

February 15, 2018

Subject : Management Discussion and Analysis Yearly ending December 31, 2017

To : President of the Stock Exchange of Thailand

Sino-Thai Engineering and Construction Public Company Limited (Company and its subsidiaries) would like to inform the Company's operation result as of December 31, 2017 which was audited by the Company's auditor as follows:

- 1. Revenue:** The total revenue of the Company and its subsidiaries for the year 2017 was Baht 21,159 million, increasing by Baht 2,535 million or 14% compared to the year 2016. The increased income of the Company came from bidding new projects together with the expansion of economy and government's investment in infrastructure and transportations. The major revenue were from construction income at Baht 20,015 million; increasing by Baht 2,119 million or 12%, gain from fair value adjustment of investment properties was Baht 173 million, unrealized gain on valuation of current investments was Baht 800 million, interest income was Baht 44 million and dividend income was Baht 21 million.
- 2. Expenses:** In 2017, the Company and its subsidiaries had overall expenses at Baht 21,965 million which increased from the year of 2016 totaling Baht 5,062 million or increasing 30%. This resulted from increase in cost of construction since the Company recorded the provision for loss of construction project. For the current circumstances, whereby prices of construction materials and wages have risen significantly, and because major construction contracts have been delayed due to problems with delivery of construction areas belonging to the project owner, which are uncontrollable external factors, the Company has had to perform a detailed review of its project costs. As a result of the review, the Company noted that under current circumstances there would be losses on long-term projects and recorded the full amounts of these losses in the income statement in 2017. The Company believes that if circumstances do not significantly change, the recorded provision for loss is adequate.

The main expenses were cost of construction totaling Baht 21,527 million; increasing by Baht 5,197 million or 32% and administrative expenses totaling Baht 419 million; decreasing by Baht 135 million or 24%.

3. Profitability: The Company and its subsidiaries had net loss Baht 611 million in 2017 and net profit Baht 1,381 million in 2016, decreasing by Baht 1,992 million or 144% compared to the previous year. These decrease of profit derived from increase in cost of construction since the Company recorded the provision for loss of construction project. Because of current circumstances, whereby prices of construction materials and wages have risen significantly, and because major construction contracts have been delayed due to problems with delivery of construction areas belonging to the project owner, which are uncontrollable external factors.

Please be informed accordingly,

Yours sincerely,

(Mr. Pakpoom Srichamni)

Director