519,261	318,348,671	1,305,020,741	571,905,756	141,796,886	170,852,314	49,984,002	2,643,427,631
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 and 1 January 2017</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>
Additions	-	13,963,623	34,530,120	16,536,535	13,707,904	43,248,588	18,073,312	140,060,082
Transfers	-	15,409,899	19,691,173	-	43,107,770	-	(78,208,842)	-
Disposals	-	(689,618)	(15,573,875)	(28,149,598)	(17,883,442)	(18,661,373)	(904,820)	(81,862,726)
<b>At 31 December 2017</b>	<b>85,869,331</b>	<b>369,459,928</b>	<b>1,403,911,833</b>	<b>565,057,203</b>	<b>203,490,733</b>	<b>223,973,553</b>	<b>7,114,918</b>	<b>2,858,877,499</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

	Land	Buildings and building components	Construction machinery and equipment	Separate financial statements		Vehicles	Construction in progress	Total
				Aluminium lining boards (formwork) <i>(in Baht)</i>	Furniture, fixtures and equipment			
<b><i>Accumulated depreciation</i></b>								
At 1 January 2016	-	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 and 1 January 2017</b>	<b>-</b>	<b>198,262,459</b>	<b>937,640,221</b>	<b>427,761,737</b>	<b>119,782,693</b>	<b>128,312,558</b>	<b>-</b>	<b>1,856,759,668</b>
Depreciation charge for the year	-	45,664,995	93,753,680	29,778,726	26,172,297	26,050,732	-	221,420,430
Disposals	-	(332,522)	(14,902,770)	(28,149,514)	(17,785,232)	(18,661,372)	-	(79,831,410)
<b>At 31 December 2017</b>	<b>-</b>	<b>243,594,932</b>	<b>1,016,491,131</b>	<b>474,390,949</b>	<b>128,169,758</b>	<b>135,701,918</b>	<b>-</b>	<b>1,998,348,688</b>
<b><i>Net book value</i></b>								
Owned assets	85,869,331	142,513,565	362,511,570	103,908,529	44,775,808	70,178,358	68,155,268	877,912,428
Assets under finance leases	-	-	65,112,624	-	-	895,422	-	66,008,047
<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>
Owned assets	85,869,331	125,864,996	387,420,702	90,666,254	75,320,975	88,271,635	7,114,918	860,528,811
<b>Total at 31 December 2017</b>	<b>85,869,331</b>	<b>125,864,996</b>	<b>387,420,702</b>	<b>90,666,254</b>	<b>75,320,975</b>	<b>88,271,635</b>	<b>7,114,918</b>	<b>860,528,811</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

Depreciation was included in: -

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht )</i>			
Contract costs	195,246,349	168,304,865	195,246,349	169,117,147
Room service costs	116,821,498	83,563,821	8,223,000	-
Distribution costs	231,135	-	231,135	-
Administrative expenses	21,781,758	18,976,812	17,719,946	18,785,194
<b>Total</b>	<b><u>334,080,740</u></b>	<b><u>270,845,498</u></b>	<b><u>221,420,430</u></b>	<b><u>187,902,341</u></b>

Borrowing cost capitalized in a part of cost of construction in progress:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht )</i>			
Interest capitalized for the year	-	505,611	-	-
Accumulated interest capitalized	-	12,434,724	-	-
Capitalization rate (% per annum)	-	4.75,MLR-1.5	-	-

As at 31 December 2017 and 2016, the gross amount of the Group's fully depreciated buildings and equipment that was still in use amounted to Baht 1,536 million and Baht 1,516 million, respectively.

On 23 April 2016, the Extraordinary 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 of Baht 2,445 million 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 2017**

	<b>Consolidated financial statements</b>
	The amount paid for purchase of assets (including the cost of acquisition) (in million Baht)
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.

*Assets under construction:*

- Total budget cost of project in renovation on service apartment at Natural Ville, Soi Langsuan, Bangkok amounted to Baht 64 million. Actual cost incurred to 31 December 2017 in the amount of Baht 51 million, remaining amounted to Baht 13 million.
- Total budget cost of project in constructing service apartment building of a subsidiary (SCR Asset Management Co., Ltd ) at Sriracha, Chonburi Province (Project 2), amounted to Baht 531 million. Actual cost incurred to 31 December 2017 in the amount of Baht 271 million, remaining amounted to Baht 260 million.
- Total budget cost of project in constructing service apartment building of a subsidiary (SCR Asset Management Co., Ltd ) at Srimaha Poe, Prachinburi Province (Project 3), amounted to Baht 550 million. Actual cost incurred to 31 December 2017 in the amount of Baht 6 million, remaining amounted to Baht 544 million.
- Total budget cost of project in renovating the residence in Eight Thonglor Project of a subsidiary (CSM Capital Partners Co., Ltd ), amounted to Baht 147 million. Actual cost incurred to 31 December 2017 in the amount of Baht 59 million, remaining amounted to Baht 88 million.

*Pledge*

As at 31 December 2017, land, buildings and building improvement of the Company had a carrying amount of Baht 86 million, including an indemnity from insurance of those assets were mortgaged as collateral for contingent liabilities on the letter of guarantee issued by the domestic commercial banks.

As at 31 December 2017, land with the existing structures of a subsidiary (“SCR Asset Management Co.,Ltd”) had a carrying amount of Baht 441 million and structure to be constructed in the future was mortgaged as collateral for contingent liabilities on borrowings from the domestic commercial banks.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

As at 31 December 2017, the residences in Eight Thonglor Project of the subsidiary (CSM Capital Partners Co.,Ltd) had a carrying amount of Baht 2,383 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 52 to the financial statements.

## 21 Leasehold right

	<b>Consolidated and separate financial statements (in Baht)</b>
<i>Cost</i>	
At 1 January 2016	395,000,000
No change during the year	-
At 31 December 2016 and 1 January 2017	<b>395,000,000</b>
No change during the year	-
<b>At 31 December 2017</b>	<b>395,000,000</b>
<i>Accumulated amortization</i>	
At 1 January 2016	44,627,100
Amortization charge for the year	20,239,800
<b>At 31 December 2016 and 1 January 2017</b>	<b>64,866,900</b>
Amortization charge for the year	20,153,635
<b>At 31 December 2017</b>	<b>85,020,535</b>
<i>Net book value</i>	
<b>At 31 December 2016</b>	<b>330,133,100</b>
<b>At 31 December 2017</b>	<b>309,979,465</b>

Amortization for the year was included in:

	<b>Consolidated and separate financial statements</b>	
	2017	2016
	<i>(in Baht)</i>	
Room service costs	20,153,635	20,239,800
<b>Total</b>	<b>20,153,635</b>	<b>20,239,800</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 22 Intangible assets

Consolidated financial statements			
	List of customers and existing business	Software license (in Baht)	Total
<b>Cost</b>			
At 1 January 2016	-	29,687,027	29,687,027
Additions	8,000,000	3,926,477	11,926,477
Deduction	-	(7,500)	(7,500)
<b>At 31 December 2016 and 1 January 2017</b>	<b>8,000,000</b>	<b>33,606,004</b>	<b>41,606,004</b>
Additions	-	3,387,453	3,387,453
<b>At 31 December 2017</b>	<b>8,000,000</b>	<b>36,993,457</b>	<b>44,993,457</b>
<b>Accumulated amortization</b>			
At 1 January 2016	-	24,875,403	24,875,403
Amortization charge for the year	1,811,872	2,148,187	3,960,060
Deduction	-	(1,094)	(1,094)
<b>At 31 December 2016 and 1 January 2017</b>	<b>1,811,872</b>	<b>27,022,497</b>	<b>28,834,369</b>
Amortization charge for the year	2,666,667	3,154,867	5,821,534
<b>At 31 December 2017</b>	<b>4,478,539</b>	<b>30,177,364</b>	<b>34,655,903</b>
<b>Net book value</b>			
<b>At 31 December 2016</b>	<b>6,188,128</b>	<b>6,583,507</b>	<b>12,771,635</b>
<b>At 31 December 2017</b>	<b>3,521,461</b>	<b>6,816,093</b>	<b>10,337,554</b>

Separate financial statements		
	Software license (in Baht)	Total
<b>Cost</b>		
At 1 January 2016	29,679,527	29,679,527
Additions	3,824,477	3,824,477
<b>At 31 December 2016 and 1 January 2017</b>	<b>33,504,004</b>	<b>33,504,004</b>
Additions	2,220,830	2,220,830
<b>At 31 December 2017</b>	<b>35,724,834</b>	<b>35,724,834</b>
<b>Accumulated amortization</b>		
At 1 January 2016	24,874,310	24,874,310
Amortization charge for the year	2,138,379	2,138,379
<b>At 31 December 2016 and 1 January 2017</b>	<b>27,012,689</b>	<b>27,012,689</b>
Amortization charge for the year	3,010,235	3,010,235
<b>At 31 December 2017</b>	<b>30,022,924</b>	<b>30,022,924</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	<b>Separate financial statements</b>	
	Software license	Total
	<i>(in Baht)</i>	
<i>Net book value</i>		
<b>At 31 December 2016</b>	<b>6,491,315</b>	<b>6,491,315</b>
<b>At 31 December 2017</b>	<b>5,701,910</b>	<b>5,701,910</b>

Amortization for the year was included in:-

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht )</i>			
Administrative expenses	5,821,534	3,960,060	3,010,235	2,138,379
<b>Total</b>	<b>5,821,534</b>	<b>3,960,060</b>	<b>3,010,235</b>	<b>2,138,379</b>

### 23 Deferred income tax

Deferred tax assets and liabilities as at 31 December were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht )</i>			
Deferred tax assets	49,503,880	53,859,426	49,503,880	53,859,426
Deferred tax liabilities	(84,972,666)	(74,138,049)	(84,972,666)	(74,138,049)
<b>Net</b>	<b>(35,468,786)</b>	<b>(20,278,623)</b>	<b>(35,468,786)</b>	<b>(20,278,623)</b>

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

*For the year ended 31 December 2017*

	<b>Consolidated and separate financial statements</b>			
	<b>(Charged) / credited to</b>			
	<b>At 1 January 2017</b>	<b>Profit or loss</b>	<b>Other comprehensive income (loss)</b>	<b>At 31 December 2017</b>
	<i>(in million Baht)</i>			
<i>Deferred tax assets</i>				
Trade accounts receivables	9	(9)	-	-
Other current receivables	6	(4)	-	2
Property, plant and equipment	3	(3)	-	-
Non - current provisions for employee benefits	27	4	1	32
Provisions	8	8	-	16
<b>Total</b>	<b>53</b>	<b>(4)</b>	<b>1</b>	<b>50</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Consolidated and separate financial statements		
	(Charged) / credited to		
	At 1 January 2017	Profit or loss Other comprehensive income (loss) (in million Baht)	At 31 December 2017
<b>Deferred tax liabilities</b>			
Property, plant and equipment	7	(4)	3
Financial lease liabilities	-	10	10
Gain from change in fair value of available-for-sale	67	-	72
<b>Total</b>	<b>74</b>	<b>6</b>	<b>85</b>
<b>Net</b>	<b>(21)</b>	<b>(10)</b>	<b>(35)</b>

For the year ended 31 December 2016

	Consolidated and separate financial statements		
	(Charged) / credited to		
	At 1 January 2016	Profit or loss Other comprehensive income (loss) (in million Baht)	At 31 December 2016
<b>Deferred tax assets</b>			
Trade accounts receivables	-	9	9
Other current receivables	-	6	6
Property, plant and equipment	-	3	3
Non - current provisions for employee benefits	-	27	27
Provisions	-	8	8
<b>Total</b>	<b>-</b>	<b>53</b>	<b>53</b>
<b>Deferred tax liabilities</b>			
Property, plant and equipment	7	-	7
Financial lease liabilities	1	(1)	-
Gain from change in fair value of available-for-sale	34	-	67
<b>Total</b>	<b>42</b>	<b>(1)</b>	<b>74</b>
<b>Net</b>	<b>(42)</b>	<b>54</b>	<b>(21)</b>

Deferred tax assets arising from temporary differences that have not been recognized in the financial statements were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Deductible temporary differences	12	17	12	17
Tax losses	25	16	-	-
<b>Total</b>	<b>37</b>	<b>33</b>	<b>12</b>	<b>17</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

The tax losses expire in 2018 to 2022. 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 /Company can utilize the benefits therefrom.

The income tax is calculated on profit before tax for the year multiply by the estimated average tax rate.

Income tax expenses for the years ended 31 December were summaries as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Current income tax expenses for the year</b>				
Income tax expense	267	206	267	206
<b>Deferred tax expense (income)</b>				
Deferred tax expense (income) concern deductible temporary difference with initial recognized and reversed	10	(55)	10	(55)
<b>Income tax expense (income) presented in statements of comprehensive income</b>	<u>277</u>	<u>151</u>	<u>277</u>	<u>151</u>

#### 24 Pledged deposit at bank

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Cash at banks – savings accounts	10,000,000	12,000,000	10,000,000	12,000,000
Cash at banks – fixed deposit accounts	123,995,338	127,562,599	103,994,328	107,561,595
<b>Total</b>	<u>133,995,338</u>	<u>139,562,599</u>	<u>113,994,328</u>	<u>119,561,595</u>

Pledged deposits at bank of the Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

#### 25 Other non-current assets

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Deposits	<u>15,786,151</u>	<u>36,139,384</u>	<u>10,291,175</u>	<u>35,050,524</u>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 26 Bank overdrafts and short-term loans from financial institutions

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Bank overdrafts	1,361,515	1,805,838	-	-
Short-term loans from financial institutions	99,140,187	-	99,140,187	-
<b>Total</b>	<b>100,501,702</b>	<b>1,805,838</b>	<b>99,140,187</b>	<b>-</b>

Movements of short-term loans from financial institutions for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	-	160,000,000	-	160,000,000
Additions	99,140,187	-	99,140,187	-
Deductions / Transfer	-	(160,000,000)	-	(160,000,000)
<b>At 31 December</b>	<b>99,140,187</b>	<b>-</b>	<b>99,140,187</b>	<b>-</b>

As at 31 December 2017, the Company had short term loans from financial institutions in the amount of Baht 99 million in the consolidated and separate financial statements, due on 30 December 2018 with interest rate charged at 3.00% per annum.

During the year 2016, the Company had short term loans from financial institutions in the amount of Baht 160 million in the consolidated and separate financial statements, 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 5 and 30 to the financial statements.

Bank overdrafts and short-term loans from financial institutions of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

### 27 Trade accounts payables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Related parties	5,392,186	23,229,624	5,392,186	23,229,624
Other parties	288,607,710	407,619,225	280,786,897	405,031,312
<b>Total</b>	<b>293,999,896</b>	<b>430,848,849</b>	<b>286,179,083</b>	<b>428,260,936</b>

Trade accounts payables of the Group <sup>187</sup>/Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**28 Other current payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Related parties	18,571,995	7,745,810	29,969,335	19,862,468
Other parties	830,206,387	824,412,274	758,026,265	765,063,432
<b>Total</b>	<b>848,778,382</b>	<b>832,158,084</b>	<b>787,995,600</b>	<b>784,925,900</b>
<i>Other parties</i>				
Other payables	51,294,953	30,855,225	4,604,430	4,380,345
Accrued value added tax	21,902,349	4,568,467	18,471,515	1,525,494
Accrued withholding tax	10,863,703	13,321,902	9,644,923	12,561,625
Other accrued expenses	746,145,382	775,666,680	725,305,397	746,595,968
<b>Total</b>	<b>830,206,387</b>	<b>824,412,274</b>	<b>758,026,265</b>	<b>765,063,432</b>

Other payables of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai Baht.

**29 Current portion of creditors under the rehabilitation plan**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Creditors under the rehabilitation plan	25,216,606	26,579,566	25,216,606	26,579,566

The currency denomination of creditors under the rehabilitation plan was as follows: -

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Thai Baht (THB)	11,152,347	11,152,347	11,152,347	11,152,347
United States Dollars (USD)	14,064,259	15,427,219	14,064,259	15,427,219
<b>Total</b>	<b>25,216,606</b>	<b>26,579,566</b>	<b>25,216,606</b>	<b>26,579,566</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.



# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 30 Short-term loans

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Related persons	-	80,000,000	-	80,000,000
Other persons	-	80,000,000	-	80,000,000
<b>Total</b>	<b>-</b>	<b>160,000,000</b>	<b>-</b>	<b>160,000,000</b>

Movements of short-term loans from other persons for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	80,000,000	-	80,000,000	-
Additions	-	160,000,000	-	160,000,000
Deduction / Transfer	(80,000,000)	(80,000,000)	(80,000,000)	(80,000,000)
<b>At 31 December</b>	<b>-</b>	<b>80,000,000</b>	<b>-</b>	<b>80,000,000</b>

Please also see notes 5 and 26 to the financial statements.

Short-term loans of the Group/Company as at 31 December 2017 and 2016 was denominated entirely in Thai Baht.

### 31 Long-term loans

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Loans from domestic financial institutions	1,724,558,301	1,706,629,524	-	-
Less Current portion of long-term loans	(119,600,000)	(116,000,000)	-	-
<b>Net</b>	<b>1,604,958,301</b>	<b>1,590,629,524</b>	<b>-</b>	<b>-</b>

Movement of long-term loans for the years ended 31 December were as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
At 1 January	1,706,629,524	555,781,936	-	350,000,000
Addition	55,700,000	1,550,000,000	-	-
Deduction	(37,771,223)	(399,152,412)	-	(350,000,000)
<b>At 31 December</b>	<b>1,724,558,301</b>	<b>1,706,629,524</b>	<b>-</b>	<b>-</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### *Loans from domestic financial institution*

On 2 December 2017, a subsidiary (SCR Asset Management Co., Ltd.) entered into a loan agreement with a domestic financial institution in credit line of Baht 390.70 million, As of 31 December 2017, it was drawdown amounted to Baht 55.70 million and balanced to Baht 335 million, requiring monthly repayable interest from the date of the first drawdown and requiring monthly repayable principal within 10 years and 6 months. The first repayment shall be in 31<sup>st</sup> month of Baht 1.90 million to Baht 6.40 million. These loans were secured by 2 plots of land including structures, existing at the present and to be constructed in the future are mortgaged as collateral under the mortgage agreement dated 15 December 2017.

Under the above loan agreement contains certain restrictive conditions such as opening operating account with a commercial bank, shareholding of the main shareholder of the Company and the events of default or non-compliance with the loan agreements, which assumes that it is default. The default entitles the bank to accelerate the maturity of all amount outstanding and immediately payable. Since the year 2019, the agreement requires certain financial ratio (DSCR) not less than 1.1.

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 of 31 December 2017, it was 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 including structures, existing at the present and to be constructed in the future are mortgaged as collateral under the 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

As of 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. Subsequently, on 30 June 2017, the bank agreed to waive the financial covenant on DSCR ratio for fiscal year 2016 and 2017 and will be started on fiscal year 2018 onwards. Therefore, the subsidiary reclassified long - term loans as at 31 December 2016 to conform to the long - term loans as at 31 December 2017.

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

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

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 2017
Debt to equity ratio	Not more than 2:1	1.75 : 1

Long-term loans of the Group /Company as at 31 December 2017 and 2016 were denominated entirely in Thai baht.

### 32 Finance lease liabilities

#### Consolidated and separate financial statements 2016

	Future minimum lease payments	Interest (in Baht)	Present value of minimum lease payments
Within one year	<u>30,297,026</u>	<u>458,460</u>	<u>29,838,566</u>

As at 31 December 2016, finance lease liabilities of Baht 30 million, represented the creditors under the hire purchase agreements on machinery, and vehicles with 5 other companies, for 30 agreements. 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 /Company as at 31 December 2016 were denominated entirely in Thai baht.

### 33 Non-current provision for employee benefits

The Group /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 Group /Company to actuarial risk, such as longevity risk, interest rate risk and market (investment) risk.

Non-current provision for employee benefits in the statement of financial position as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in Baht)			
Post-employment benefits :-				
Legal severance payments plan	<u>162,954,341</u>	<u>139,625,033</u>	<u>158,707,660</u>	<u>136,570,252</u>
<b>Total</b>	<b><u>162,954,341</u></b>	<b><u>139,625,033</u></b>	<b><u>158,707,660</u></b>	<b><u>136,570,252</u></b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
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**For the year ended 31 December 2017**

Movement in the present value of the defined benefit obligations

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Defined benefit obligations at 1 January	139,625,033	117,070,926	136,570,252	115,292,452
<b>Include in profit or loss</b>				
Current service costs	21,248,637	20,207,074	20,164,901	18,211,392
Interest on obligations	3,138,940	2,668,700	3,069,228	2,606,576
	<u>24,387,577</u>	<u>22,875,774</u>	<u>23,234,129</u>	<u>20,817,968</u>
<b>Included in the other comprehensive income</b>				
Actuarial gain	2,011,584	527,047	1,910,679	1,237,532
<b>Other</b>				
Employee benefit paid	<u>(3,069,853)</u>	<u>(848,714)</u>	<u>(3,007,400)</u>	<u>(777,700)</u>
<b>Defined benefit obligations at 31 December</b>	<b><u>162,954,341</u></b>	<b><u>139,625,033</u></b>	<b><u>158,707,660</u></b>	<b><u>136,570,252</u></b>

Actuarial gains and losses recognised in the other comprehensive income at the reporting date arising from:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Financial assumptions	-	9,492,101	-	9,361,543
Demographic assumptions	2,011,584	(1,599,241)	1,910,679	(1,634,567)
Experience adjustment	-	(7,365,813)	-	(6,489,444)
<b>Total</b>	<b><u>2,011,584</u></b>	<b><u>527,047</u></b>	<b><u>1,910,679</u></b>	<b><u>1,237,532</u></b>

Expense recognized in profit or loss

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Current service costs	21,248,637	20,207,074	20,164,901	18,211,392
Interest on obligation	3,138,940	2,668,700	3,069,228	2,606,576
<b>Total</b>	<b><u>24,387,577</u></b>	<b><u>22,875,774</u></b>	<b><u>23,234,129</u></b>	<b><u>20,817,968</u></b>

The above expense is recognized in the following line items:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Contract costs	16,970,849	16,869,322	16,970,849	16,869,322
Administrative expenses	7,416,728	6,006,452	6,263,280	3,948,646
<b>Total</b>	<b><u>24,387,577</u></b>	<b><u>22,875,774</u></b>	<b><u>23,234,129</u></b>	<b><u>20,817,968</u></b>

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Principal actuarial assumptions at the reporting date

	<b>Consolidated financial statements</b>	
	2017	2016
	(%)	
Discount rate	2.24-2.33	2.24-2.33
Salary increase rate	3.00-7.05	3.00-7.05
Staff turnover rate	0-24.00	0-24.00
Mortality rate (Thai Mortality Ordinary Table)	TMO 2017	TMO 2008
Disability rate	5% of mortality rate	5% of mortality rate

	<b>Separate financial statements</b>	
	2017	2016
	(%)	
Discount rate	2.25	2.25
Salary increase rate	7.05	7.05
Staff turnover rate	0-24.00	0-24.00
Mortality rate (Thai Mortality Ordinary Table)	TMO 2017	TMO 2008
Disability rate	5% of mortality rate	5% of mortality rate

***Sensitivity analysis***

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(in million Baht)			
Impact to non-current provisions for employee benefits				
Discount rate				
Increased 1.0%	(8.78)	(7.87)	(8.37)	(7.56)
Decreased 1.0%	9.94	8.91	9.47	8.54
Salary increase rate				
Increased 1.0%	10.70	8.24	10.18	7.88
Decreased 1.0%	(9.65)	(7.45)	(9.20)	(7.14)
Staff turnover rate				
Increased 1.0%	(9.47)	(8.49)	(9.04)	(8.16)
Decreased 1.0%	5.44	4.88	5.25	4.73
Mortality rate				
Increased 1 Year	0.67	0.60	0.64	0.58
Decreased 1 Year	(0.67)	(0.60)	(0.63)	(0.57)

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

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

Amounts of defined benefit obligations for the current and previous four years were as follows:

	Defined benefit obligations		Experience adjustments	
	Consolidated financial statements	Separated financial statements	Consolidated financial statements	Separated financial statements
	<i>(in million Baht)</i>			
Year 2017	163	159	-	-
Year 2016	140	137	-	-
Year 2015	117	115	-	-
Year 2014	99	98	-	-
Year 2013	86	86	-	-

### 34 Provisions

	Consolidated and Separate financial statements	
	2017	2016
	<i>(in Baht)</i>	
Provision for the estimating costs of rectification and guarantee work	22,969,122	25,748,000
Provision for litigation	54,743,552	29,384,108
<b>Total</b>	<b>77,712,674</b>	<b>55,132,108</b>
<b>As at 31 December</b>		
Current	22,969,122	25,748,000
Non-current	54,743,552	29,384,108
<b>Total</b>	<b>77,712,674</b>	<b>55,132,108</b>

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**For the year ended 31 December 2017**

Movements for the years ended 31 December 2017 and 2016 were as follows:

	<b>Consolidated and separate financial statements</b>					
	provision for the estimating costs of rectification and guarantee work		Provision for litigation		Total	
	2017	2016	2017	2016	2017	2016
			<i>(Baht)</i>			
<b>At 1 January</b>	25,748,000	30,800,523	29,384,108	45,847,573	55,132,108	76,648,096
Provision made	23,300,000	161,009,186	25,359,444	15,336,535	48,659,444	176,345,721
Reversal	-	(166,061,709)	-	-	-	(166,061,709)
Payment of provision	(26,078,878)	-	-	(31,800,000)	(26,078,878)	(31,800,000)
<b>At 31 December</b>	<b>22,969,122</b>	<b>25,748,000</b>	<b>54,743,552</b>	<b>29,384,108</b>	<b>77,712,674</b>	<b>55,132,108</b>

Please also see note 50 to the financial statements.

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**35 Share capital**

	<i>Par value (Baht)</i>	<b>Consolidated and separate financial statements</b>			
		2017		2016	
		Number	Amount	Number	Amount
		<i>(in million shares / in million Baht)</i>			
<b><i>Authorized</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>					
- Ordinary shares	<i>1</i>	<u><b>1,600</b></u>	<u><b>1,600</b></u>	<u><b>1,600</b></u>	<u><b>1,600</b></u>
<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>					
- Ordinary shares	<i>1</i>	<u><b>1,600</b></u>	<u><b>1,600</b></u>	<u><b>1,600</b></u>	<u><b>1,600</b></u>

**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.

**36 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 2017 and 2016 amounting to Baht 1.45 million and Baht 44.81 million, respectively.

***Movements in the reserves***

Movements in the reserves are shown in the statement of changes in equity



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*Other components of equity*

*Fair value changes in available-for-sale investments*

Fair value changes in 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.

**37 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 room service or service apartment
- 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.

**Information about reportable segments:**

	<b>Segment 1</b>		<b>Segment 2</b>		<b>Segment 3</b>		<b>Total reportable segment</b>	
	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in million Baht)</i>							
Revenues from customer								
- External	8,723	7,649	423	370	11	9	9,157	8,028
- Inter - segments	39	6	-	-	25	29	64	35
- Eliminated	(39)	(6)	-	-	(25)	(29)	(64)	(35)
<b>Total revenue</b>	<b>8,723</b>	<b>7,649</b>	<b>423</b>	<b>370</b>	<b>11</b>	<b>9</b>	<b>9,157</b>	<b>8,028</b>
<b>Segment profit before income tax</b>	<b>1,326</b>	<b>1,042</b>	<b>(32)</b>	<b>(8)</b>	<b>(31)</b>	<b>(31)</b>	<b>1,263</b>	<b>1,003</b>
Interest income	6	7	-	-	-	-	6	7
Interest expense	2	16	64	49	-	-	66	65
Depreciation and amortization	216	187	144	109	-	-	360	296

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Segment 1		Segment 2		Segment 3		Total reportable segment	
	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(in million Baht)</i>							
<b>Segment assets</b>	<b>6,240</b>	<b>5,846</b>	<b>3,682</b>	<b>3,668</b>	<b>9</b>	<b>9</b>	<b>9,931</b>	<b>9,523</b>
<b>Property, plant and equipment</b>	<b>813</b>	<b>888</b>	<b>3,224</b>	<b>3,131</b>	<b>-</b>	<b>1</b>	<b>4,037</b>	<b>4,020</b>
<b>Leasehold right</b>	<b>-</b>	<b>-</b>	<b>310</b>	<b>330</b>	<b>-</b>	<b>-</b>	<b>310</b>	<b>330</b>
<b>Segment liabilities</b>	<b>2,505</b>	<b>2,895</b>	<b>1,858</b>	<b>1,820</b>	<b>4</b>	<b>6</b>	<b>4,367</b>	<b>4,721</b>

*Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items*

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Revenues</b>				
Total revenue from reportable segments	9,117	7,872	8,822	7,622
Other revenue	104	191	69	161
Elimination of inter-segment revenue	(64)	(35)	(6)	-
<b>Consolidated revenue</b>	<b>9,157</b>	<b>8,028</b>	<b>8,885</b>	<b>7,783</b>
<b>Profit or loss</b>				
Total profit for reportable segments	1,263	1,004	1,328	1,047
Elimination of inter-segment profits	-	(1)	-	-
<b>Profit before income tax</b>	<b>1,263</b>	<b>1,003</b>	<b>1,328</b>	<b>1,047</b>
<b>Assets</b>				
Total assets for reportable segments	5,894	5,503	5,805	5,473
Investment in subsidiaries	-	-	1,010	810
Property, plant and equipment	4,037	4,020	861	944
<b>Total assets</b>	<b>9,931</b>	<b>9,523</b>	<b>7,676</b>	<b>7,227</b>
<b>Liabilities</b>				
Total liabilities for reportable segments	4,367	4,721	2,541	2,918
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>4,367</b>	<b>4,721</b>	<b>2,541</b>	<b>2,918</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Reportable segment totals	Adjustments (in million Baht)	Consolidated totals
<b>Other material items</b>			
<b>2017</b>			
Interest income	11	(5)	6
Interest expense	70	(4)	66
Depreciation and amortisation	361	(1)	360
<b>2016</b>			
Interest income	12	(5)	7
Interest expense	69	(4)	65
Depreciation and amortisation	296	(1)	295

### Major customers

Revenue from one customer of the Company's segment 1 for the years 2017 and 2016 approximately Baht 2,013 million and Baht 1,752 million, respectively.

### 38 Other income

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	(in Baht)			
Rendering of service and other	24,156,575	31,885,685	6,495,671	7,719,466
Gain on revaluation of current investment	13,989,816	8,741,945	14,171,012	8,405,597
Dividends income	9,020,568	9,020,568	9,020,568	9,020,568
Gain on sale of current investment	4,839,807	5,458,602	4,170,901	5,400,779
Gain on disposals of equipment	8,372,585	4,065,009	8,372,585	4,065,009
Revenues of space rental	4,598,841	4,421,452	4,598,841	4,421,452
Others	20,702,490	14,755,273	5,975,806	10,797,402
<b>Total</b>	<b>85,680,682</b>	<b>78,348,534</b>	<b>52,805,384</b>	<b>49,830,273</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 39 Distribution costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Tendering cost	16,099,855	16,099,255	16,099,855	16,099,255
Advertising expense	1,580,113	1,492,255	-	-
Commission	4,872,631	3,438,302	-	-
Promotion and others	8,378,243	5,254,632	-	-
<b>Total</b>	<b>30,930,842</b>	<b>26,284,444</b>	<b>16,099,855</b>	<b>16,099,255</b>

### 40 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Personnel	395,490,267	297,190,279	361,340,302	265,197,736
Consulting and professional	50,198,573	41,449,670	27,172,314	28,881,540
Entertainment	22,083,139	29,657,578	21,705,971	29,375,611
Depreciation and amortization	24,636,802	21,220,774	20,543,119	21,029,348
Property tax	9,631,385	22,593,901	6,912,260	4,798,796
Repair from warranty	12,237,586	7,825,367	12,237,586	7,825,367
Travelling	3,947,052	2,298,109	2,897,499	1,433,879
Vehicle	1,922,026	2,526,821	1,760,765	2,401,861
Bank charge	4,814,165	5,323,004	3,147,419	3,906,873
Maintenance	7,632,439	5,620,340	1,194,104	2,527,313
Facilities expense	7,746,242	7,050,642	4,570,792	4,564,964
Others	90,146,316	49,926,011	63,629,894	22,970,544
<b>Total</b>	<b>630,485,992</b>	<b>492,682,496</b>	<b>527,112,025</b>	<b>394,913,832</b>

### 41 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
<b>Management</b>				
Salaries and bonuses	63,327,347	47,482,857	46,257,827	36,160,580
Others	4,450,539	5,105,685	3,944,778	4,047,244
	<u>67,777,886</u>	<u>52,588,542</u>	<u>50,202,605</u>	<u>40,207,824</u>
<b>Other employees</b>				
Salaries wages and bonuses	710,773,167	589,030,291	680,016,445	568,371,953
Others	51,233,330	45,327,216	43,469,192	33,529,305
	<u>762,006,497</u>	<u>643,357,507</u>	<u>723,485,637</u>	<u>601,901,258</u>
<b>Total</b>	<b>829,784,383<sub>210</sub></b>	<b>686,946,049</b>	<b>773,688,242</b>	<b>642,109,082</b>

Partial employee benefit expenses were included in contract costs.

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

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>	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Contract costs	12,708,200	12,255,780	12,708,200	12,255,780
Room service costs	14,707,453	8,052,671	-	-
Administrative expenses	40,362,233	32,280,091	37,494,405	27,952,044
<b>Total</b>	<b>67,777,886</b>	<b>52,588,542</b>	<b>50,202,605</b>	<b>40,207,824</b>

*Provident funds*

The defined contribution plans comprise provident funds established by the Group /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 Group /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.

**42 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>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Raw material and consumables used	1,781	1,563	1,808	1,563
Room service costs	84	110	57	62
Subcontractor cost	2,955	2,719	2,945	2,719
Employee and workers expenses	1,702	1,412	1,660	1,401
Depreciation and amortization expenses	360	295	245	210
Management benefit expenses	68	53	50	40
Bad debt and doubtful debts expense	1	47	1	47
Other expenses	877	761	789	677
Finance costs	66	65	2	16
<b>Total expenses</b>	<b>7,894</b>	<b>7,025</b>	<b>7,557</b>	<b>6,735</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 43 Other expenses

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Bad debt expense	-	5,405,231	-	5,405,231
Doubtful debts expense	493,586	31,964,195	493,586	31,971,958
Provision for loss on litigation	25,359,444	15,336,535	25,359,444	15,336,535
Loss on write off of investment in subsidiary	-	-	-	549,700
Other	8,837,175	116,839	-	-
<b>Total</b>	<b>34,690,205</b>	<b>52,822,800</b>	<b>25,853,030</b>	<b>53,263,424</b>

### 44 Finance costs

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in Baht)</i>			
Interest expense	66,063,068	65,088,524	1,656,536	15,683,365
Less amounts included in the cost of qualifying assets:				
- Construction contracts work in progress	-	(505,611)	-	-
<b>Net</b>	<b>66,063,068</b>	<b>64,582,913</b>	<b>1,656,536</b>	<b>15,683,365</b>

### 45 Income tax expense (revenue)

*Income tax expense (revenue) recognised in profit or loss*

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
<b>Current tax expense</b>				
Current year	267	206	267	206
<b>Deferred tax expense (income)</b>				
Change of temporary differences	10	(55)	10	(55)
<b>Total income tax expense (revenue)</b>	<b>277</b>	<b>151</b>	<b>277</b>	<b>151</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

***Income tax recognised in other comprehensive income***

	<b>Consolidated and separate financial statements</b>					
	2017		2016			
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
			(in million Baht)			
Available-for-sale investments	23	(5)	18	163	(33)	130
Defined benefit plan actuarial losses	(2)	1	(1)	(1)	-	(1)
<b>Total</b>	<b>21</b>	<b>(4)</b>	<b>17</b>	<b>162</b>	<b>(33)</b>	<b>129</b>

***Reconciliation of effective tax rate***

	<b>Consolidated financial statements</b>			
	2017		2016	
	Tax rate %	(in million Baht)	Tax rate %	(in million Baht)
Profit before income tax expense	20	1,263	20	1,003
Income tax using the Thai corporation tax rate		253		200
Increased taxable expenses		(5)		(7)
Expenses not deductible for tax purposes		4		6
Current year losses for which no deferred tax asset was recognized		9		4
Others		16		(52)
<b>Total</b>		<b>277</b>		<b>151</b>

	<b>Separate financial statements</b>			
	2017		2016	
	Tax rate %	(in million Baht)	Tax rate %	(in million Baht)
Profit before income tax expense	20	1,327	20	1,047
Income tax using the Thai corporation tax rate		265		209
Increased taxable expenses		(5)		(7)
Expenses not deductible for tax purposes		4		6
Current year losses for which no deferred tax asset was recognized		9		4
Others		4		(61)
<b>Total</b>		<b>277</b>		<b>151</b>

***Income tax reduction***

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.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

The Group /Company has applied the reduced tax rate of 20% in the determining of deferred tax assets and liabilities as at 31 December 2017 and 2016.

#### 46 Earnings per share

The calculation of basic earnings per share for the years ended 31 December 2017 and 2016 were based on the profit for the years attributable to ordinary shareholder of the Company and the number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
Profit for the year attributable to share holders of the Company (comprehensive income) (basic) (Baht)	1,008,412,242	870,399,229	1,050,113,018	896,236,038
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>0.63</b>	<b>0.54</b>	<b>0.66</b>	<b>0.56</b>

#### 47 Dividends

*Year 2017 :-*

The Board of Directors of the Company held on 10 August 2017, resolved to approve an interim dividend from performance of the Company for the period from 1 January 2017 to 30 June 2017 at the rate of Baht 0.04 per share totalling Baht 64 million and will be paid to shareholders on 8 September 2017.

The Ordinary General Meeting of Shareholders of the Company held on 28 April 2017 resolved to approve of dividend from the Company's result of operations for the period from 1 January 2016 to 31 December 2016 at the rate of Baht 0.15 per share totaling Baht 240 million. The Board of Directors Meeting of the Company resolved to pay an interim dividend from of operating results of the Company for the period from 1 January 2016 to 30 June 2016 at the rate of Baht 0.04 per share totaling Baht 64 million remained Baht 176 million, which the Company made the payment on 26 May 2017.

*Year 2016 :-*

The Board of Directors Meeting of the Company held on 15 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 remained Baht 128 million, which the Company made the payment on 27 May 2016.



# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 48 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.

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:

	Effective interest rate (% per annum)	Consolidated financial statements			Total
		Within 1 year	After 1 year but within 5 years (in million Baht)	After 5 years	
<b>2017</b>					
<b>Current</b>					
Cash and cash equivalents	0.37	436	-	-	436
Current investments	1.31	1,545	-	-	1,545
Short-term loans from financial institution	3.0	(100)	-	-	(100)
Creditors under rehabilitation plan	-	(25)	-	-	(25)
Long-term loans	3.99	(120)	-	-	(120)
<b>Non current</b>					
Pledged deposit at banks	2.02 215	-	134	-	134
Long-term loans	3.99	-	(478)	(1,127)	(1,605)
<b>Total</b>		<b>1,736</b>	<b>(344)</b>	<b>(1,127)</b>	<b>265</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

<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
<b>2016</b>					
<b>Current</b>					
Cash and cash equivalents	0.23	500	-	-	500
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	(116)	-	-	(116)
Finance lease liabilities	4.60	(30)	-	-	(30)
<b>Non current</b>					
Other long-term investment	0.23	-	49	-	49
Pledged deposit at bank	0.90	-	140	-	140
Long-term loans	4.38	-	(1,590)	-	(1,590)
<b>Total</b>		<b>1,414</b>	<b>(1,401)</b>	<b>-</b>	<b>13</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>2017</b>					
<b>Current</b>					
Cash and cash equivalents	0.25	376	-	-	376
Current investments	1.31	1,545	-	-	1,545
Creditors under rehabilitation plan	-	(25)	-	-	(25)
<b>Non current</b>					
Pledged deposit at banks	2.21	-	114	-	114
<b>Total</b>		<b>1,896</b>	<b>114</b>	<b>-</b>	<b>2,010</b>

<b>2016</b>					
<b>Current</b>					
Cash and cash equivalents	0.20	430	-	-	430
Current investments	1.68	1,209	-	-	1,209
Long-term loans	4.20	85	-	-	85
Short-term loans	3.27	(160)	-	-	(160)
Creditors under rehabilitation plan	- 216	(27)	-	-	(27)
Finance lease liabilities	4.60	(30)	-	-	(30)

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

		Separate 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>Non current</b>					
Long-term investment	0.20	-	49	-	49
Long-term loans	4.20	-	40	-	40
Pledged deposit at bank	0.90	-	119	-	119
<b>Total</b>		<b>1,507</b>	<b>208</b>	<b>-</b>	<b>1,715</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 2017 and 2016, the Company had creditors denominated in the following currencies: -

	2017	2016
	(in million Dollars)	
<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 8 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 Group /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

## Notes to the financial statements

For the year ended 31 December 2017

### *Carrying amount and fair values*

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements				
	Carrying amount	Level 1	Fair Value		Total
			Level 2	Level 3	
			(in million Baht)		
<b>31 December 2017 :</b>					
<b><i>Financial assets/Financial liabilities</i></b>					
<b><i>measured at fair value</i></b>					
Current investments	1,546	1,546	-	-	1,546
Other equity securities	579	579	-	-	579
	<u>2,125</u>	<u>2,125</u>	<u>-</u>	<u>-</u>	<u>2,125</u>
<b><i>Financial assets/Financial liabilities not</i></b>					
<b><i>measured at fair value</i></b>					
Cash and cash equivalents	436	436	-	-	436
Trade accounts receivables	1,039	-	-	1,039	1,039
Other current receivables	67	-	-	67	67
Retention receivables under construction contracts	126	-	-	126	126
Unbilled construction in progress	807	-	-	807	807
Bank overdrafts and short-term loan from financial institutions	(101)	(101)	-	-	(101)
Trade accounts payables	(294)	-	-	(294)	(294)
Other current payables	(849)	-	-	(849)	(849)
Creditors under rehabilitation plan	(25)	-	-	(25)	(25)
Current portion of long-term loans	(120)	(120)	-	-	(120)
Retention payables from subcontractors	(310)	-	-	(310)	(310)
Short-term provisions	(23)	-	-	(23)	(23)
Retention receivables under construction contracts	438	-	-	438	438
Pledged deposit at bank	134	134	-	-	134
Long-term loans	(1,605)	(1,605)	-	-	(1,605)
Long-term provisions	(55)	-	-	(55)	(55)
Non – current provisions for employee benefits	(163)	-	-	(163)	(163)
	<u>(498)</u>	<u>(1,256)</u>	<u>-</u>	<u>758</u>	<u>(498)</u>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Consolidated financial statements				
	Carrying amount	Level 1	Fair Value Level 2	Level 3	Total
			(in million Baht)		
<b>31 December 2016 :</b>					
<b><i>Financial assets/Financial liabilities</i></b>					
<b><i>measured at fair value</i></b>					
Current investments	1,249	1,249	-	-	1,249
Other equity securities	556	556	-	-	556
	<b>1,805</b>	<b>1,805</b>	<b>-</b>	<b>-</b>	<b>1,805</b>
<b><i>Financial assets/Financial liabilities not</i></b>					
<b><i>measured at fair value</i></b>					
Cash and cash equivalents	500	500	-	-	500
Trade accounts receivables	855	-	-	855	855
Other current receivables	54	-	-	54	54
Retention receivables under construction contracts	167	-	-	167	167
Unbilled construction in progress	255	-	-	255	255
Bank overdrafts	(2)	-	-	(2)	(2)
Trade accounts payables	(431)	-	-	(431)	(431)
Other current payables	(832)	-	-	(832)	(832)
Creditors under rehabilitation plan	(27)	-	-	(27)	(27)
Current portion of long-term loans	(116)	-	-	(116)	(116)
Finance lease liabilities	(30)	-	-	(30)	(30)
Other short-term loans	(160)	-	-	(160)	(160)
Retention payables from subcontractors	(315)	-	-	(315)	(315)
Short-term provisions	(26)	-	-	(26)	(26)
Other long-term investments	49	49	-	-	49
Retention receivables under construction contracts	324	-	-	324	324
Pledged deposit at bank	140	140	-	-	140
Long-term loans	(1,591)	-	-	(1,591)	(1,591)
Long-term provisions	(29)	-	-	(29)	(29)
Non – current provisions for employee benefits	(140)	-	-	(140)	(140)
<b>Total</b>	<b>(1,355)</b>	<b>689</b>	<b>-</b>	<b>(2,044)</b>	<b>(1,355)</b>

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

		Separate financial statements				
	Carrying amount	Level 1	Fair Value Level 2	Level 3	Total	
			(in million Baht)			
<b>31 December 2017 :</b>						
<b><i>Financial assets/Financial liabilities</i></b>						
<b><i>measured at fair value</i></b>						
Current investments	1,545	1,545	-	-	1,545	
Other equity securities	579	579	-	-	579	
	<u>2,124</u>	<u>2,124</u>	<u>-</u>	<u>-</u>	<u>2,124</u>	
<b><i>Financial assets/Financial liabilities not</i></b>						
<b><i>measured at fair value</i></b>						
Cash and cash equivalents	376	376	-	-	376	
Trade accounts receivables	1,043	-	-	1,043	1,043	
Other current receivables	63	-	-	63	63	
Retention receivables under construction contracts	126	-	-	126	126	
Unbilled construction in progress	807	-	-	807	807	
Short-term loan from financial institutions	(99)	(99)	-	-	(99)	
Trade accounts payable	(286)	-	-	(286)	(286)	
Other current payables	(788)	-	-	(788)	(788)	
Creditors under rehabilitation plan	(25)	-	-	(25)	(25)	
Retention payables from subcontractors	(310)	-	-	(310)	(310)	
Short-term provisions	(23)	-	-	(23)	(23)	
<b><i>Non-current</i></b>						
Retention receivables under construction contracts	438	-	-	438	438	
Pledged deposit at bank	114	114	-	-	114	
Long-term provisions	(55)	-	-	(55)	(55)	
Non – current provisions for employee benefits	(159)	-	-	(159)	(159)	
<b>Total</b>	<u>1,222</u>	<u>391</u>	<u>-</u>	<u>831</u>	<u>1,222</u>	
<b>31 December 2016 :</b>						
<b><i>Financial assets/Financial liabilities</i></b>						
<b><i>measured at fair value</i></b>						
Current investments	1,209	1,209	-	-	1,209	
Other equity securities	556	556	-	-	556	
	<u>1,765</u>	<u>1,765</u>	<u>-</u>	<u>-</u>	<u>1,765</u>	
<b><i>Financial assets/Financial liabilities not</i></b>						
<b><i>measured at fair value</i></b>						
Cash and cash equivalents	431	431	-	-	431	
Trade accounts receivables	849	-	-	849	849	
Other current receivables	61	-	-	61	61	
Retention receivables under construction contracts	167	-	-	167	167	
Unbilled construction in progress	255	-	-	255	255	
Long-term loans	85	-	-	85	85	

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

	Carrying amount	Separate financial statements Fair Value			Total
		Level 1	Level 2	Level 3	
		<i>(in million Baht)</i>			
Trade accounts payables	(428)	-	-	(428)	(428)
Other current payables	(785)	-	-	(785)	(785)
Creditors under rehabilitation plan	(27)	-	-	(27)	(27)
Finance lease liabilities	(30)	-	-	(30)	(30)
Other short-term loans	(160)	-	-	(160)	(160)
Retention payables from subcontractors	(315)	-	-	(315)	(315)
Short-term provisions	(26)	-	-	(26)	(26)
<b>Non-current</b>					
Other long-term investment	49	49	-	-	49
Long-term loans	40	-	-	40	40
Retention receivables under construction contracts	324	-	-	324	324
Pledged deposits at bank	120	120	-	-	120
Long-term provisions	(29)	-	-	(29)	(29)
Non – current provisions for employee benefits	(137)	-	-	(137)	(137)
<b>Total</b>	<b>444</b>	<b>600</b>	<b>-</b>	<b>(156)</b>	<b>444</b>

### Financial instruments measured 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

## 49 Commitments with non-related parties

As at 31 December 2017, the Group /Company had commitments 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	6	6
Cost of construction building for service room	817	6
Cost of renovation on Eight Thonglor Residences Project	88	-
<b>Total</b>	<b>915</b>	<b>16</b>

**Syntec Construction Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2017**

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
<b><i>Commitments under non- cancellable operating leases</i></b>		
Within one year	15	15
After one year but within five years	81	81
Over five years	193	193
<b>Total</b>	<b>289</b>	<b>289</b>
<b><i>Other commitments</i></b>		
Subcontractor agreements	1,119	1,119
Letters of guarantee from banks for purchasing inventories, utilities usage, guarantee the work performance and advance received from customers	1,829	1,829
<b>Total</b>	<b>2,948</b>	<b>2,948</b>

The subsidiary (SCR Assets Management Co., Ltd.) had commitment under the technical consulting agreement and the service apartment management with other company, requiring consulting fee and service including conditions according to the agreements.

The subsidiary (CSM Capital Partners Co., Ltd.) had commitment under the room management agreement with other company, requiring management fee and conditions according to the agreements.

As at 31 December 2017, the Group had unutilized credit facilities obtaining from domestic financial institutions totaling Baht 6,388 million.

## **50 Contingent liabilities and assets**

As at 31 December 2017, contingent liabilities and assets were as follows:

- The Company was sued by other person regarding the tort and claiming a compensation of construction and guarantee in the amount of Baht 2.55 million at the sue date. Such case has been in the process of consideration by the Court, which has not been finalized.

### ***Litigations***

- 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 at the sue date. The Court made an appointment for agreement on 20 August 2012. Subsequently, the Court ordered dispose this case. 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, the result has not been finalized.



# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2017

- 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 at the sue date. The Administrative Court ordered to include this consideration with Black Case No. 2206/2555, the case has been in the process of consideration which 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 in the 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 instead 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 was 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 28 February 2017, the case has been in the process of the Court’s consideration, the result has not been finalized. However, as at 31 December 2017, the Company already recorded the provision on the above lawsuits amounting to Baht 21 million (inclusive interest).

- On 24 November 2014, the Company was sued by other person regarding the tort and claiming a compensation of construction with the sued amount of Baht 3 million. Subsequently, on 21 June 2016, the Court of First Instance adjudged the Company to settle to the other person in the amount of Baht 8.60 million. The Company appealed to the Court and on 23 August 2017, the Appeal Court adjudged the Company to settle to the above person in the amount of Baht 21.28 million with interest rate 7.5% per annum from the sued date onwards. On 23 October 2017, the Company filed a petition to the Supreme Court. As of 28 February 2018, the case has been in the process of the Court’s consideration, the result has not been finalized. However, as at 31 December 2017, the Company already recorded the provision on the above lawsuits amounting to Baht 26 million (inclusive interest).

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

## **Notes to the financial statements**

### **For the year ended 31 December 2017**

#### **51 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 Syntec 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' 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.

#### **52 Pledged assets**

As at 31 December 2017 and 2016, the Group/Company's cash at banks of Baht 134 million and Baht 139 million in consolidated financial statements and Baht 114 million and 120 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 2017 and 2016, current investments in mutual fund - debt securities amounted to Baht 131 million and Baht 73 million, respectively, had been used as collateral for liabilities under letter of guarantee with a domestic commercial bank.

As at 31 December 2017 and 2016, 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 186 million and Baht 173 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 in the credit line amounting to Baht 2,352 million and Baht 556 million, respectively.

As at 31 December 2017 and 2016, land of a subsidiary (SCR Asset Management Co., Ltd.) with cost value in the amount of Baht 441 million and Baht 165 million, respectively 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 620 million and Baht 229 million, respectively.

As at 31 December 2017 and 2016, the residences in Eight Thonglor Project of the subsidiary (CSM Capital Partners Co.,Ltd.) with cost value in the amount of Baht 2,383 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.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 53 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:

- Lessor is the ownership of land and a residential building located at Langsuan Road.
- Lessee was transferred the right of leasehold land from the Property Fund (“former lessee”). The former lessee made a letter to transfer right of such lease to lessee.
- Lessor 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.
- 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 lesser 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 lesser in the former condition when the expiry of agreement.

### 54 Events after the reporting period

On 11 January 2018, the Company entered into a sale and purchase agreement on 6 plots of land with other company at the total price of Baht 277 million. On the date of the agreement, the Company received the partial payment in the amount of Baht 28 million and the remaining amounted to Baht 249 million will be paid on the transferring registration date.

On 20 February 2018, the Company had entered into a memorandum of office space rental agreement with a related company (“N & J Asset Management Co., Ltd.”) to increase space area and expand the rental period by 3 years as from 1 January 2018 to 31 December 2022 with monthly rental of Baht 215,225.

The Board of Directors Meeting held on 28 February 2018 resolved to allocate net profit to legal reserve in the amount of Baht 44.81 million and to approve dividend from the Company’s result of operations for the period of 12 months from 1 January 2017 to 31 December 2017 at the rate of Baht 0.17 per share totaling Baht 272 million. The interim dividend payment for 1 January 2017 to 30 June 2017 was made at the rate of Baht 0.04 per share totaling Baht 64 million on 8 September 2017, and the dividend payment for the period of 1 July 2017 to 31 December 2017 at the rate of Baht 0.13 per share totaling Baht 208 million, requiring payable to the shareholders on 25 May 2018.

# Syntec Construction Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 31 December 2017

### 55 Reclassification of accounts

Certain accounts in the financial statements for the year 2016 have been reclassified to conform to the presentation in the financial statements for the year 2017 were as follows:

	Consolidated financial statements			Separate financial statements		
	Before reclassify	Reclassify	After reclassify (in million Baht)	Before reclassify	Reclassify	After reclassify
<b>Statements of financial position</b>						
Cash and cash equivalents	549	(48)	501	479	(48)	431
Current retention receivables under construction contracts	491	(324)	167	491	(324)	167
Other long-term investments	556	(508)	48	556	(508)	48
Available-for-sale investments	-	556	556	-	556	556
Non-current retention receivables under construction contracts	-	324	324	-	324	324
Long-term loans in default	(190)	190	-	-	-	-
Current portion of long-term loans	(92)	(24)	(116)	-	-	-
Long-term loans	(1,424)	(166)	(1,590)	-	-	-
	<b>(110)</b>	<b>-</b>	<b>(110)</b>	<b>1,526</b>	<b>-</b>	<b>1,526</b>
<b>Statements of comprehensive income</b>						
Distribution costs	11	15	26	1	15	16
Administrative expenses	508	(15)	493	410	(15)	395
	<b>519</b>	<b>-</b>	<b>519</b>	<b>411</b>	<b>-</b>	<b>411</b>

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