



WIik & HOEGLUND PUBLIC CO., LTD.
บริษัท วิค แอนด์ ฮูกลันด์ จำกัด (มหาชน)

ANNUAL REPORT 2017 รายงานประจำปี 2560



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Message from the Board of Directors

The year 2017 was the year of change from external and internal factors which significantly impacted the Company's business operation, i.e. delay of product receipt from several customers due to flooding and delay of contract signing from government authorities to review and clear relevant legal issues. Besides depreciation of US Dollars caused lower margin from export. Government investment on infrastructure was less than expectation, many projects were postponed. Demand for pipes were not much and competition was intensive. The Company paid high attention in submission of each project because pricing would directly impact performance. On the other hand, selective order taking would bring to less production volume and higher production cost. In the year 2017, the Company was carefully dealing with this situation. It was shown from the backlog of HDPE pipe business at the end of 2017 which decreased by 5.87% from the previous year while the backlog at the end of 2016 increased by 33.97% from the previous year.

However, the Company has realized that these problems are uncontrollable. Therefore the Company has expanded its business to water management business as it expected high growth of demand on water from household consumption, agricultural sector, and industrial sectors. Demand of water in the dry season is usually higher than the available quantity. Although water resources are renewable, the water storage area is not enough. The WIHK group started its water management business in 2016. In the year 2017, revenue from this business increased by Baht 70.28 million or 206.77% from the previous year. This was from long-term (20 years) contracts to produce good quality water for 2 industrial estates and construction of tap water supply system and wastewater treatment system for TFD 2 industrial estate, Bangpakong District, Chachoengsao Province with the total value of Baht 92.52 million. This is a related business which supports the core business and be able to generate stable long-term return.

In the year 2017, the WIHK group's total revenue is Baht 1,211.94 million, decreased by 1.84% from the previous year. The net profit is Baht 90.26 million, decreased by Baht 43.49 million or 32.52% from the year 2016 which got Baht 133.76 million net profit, This is mainly from the decrease in PE pipe production and installation business as mentioned above.

In 2018, the Board of Directors and Management considered that the backlog for HDPE pipe and fittings business of Baht 758.07 million and the water management business of Baht 162.45

million, the total value of backlog of Baht 920.52 million is 76% of total revenue in 2017. This can support the WIIK group to generate growth in revenue and profit.

The Company is continuously increasing the potential of organization and staff. We announced the anti-corruption policy, reviewed of good corporate governance policy, and improved quality and safety along with taking care of social, environment, and stakeholders in all sectors. We encourage Management and staff at all levels to participate in CSR activities and safety activities. We organized CSR activities in the education, social, community and environment. We support long-term CSR activities such as 1) joining the "Sports Field for Anti-Narcotics" project organized by the group of companies in Amata City Industrial Estate, Rayong province, 2) organizing a fitness program for employees by being a member of a Fitness Club in the headquarter building and organizing sports events such as Football and Petanque etc. to encourage all employees to aware the benefit of exercise, and 3) joining a long-term healthy activities and promote good relationships within the organization, such as organizing activity "Wear sarong eat papaya salad" which is an activity that promotes a healthy workplace (Happy Workplace) to makes employees happy at work and it also preserves the Thai way of life as well.

The Company continues to focus on being a quality leader in both production and installation services with sincerity and fairness to customers It continues to develop new products to meet the needs of customers.

On behalf of Wiik & Hoeglund Public Company Limited, Board of Directors and executives would like to thank all customers and shareholders which has been supporting the Company. And thank all staff members who are working hard together for the Company. And hopefully in 2018, everyone will trust in us and together cooperate to create the growth of the Company.



Dr.Vichit Yamboonruang

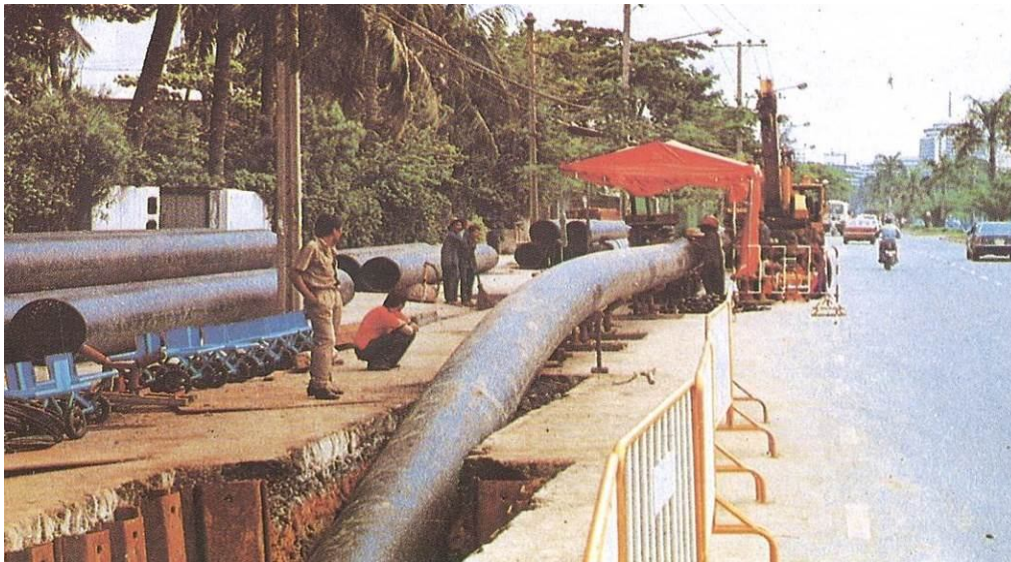
Chairman of the Board of Directors

Wiik & Hoeglund Public Company Limited

1. Policy and Overview of the Business

1.1 Background

In 1980, WH Pipe International, who is in the group of KWH Pipe limited, the world leader in the field of Design, Manufacturer, Supply, and Installation of High Density Polyethylene (HDPE) pipe for more than 50 years from Finland, was invited by Metropolitan Waterworks Authority of Thailand (MWA) to submit a proposal to renew Bangkok's corroded cast-iron water pipe system in Rama IV, Rajdamri, and Charoenkrung roads. At that time the existing cast-iron pipelines had approximately 40% water loss. This was a turn-key project which included design, construction, and material supply. WH Pipe International had been awarded the project by offering relining installation method which feed the new HDPE pipes into the old and corroded cast-iron pipes. This technique reduces the scope of trench digging and eliminates leakage.



Unquestionably, the main reasons that made Metropolitan Waterworks Authority of Thailand trusted in WH Pipe International and its HDPE pipe, which last more than 50 years life span according to TIS Standards, would certainly be small water transport interruption during HDPE relining, low cost, fast installation of HDPE Pipeline and noticeably less interruption of traffic (due to few road surface excavation). These reasons would be contributed to the high rate of the success of this project as KWH Pipe Limited set up the first supply and installation of HDPE Pipe Company in Thailand named *Wiik & Hoeglund Company Limited* on April 4, 1983.

Wiik & Hoeglund Company Limited was established with initial capital of Baht22 million and KWH Pipe Limited was a major shareholder, holding 90 percent of total shares. The Company has set up its first factory in Nava Nakorn Industrial Estate and later in 1989 moved to Bang Pu Industrial

Estate with bigger production capacity in order to response to the rapid economy growth at that time.

The followings are vital moves of the company;

- On March 22, 1995 the company was registered as a public company and moved the factory to The Amata Nakorn Industrial Estate with higher production capacity. The Company is a first manufacturer of HDPE pipe who obtained quality assurance system certified to ISO 9003 in Thailand.
- In 1996, the Company was registered in the Stock Exchange of Thailand with registered capital of Baht60 million which was equivalent to 600,000 shares of common stock. The first day of the Company's shares trading in the Stock Exchange Market was held on February 8, 1996.
- In 1999 the Company was certified according to ISO 9001.
- In 2005, the Company expanded production capacity by an average of 22,800 Metric Tons per year under the relocation of factory to the Amata City Industrial Estate, Rayong Province.
- In 2006, the Company increased its capital from Baht60 million to Baht300 million and KWH Pipe Limited, was a major shareholder, holding 65.99 percent of shares.
- In 2009, the Company was certified according to ISO14001.
- In 2013, KWH Pipe Limited and Uponor Infrastructure Solutions Segment merged into a new company under the name Uponor Infra Oy. Reflecting to this merge, Uponor Infra Oy was a major shareholder, holding 65.99 percent of KWH Pipe Limited in Finland.
- In 2015, a group of Thai's investor in Thailand showed interest in Wiik & Hoeglund Public Company Limited and purchased all of the company's shares held by Uponor Infra Oy. However, Wiik & Hoeglund Public Company Limited and Uponor Infra Oy continue being partners and work together in Asia. Under the Licensing Agreement with the Uponor Infra Oy, the Company has continued its manufacturing and selling HDPE structured wall light weight pipe under WEHOLITE brand name solely.
- In 2016 the Company entered the water resources management business in order to meet the demand for water in the industrial sector through Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary. Currently Wiik Water Company Limited (WW) operates the water supply system for 2 Industrial Estate such as (1) Siam Eastern Industrial Park

Mabyangporn Sub-district, Pluakdaeng District, Rayong Province and (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.

- In late 2016, the Company invested in production machine of double wall pipe (Weholite) for submarine pipeline for big Power plant and oil refiner plant projects. This important investment is allow the Company to produce 800 Metric Tons per year of Weholite HDPE Pipe and also to produce ID3,500mm Weholite HDPE pipe which is the biggest size ever produced in Asia. With this size of pipe, the Company is able to obtain more projects of Intake & Out fall for power plant and Petrochemical Complex in Asia.
- In the year 2017, the Company utilized its expertise in water management of Subsidiary, install water supply system for customers who want to have their own water supply management system in both industrial estates and other projects.

Currently Wiik & Hoeglund Public Company Limited is a manufacturer and supplier of PE pipe and fittings, Weholite Spiro, and WehoTank. The Company can produce Weholite Spiro pipe and Wehotank with size of Diameter 3,500 mm which is the largest PE pipe in the region. The quality of products and services are trusted internationally. The Company also creates opportunities with investment in water resources management which is related business and supports our core business to grow steadily in the future.

1.2 Overview of the Business

Wiik & Hoeglund Public Company Limited has played an important role in developing the quality of water supply infrastructure. The development affects and improves the quality of life of all Thai Citizen; especially the change from steel pipe to High Density Poly Ethylene pipe which is widely used in developed countries in Europe for more than 50 years. Superior to steel pipe, HDPE pipe is rust free, easy to be installed and can be used to transport the clean and safe tap water to the consumer. HDPE pipe has long life span and worth for its investment.

The Company realized that the management of water resources is essential for livelihood. The current global climate change has high impact on the rainfall and its variance. Therefore, with the high demand of clean water in both agricultural and industrial sectors, especially in dry season, the proper management in keeping and delivering water is highly required for Thailand.

The Company has foreseen this problem and aims to improve the business management of water resources to meet the demand for water usage in agricultural & industrial sectors and for the

consumer in a systematic way. The Company has set up Wiik Water Company Limited (holding 100% of its' own shares) for such improvement.

Currently Wiik Water Company Limited (WW) operates the water supply system for 2 Industrial Estate such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province and (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.

As the market leader for the HDPE pipe and fittings, the Company has 30-year experience in supplying its products in Thailand. The Company has also been recognized internationally in terms of products and product quality control. The Company is proud in obtaining the standard of environmental international ISO 14001 and believes that the Company will be able to leverage the management of water resources and the quality of life for people more effectively in the future.

1.3 Goals and Strategies for Operation

On February 27, 2018, the Board of Directors' Meeting No. 2/2018 reviewed the Company's vision and mission as follows.

Vision

"Committed to continuous and sustainable growth in the PE pipe manufacturing and installation business in the ASEAN region."

Mission

- (1) The Company strives to increase the sales of high quality HDPE pipe and fittings and maintain the image of high quality HDPE pipe and fittings leader.
- (2) The Company is a leader in the HDPE pipe industry in terms of engineering, design and installation of HDPE piping systems.
- (3) The Company will create revenue and margin from the growth of water management business.
- (4) Generate return to shareholders continuous and steady by adhering to the principle of treating all stakeholders fairly and equally.

Strategy Leading to Sustainability

- (1) Develop knowledge and skill of engineering design, installation of pipes, and water supply.
- (2) Promote Product Research and the Development that meet market needs with the cost competitive advantage.

- (3) Increase the potential in both domestic and foreign markets.
- (4) Create opportunities by investing in water resources management which relates and supports the existing company's core business to grow steadily in the future.

1.4 Changes and key developments

1) Changes in share capital and issuance of securities

Year 2015

According to Wiik & Hoeglund Public Company Limited held the Extraordinary General Meeting of Shareholders No. 1/2015 on June 3, 2015, the Extraordinary General Meeting of Shareholders has resolution as follows;

- 1) Approved the decrease of the Company's registered capital of Baht 62,000 from the previous registered capital of Baht 300,000,000 to be the new registered capital of Baht 299,938,000 by canceling ordinary shares that not issued of 62,000 shares with par value of Baht 1.00 per share. The Company registered this decreasing capital with the Ministry of Commerce of Thailand on June 4, 2015.
- 2) Approved the increase of the Company's registered capital of Baht 364,954,534 from the previous registered capital of Baht 299,938,000 to be the new registered capital of Baht 664,892,534 by issuing of Baht 364,954,534 new ordinary shares at the par value of Baht 1 each for the following purpose; (1) To support the exercise of the warrant to purchase the ordinary shares of the Company No. 1 ("WIik-W1") in the amount of 99,979,334 shares (2) To support the allocation of the newly issued ordinary shares offered via General Mandate in the amount of 119,975,200 shares and (3) To support the offering of newly issued ordinary shares offered via Private Placement in the amount of 145,000,000 shares. The Company registered this increasing capital with the Ministry of Commerce of Thailand on June 8, 2015.
- 3) Approved the issuance and allocation of warrant to purchase ordinary shares of the Company No. 1 ("WIik-W1") ("Warrant") in the amount of not exceeding 99,979,334 units for free to the existing shareholders at the ratio of 3 existing ordinary shares for 1 unit of warrant whereby any fraction of the warrants from such calculation shall be discarded with the exercise price of Baht 5 per share. The warrant is valid for three years from the Date of Issue of Warrants and allocation of warrants to buy ordinary shares. (The first exercise date is on December 30, 2015 and the last exercise date is on June 15, 2018) and the warrants is allowed for the purchase /

sale in the Stock Exchange of Thailand on June 30, 2015. On December 31, 2015, the warrants (WIHK-W1) for 99,963,136 units were left unexercised.

- 4) Approved the allocation of not exceeding 119,975,200 newly issued ordinary shares at the par value of Baht 1 per share by the General Mandate. The allocation details are as follows;
 - (1) Not exceeding 89,981,400 newly issued ordinary shares will be allocated to existing shareholders of the Company in proportion to their shareholding (Right Offering: RO).
 - (2) Not exceeding 29,993,800 newly issued ordinary shares will be allocated to specific investors under a Private Placement scheme (Private Placement: PP).

After the allotment of newly issued shares according to (1) and (2), the paid-up share of the Company shall totally increase not exceeding of 89,981,400 shares or not more than 30% of paid-up capital as of the date that the Company's Board of Directors approved the capital increase. In the event that there is an allotment of newly issued shares to specific investors under a Private Placement scheme in (2), the Company's paid-up shares shall increase not exceeding of 29,993,800 shares or not more than 10% of paid-up capital as of the date that the Company's Board of Directors approved the capital increase.

- 5) Approved of the allocation of not exceeding 145,000,000 newly issued ordinary shares at the par value of Baht 1 per share will be allocated to investors in private placement.

Year 2016

- ❖ On February 29, 2016 the Board of Directors Meeting No. 1/2016 approved to allocate the newly shares to the private placement of 75,000,000 shares at the offering price of Baht 3 per share for 2 investors according to the resolutions of the EGM No.1/2015 on June 3, 2015 as follows.

Investor Name	Number of shares	Offering Price (Baht)	Total Value (Baht)
1. Mrs.Monthira Padungrat	30,000,000	3.00	90,000,000
2. Mr. Jirayu Assanuwong	45,000,000	3.00	135,000,000
Total	75,000,000	3.00	225,000,000

However, the resolution of shares allocation to the Private Placement with the remaining of 70 million shares, the offer period expired on June 2, 2016 (after 1 year from the date of the resolution to issuance and offering such shares). The Company will decrease the registered capital to cancel ordinary shares that have not been sold next.

Year 2017

The Annual General Meeting of Shareholders 2017 on April 3, 2017, approved the following resolutions:

- ❖ Approved the capital reduction of Baht 189,975,200 from the existing registered capital of Baht 664,892,534 to be the new registered capital of Baht 474,917,334 by reduce non-paid up ordinary shares of 189,975,200 shares with a par value of Baht 1 per share. The capital reduction by reduce non-paid up ordinary shares of 189,975,200 shares with a par value of Baht 1 per share in this time consisted of (1) ordinary shares to support the allocation of the new ordinary shares offered via General Mandate in the amount of 119,975,200 shares and (2) remaining ordinary shares to support the allocation of new ordinary shares offered via Private Placement in the amount of 70,000,000 shares according to the resolutions of the EGM No.1/2015 on June 3, 2015. The Company registered the decrease in share capital with the Ministry of Commerce on April 7, 2017.
- ❖ Approved the issuance and offering of debentures with the offering value not exceeding Baht 1,000,000,000 (One billion Baht only) or equivalent to utilize as the Company's normal operation and/or loan repayment and/or investment of the Company and its subsidiaries and/or working capital of the Company and its subsidiaries or other purposes as deemed appropriate by the Board of Directors. However, as at 31 December 2017, the Company did not issue and offer such debentures yet.

2) Changes of debt issuance

- ❖ On May 16, 2016 the Board of Directors Meeting No. 2/2016 approved the issuance and offering for sale of bill of exchange ("B/E") to the investor in general sale offering or in private placement to financial institution or in participating dealer to facilitate the working capital of the Company as detailed as follows;

Type	: Short-Term Bill of Exchange
Total value of B/E	: The Credit Limit shall not exceed Baht 600,000,000.-(Six hundred million Baht) (at any time). Upon the redemption of the short-term bills, the company is able to offer to sell the bills again but the value shall not exceed Baht 600,000,000.-(Six hundred million Baht)
Interest rate	: Depending upon the market rate at each time of offering
Objective	: To facilitate the working capital of the company
Condition	: Sale offering to the investor in general sale offering or in private placement to

<p>Authorization</p>	<p>financial institution or in participating dealer which intend to unlimited the amount of sale offering, the B/E maturity shall not exceed 270 days and the Company will submit the filling to SEC under term and condition as SEC requirements</p> <p>: Board of Director of the Company authorized to the executive committee of the Company or persons designated by the executive committee is empowered to specify the principals, the conditions and other details regarding the issue and offering of Bills of Exchange such as the interest rate, offering period, tenor, principal amount and etc., including apply for permission, disclosure and performing any actions with relevant government agencies, appointing an advisor or other person in relation to the issue and offering of Bills of Exchange and negotiating, signing and editing documents and the relevant agreements and empowered to any perform to issue and offer the Bills of Exchange.</p>
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The Company issued and sold short-term Bill of Exchange without collateral at the interest rate of 4% per year. As at December 31, 2017 the Company repaid to redeem the Company's bill of exchange in whole amount.

3) The Key Development

Year 2013

- ❖ On July 1, 2013 the KWH Pipe Limited merged with Uponor Varaosa Oy, a subsidiary company of Uponor Corporation which is listed in NASDAQ OMX, Helsinki, Finland. As a result, the new company named Uponor Infra Oy was established and Uponor Infra Oy is a major shareholder of KHW Pipe Limited.

Year 2015

- ❖ On February 24, 2015, Uponor Infra Oy sold all of ordinary shares of the company to a four groups of investors in Thailand, which comprise of Mrs. Sumalee Ongcharit, Yaowawong Holding Company Limited, Mr. Chai Jivamongkol, and Mr. Chong Ransibrahmanakul with total number of shares 197,928,800 shares which is equivalent to 65.99 % of the issued and paid shares.
- ❖ The Company changed the shareholding structure of the Company's subsidiary company as follows;

- On February 24, 2015 transferred 25,498 of preferred shares of WH Holdings Limited for free. As a result, the Company holds 100 % shares of WH Holdings Limited.
- On March 25, 2015, the Company purchased 50,998 units of preferred shares of WH Pipe (Thailand) Limited (currently named Wiik Water Company Limited) at a price of Baht 12.75 per share totaling Baht 650,225 from WH Holdings Limited. As a result, the Company holds 100 percent shares of Wiik Water Company Limited.
- ❖ On April 24, 2015, the Extraordinary General Meeting of Shareholders of WH Holdings Limited resolved to liquidate with the Ministry of Commerce on May 1, 2015 the liquidation completed on July 10, 2015.
- ❖ On May 29, 2015, the Extraordinary General Meeting of Shareholders of WH Pipe (Thailand) Limited has resolved to increase the capital from the existing registered capital of Baht 10 million to Baht 30 million and approved the "WH Pipe (Thailand) Limited." to renamed to "Wiik Water Company Limited." The changed was made to the Ministry of Commerce on June 5, 2015.
- ❖ On June 19, 2015, the Extraordinary General Meeting of Wiik Water Company Limited (subsidiary) approved a capital reduction of Baht 30,000,000 to Baht 18,252,800 to clear the deficit. And the registration of the capital reduction was made with the Ministry of Commerce on July 24, 2015.

Year 2016

- ❖ On February 29, 2559 the Extraordinary General Meeting of Shareholders No. 1/2016 of Wiik Water Company Limited (a subsidiary) approved the capital increase of Baht 31,747,200 from the existing of Baht 18,252,800 baht to Baht 50,000,000 by issuing 317,472 ordinary shares with par value of 100 Baht per share. The payment of capital increase and registration with the Ministry of Commerce completed on May 16, 2016.
- ❖ On May 17, 2016 Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary, signed an agreements granting the right on water supply system management for Siam Eastern Industrial Park. The details are as follows.

Project Name	:	Potable Water System Management for Siam Eastern Industrial Park (SEP)
Location	:	Siam Eastern Industrial Park Mabyangporn Sub-district,

	Pluakdaeng District, Rayong Province.
Total investment of WW	: Compensation for transferring the right of asset possession and cost of upgrading the system, approximately 140 million Baht.
Agreement Period	: 20 years and begin recognizing revenue in June 2016 onwards.
Value of minimum income throughout maturity	: 1,365.07 Million Baht

- ❖ On October 21, 2016, Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary, signed an agreement on design, construction, and operation of potable water system for Wellgrow Industrial Estate. The details are as follows.

Project Name	: design, construction, and operation of potable water system for Wellgrow Industrial Estate.
Location	: Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.
Total investment of WW	: Construction cost of potable water supply plant approximately 135 million Baht.
Agreement Period	: 20 years and expected to begin recognizing revenue in Quarter 2/2017 onwards.
Value of minimum income throughout maturity	: 1,034.78 Million Baht

- ❖ On November 1, 2016 the Company changed the address of Company's headquarters location as follows.

Former 90 Cyber World Tower A, 35th Floor, Ratchadapisek Rd., Huaykwang, Bangkok 10310.

New 90 CW Tower A, 35th Floor, Ratchadapisek Rd., Huaykwang, Bangkok 10310.

Year 2017

- ❖ On March 8, 2017, the Annual General Meeting of Shareholders 2017 of Wiik Water Company Limited (a subsidiary) approved the increase of registered capital from Baht

50,000,000 to Baht 170,000,000 by issuing 1,200,000 new ordinary shares with par value of Baht 100 per share. The offering price is Baht 117 per share (book value as of December 31, 2016), totaling Baht 140,400,000. The first payment will be made 25% of the capital increase, the remaining assign to the Board of Directors to call for share payment as needed, the details of share payment and registration with the Ministry of Commerce as follows:

Date	Share payment (percent)	Money received (Baht)	Registration with the Ministry of Commerce
March 8, 2017	25	35,100,000	March 10, 2017
April 3, 2017	50	70,200,000	April 4, 2017
May 23, 2017	25	35,100,000	June 1, 2017
Total	100	140,400,000	-

❖ In the year 2017, the Company restructured its business operations to be clearly as follows.

Companies	Business Restructuring	
	Before	After
WIHK	<ul style="list-style-type: none"> Production and distribution of HDPE pipes and fittings business 	<ul style="list-style-type: none"> Production and distribution of HDPE pipes and fittings business Welding, installation and design of HDPE pipe system business
WW	<ul style="list-style-type: none"> Welding, installation and design of HDPE pipe system business Water management business 	<ul style="list-style-type: none"> Water management business

❖ On June 5, 2017, the Company began to realize revenue from a contract for design, construct, and operate potable water system for Wellgrow Industrial Estate for a period of 20 years.

❖ On September 15, 2560, Wiik Water Company Limited (a subsidiary) relocated its head office as follows:

Former 90 CW Tower A, 35th Floor, Ratchadapisek Rd., Huaykwang, Bangkok 10310.

New 90 CW Tower B, 21st Floor, Ratchadapisek Rd., Huaykwang, Bangkok 10310.

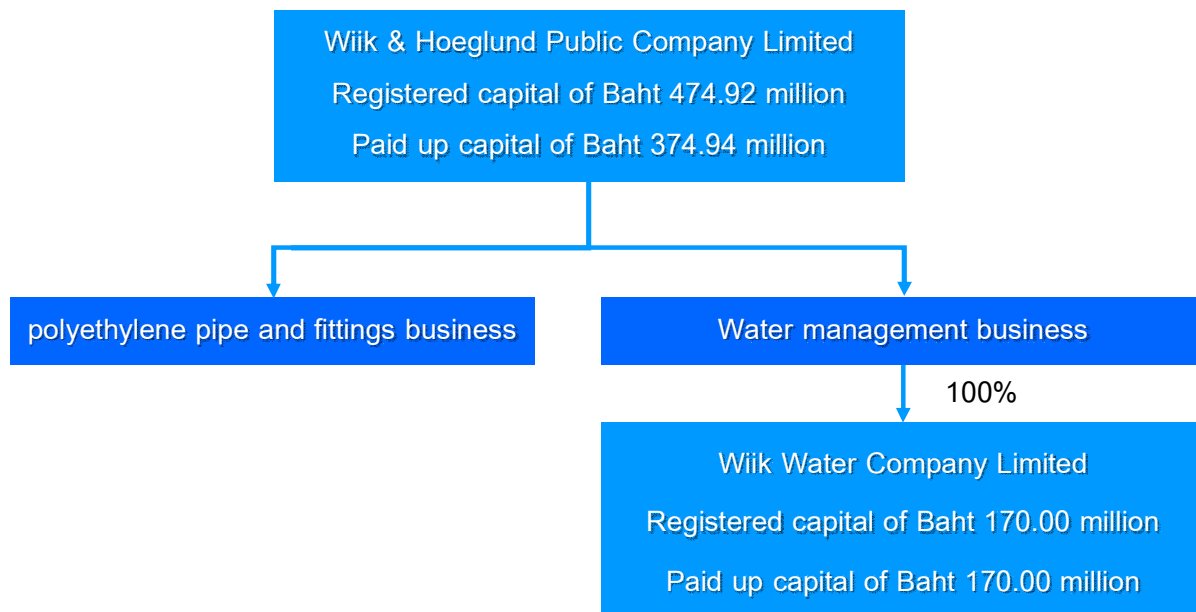
❖ On November 23, 2017, Wiik Water Company Limited (a subsidiary) was signed the contract for construction of water supply by Ultra Filtration (UF) system construction of central wastewater treatment system at TFD 2 Industrial Estate with the total value of Baht 92.52 million.

1.5 Shareholding Structure of the Group

As at December 31, 2017, the Company operates in 2 business segments:

- (1) group of polyethylene pipe and fittings business
- (2) group of Water management business which operated by Wiik Water Co.,Ltd. (WW)

The Group's operations are divided into the following groups:



Note: A Conflict of interests of Share Holders of the Company and its subsidiaries is less than 10%.

Details of subsidiary

Wiik Water Company Limited

❖ Shareholding

Wiik & Hoeglund Public Company Limited is a major shareholder in 100% shareholding.

❖ Nature of Business

Operates water management business both fully integrated of tap water and wastewater treatment.

❖ Financial Highlights

Million Baht	2017	2016	2015
Total assets	439.12	272.84	58.74
Total liabilities	215.18	213.97	38.20
Shareholders' Equity	223.94	58.87	20.54
Debt to equity ratio	0.96	3.63	1.86

Million Baht	2017	2016	2015
Total revenue	191.51	86.32	52.57
Net profit	24.67	6.59	2.28
Earnings per share	18.00	16.52	16.96

2. Type of Business

2.1 Revenue Structure

Revenue from business operations of the Company and subsidiaries during the year 2015 – 2017 could be classified by business segment as follows.

Product line / Business Group	Operated by	% Shareholding	Revenue (Million Baht)					
			2017	%	2016	%	2015	%
Manufacture and Supply HDPE pipe and fittings.	Wiik & Hoeglund PLC							
<u>Domestic Sales</u>								
Pipe			701.26	57.86%	856.86	69.40%	784.62	67.43%
Fittings			86.87	7.17%	96.63	7.83%	79.68	6.85%
Scrap			1.96	0.16%	2.31	0.19%	1.93	0.16%
Total			790.09	65.19%	955.80	77.42%	866.23	74.44%
<u>Export Sales</u>								
Pipe			189.80	15.66%	163.13	13.21%	224.19	19.27%
Fittings			5.04	0.42%	5.26	0.43%	2.98	0.26%
Scrap			3.21	0.26%	3.99	0.32%	6.07	0.52%
Total			198.05	16.34%	172.38	13.96%	233.24	20.05%
Welding (Domestic)			10.67	0.88%	-	-	-	-
Welding (Export countries)			8.69	0.72%	0.94	0.08%	2.87	0.25%
Dividend yield			1.12	0.09%	0.80	0.06%	0.80	0.07%
Others			13.77	1.14%	19.20	1.56%	17.45	1.50%
Total			1,022.39	84.36%	1,149.12	93.08%	1,120.59	96.31%
HDPE Pipe welding service and pipeline installation service.	Wiik Water Co., Ltd.	100.00						
Sale of pipes and other (domestic)			28.11	2.32%	0.90	0.07%	-	-
Water sales			104.27	8.60%	33.99	2.75%	-	-
Welding (domestic)			56.72	4.68%	48.73	3.95%	42.71	3.67%
Welding (export countries)			-	-	1.16	0.09%	-	-
Others			0.45	0.04%	0.71	0.06%	0.29	0.02%
Total			189.55	15.64%	85.50	6.92%	43.00	3.69%
Grand total			1,211.94	100.00%	1,234.62	100.00%	1,163.59	100.00%

2.2 Group of polyethylene pipe and fittings business




1) Products and Services



Wiik & Hoeglund Public Company Limited (the Company) is the manufacturer and supply high quality of plastic pipes and fittings for various types of application. The Company's products are produced from High Density Polyethylene (HDPE) resin. The Company's HDPE solid wall pipe (W-HQ Pipe) are OD16mm. – OD1600mm. in size and HDPE structured wall pipe (Weholite) ranking in size from ID300mm. – 3,500mm. for drainage & sewage, and water tank (Weho Tank). The Company's HDPE pipe and fittings are easy to be installed in both on ground and underground without considering the type of soils.



It also provides service of the consultancy, advisory, servicing of HDPE pipe installation. Business scope in details is described as follows;


- The installation and welding of HDPE pipe and fittings
- The full service of HDPE pipeline installation (turn-key contractor) for the private sector which is starting from the services of HDPE pipeline system design, trenching and backfilling, HDPE pipeline and equipment installation, HDPE pipe and fittings welding.
- The installation of HDPE pipeline related equipment such as Air Release Valve or Gate Valve.
- The Consultancy of HDPE pipe and fittings installation.

Products and Services in group of polyethylene pipe and fittings business

Products & Services	Qualification	The usage
<p>(1) Solid Wall Pipe. High Quality HDPE pipe (W-HQ pipe)</p>   	<p>The Company's HDPE solid wall pipe (W-HQ Pipe) is produced from High Density Polyethylene, also known as HDPE pipe, which is now widely used in both Government and Private Sectors in the field of water pipeline system, sewage, and cable conduit, etc. The Company's HDPE pipe and fittings are suitable in corrosive of acid and chemical environment. They are Corrosion & Abrasion resistance, light weight, flexibility, easy to bend and transport, long service life, and high impact strength.</p>	<ul style="list-style-type: none"> ● Raw and Portable Water Pipe ● Drainage and Sewage Pipe ● Electrical and Phone Cables Conduit ● Submarine Pipe ● Repair Pipe (relining) ● Mining <p>Generally HDPE pipe can be divided into categories based on usage and the size of the pipe below;</p> <ul style="list-style-type: none"> ● 16-110 mm outside diameter pipes used for drinking water pipes and sewage for small size of projects. ● 110-315 mm outside diameter pipes used in village and industrial estate as main pipeline for water transport and drainage. ● 110-200 mm diameter pipes of size are commonly used as electrical and phone conduit. ● 315-1600 mm outside diameter pipes used as main pipeline for water transport and drainage.

Products & Services	Qualification	The usage
<p data-bbox="190 268 685 300">(2) Structured Wall HDPE pipe (Weholite)</p>    	<p data-bbox="779 268 1375 1289"> Structured Wall or double layer HDPE Weholite pipe is made from High Density Polyethylene (HDPE) resin. The HDPE resin selected by the Company passes the high quality control according to the International Standards. It makes the Company's HDPE pipe superior to other types of pipes. The Weholite HDPE pipe's weight is also 2-10 times lighter than other types with service life more than 50 years; likewise the cost of installation and demolition for repair is also lower than other types of pipe. Weholite HDPE pipe is well designed and provides all technical advantages of equivalent polyethylene solid wall pipes but with substantial saving in weight combining greater ease of installation and transportation with increased cost effectiveness. Additionally, Weholite HDPE pipe has low friction loss and can transport more quantity of water compared to other pipes with the same diameter. Weholite HDPE pipe can be produced in many colors according to the customers' requirement. Length per pipe 6-15M. is available. </p> <p data-bbox="779 1326 1189 1353">Internal diameter 300 mm - 3500 mm.</p>	<ul data-bbox="1406 272 1783 727" style="list-style-type: none"> ● Drainage pipe ● Sewage pipe ● Intake & Outfall pipe ● Culvert pipe ● Manhole ● Ventilation pipe ● Relining pipe ● Combined Sewage Overflow

Products & Services	Qualification	The usage
<p>(3) HDPE water tank (WehoTank)</p> 	<p>WehoTank is the development of Structured Wall or double layer HDPE Weholite pipe which is also made from High Density Polythylene (HDPE) and high standard resin. WehoTank is high quality, clean, and leakproof double layer water tank. WehoTank is also easy to be installed in both on ground and underground, non-toxicity, corrosion resistance, and has long service life for more than 50 years. It is one of a best and cost effective of investments. WehoTank's tank wall is special designed and suitable for water management in the community and industry and best fit for water collection as Rainwater Tank, Sewage Tank, Waste Water treatment Tank, and Bio-Gas Tank.</p>	<ul style="list-style-type: none"> ● Water Storage Tank ● Rainwater Collection Tanks (Rain Storm) ● Wastewater Treatment Tank (CSO) ● Septic Tank ● Retaintion Tank ● Chemical Storage Tank ● Bio-Gas Tank or Scrubber Tank). ● Pontoon & Boat lift
<p>(4) Phone Cable and Cable Conduit (W-HQ CONDUIT)</p> 	<p>W-HQ CONDUIT is produced from High Density Polyethylene (HDPE) resin. The HDPE resin selected by the Company passes the high quality control according to the International Standards. It can be assured that it is a high quality HDPE pipe with the high Mechanical properties and great physics. It is suitable for underground pipes usage and can be used as an insulating and</p>	<p>High Density Polyethylene pipe for Phone Cable and Cable Conduit.</p>

Products & Services	Qualification	The usage
	protective sheath for covering cables, telephone lines and cables Fiber Optic.	
<p>(5) HDPE Pipe Welding Service; inclusive of pipeline installation service</p> 	<p>There are many ways to install HDPE pipe, such as welding or connecting by using fittings; however, Butt Fusion Welding is widely used nowadays.</p>	<p>Connecting HDPE Pipe by using Butt Fusion systems is widely used and well known. The welding process is to create heat at both ends of HDPE pipe and melt them with the suitable level of pressure. Quality at welding part totally depends on welding machine, welding factors and experienced welders.</p>

2) Market and Competition

2.1) Marketing

Products and Services Strategies

Wiik & Hoeglund Public Company Limited, We are manufacturer and distributor of PE pipe and pipe fitting under Weholite Spiro and WehoTank brand. We produce the largest PE pipe in this region. Our Weholite Spiro and Wehotank has a diameter of 3,500 mm. Our products and services is international world class quality. We had over 30 years' experience in manufacturing and our staffs are competent in engineering and fully technical support to customers.

The Company has a policy to implement international production quality, comply and certified under ISO 9001: 2008, ISO 14001: 2004 for the manufacture of PE pipes and pipe fittings. Our Products produce under standard Production procedure according to customer requirements such as ISO 982-2556, ISO 4427-2, ASTM D3035, DIN 8074, ASTM F714, AS / NZS 4130 and EN 12201-2 and concentrate on quality control products procedure. Starting from the selection and inspection of resin. In order to obtain the high quality polyethylene raw material in the production process. Quality control in the manufacturing process (In Process Quality Control) until inspection before delivery to customer (Final Inspection) using standardized tests are internationally recognized. Ensure that your products and services are of the highest quality. Throughout the period of use.

In addition, we are flexible to comprehensive range of customer requirements level from less complicated tasks which the competition is high to the job requires expertise. And high technology engineering which the competition is not very high, such as the pipe under the sea, sewer drains into the sea for a power plant and large petrochemical industries.

Price Strategies

The company had to competing with cheap priced products from low quality HDPE pipes in Thailand. Some manufacturers used low quality raw materials to produce cheap price products to fight against us to present their products in public and private projects.

The company insist to our policy of excellence quality. To ensure the confidence and safety in term of use is important. We also environmental care in term of the quality of life for Thai people in Thailand. The company has no plans to produce low-quality goods to compete with existing products in the market, the company will provide pricing flexibility (Flexible prices) to increase orders and production capabilities. Full capacity utilization for we are able to reduce production cost per unit

In addition, each year, the development of HDPE pipe products from normal standard pipe is a special pipe. Suitable for each type of application such as double-walled pipes for use without pressure. The pipe has a very smooth internal surface for a wiring harness and high temperature resistant pipes etc., Each HDPE pipe manufacturer has to concentrate on research and develop its own products to meet the market need and gain more profit from new products new innovation products. Instead of focusing on the production and distribution of traditional HDPE pipes, the competition is intensifying and difficult to gain profit. We had an R & D department to research and develop new products as well as the equipment's development to be able to use it at all times.

Place Strategies

The company will follow the news of the tender for construction. Water Supply System through media such as internet, newspapers and publicity. It specifies the basic properties of the project. In order to know the information of the contractors participating in the above projects, our sales department will contact all the patriciate's contractors to offer our products and services, emphasizing the feasible will get the contract. Mostly we will sell our products and services to government contractors who winning bid project for Metropolitan Waterworks Authority (MWA), the Provincial Waterworks Authority (PWA), and various local authorities.

Promotion Strategies

HDPE pipe is High Density Polyethylene pipe it was proven in global project that it has excellent properties and can be used for a long time and it's difficult to find replacement products. However, the company still has competition in terms of cheap price and low quality HDPE pipes from Thai supplier. Some manufacturers use low-quality raw materials to produce pipes and fittings to offer their products in public and private projects. The use of low quality HDPE pipes has affected the confidence of the company's high quality HDPE pipes, such as: (1) Leakage of pipes; Affect inconvenient and unsafe to use water to consume (2) The engineering/maintenance department responsible for and the extended network of water supply had to spend a lot of budget to repair damaged pipe. It is not good investing to use low quality pipe and short hose life. (3) High quality standard HDPE pipe manufacturer impact by unfair price competition. To avoid from the said problem. The Company has organized activities to communicate with customers in the private sector and government agencies by providing knowledge events. To educate the customer to decide to buy high quality products which it's worth the investment in every project.

In addition, the Company has a marketing and PR strategy concentrate on high quality standards. Efficient work system to make our customer satisfied. We focus to providing good service

for after sales service to establish good relationship with our customers. In addition, the Company has focused on expanding its customer base to cover a wider range of businesses. According to expanding business base policy we will expanding to high level environmental engineering management, which include customers in the business sector and good growth potential such as the energy sector and industrial estates sector.

2.2) Target Group

(A) The Following Government Agencies for the projects of raw and portable water pipe, phone cable and electrical cable conduit, sewage pipe installation, wastewater and Septic Tanks;

- Provincial Waterworks Authority
- Provincial Electricity Authority
- Royal Irrigation Department
- Metropolitan Electricity Authority
- Electricity Generating Authority of Thailand
- Land development Department
- Telephone Organization of Thailand
- Department of Water Resources
- Communications Authority of Thailand
- Metropolitan Waterworks Authority
- Department of Local Administration
- Ministry of Public Health

(B) Private Sectors for the projects of raw water & Portable water pipes, sewage, fire water pipe, Water Tank, and Water treatment tank;

- Factory and Industrial Estate
- Residential
- Airport & Stadium
- Retailers

(C) Specific Group of Business that requires;

- The Horizontal Directional Drilling of HDPE pipe.
- Pipe Relining.
- Perforated pipe for underground drainage.

- Reserve water systems for private groups.
- The Submarine.

(D) International Markets such as Philippines, Vietnam, Cambodia, Laos, India, Indonesia, and Myanmar. The target groups are big construction company who receive foreign fund, Both Government and Private Sectors that have the projects of water allocation and water treatment; including the mining.

(E) Wholesale markets and Dealers for the following projects

- Water pipe inside the plant
- Sewage pipeline projects in villages, Industrial Estates and factories.
- Water Tank and Water Treatment Tank.

Customer Satisfaction Measurement 2017

In 2017, the Company measured customer satisfaction by sampling from customers who have the sales order and customers who bid more than 200,000 Baht including new customers total of 15 customers. The average score of customer satisfaction was 4.38 as follows.

Customer Requirement			Satisfaction Mean
Personnel	1	Salespersons have the knowledge, understanding, answer questions about pipe products and equipment.	4.5
	2	Salespersons respond quickly to requests.	4.6
	3	Salespersons can describe the process of selling a water pipeline project.	4.7
	4	Salespersons can respond to customer complaints and solve problems quickly and efficiently.	4.3
Products	5	Quality of products meet the requirements.	4.5
	6	A variety of products covered the demand.	4.3
Delivery	7	Delivery can be delivered on time.	4.5
	8	Delivery department coordinate delivery of products efficiently.	4.4
	9	Delivery is complete and accurate, no damage was found during transportation	4.5
Services	10	Delivery of documents related to sales.	4.1
	11	Documentation can support sales of pipe products and equipment.	4.2
	12	After-sales service helps to get information and news of the Company continuously.	4.0

Note Each satisfaction score has a maximum score of 5.

2.3) Competition within the Industry

Enhancing the quality and standard of Public Utilities; especially the metropolitan waterworks, is important and directly affects the quality of life of people in the country. All concerned parties shall sincerity cooperate for this enhancement.

Thailand has developed the waterworks systems steadily; especially the enhancement of water pipe quality by changing the iron-cast steel pipe to HDPE pipe which is widely used in developed countries. Countries in Europe, for instance, has been using HDPE pipe in their waterworks for more than 50 years. Corrosion problem in iron-steel pipe is solved and cleaned & safe water are transported throughout the plumbing system. HDPE pipe is worth the investment since it is easy to install, saves pipeline installation time and has long service life.

Thailand has faced the several obstacles in using HDPE pipe; especially the quality of HDPE Pipe. Some of contractors tend to use low quality of HDPE pipe in order to minimize the cost. The low price is the main reason for them to use HDPE pipe made from recycle material. As a result, many of the problems occur such as;

- Pipe leaks or cracks which creates the inconvenience and unsafe water for all users.
- The agency who is responsible for the production and expansion of the water supply would spend an extra time and cost to repair the damaged pipe. It is not worth it to invest on the short service life pipe.
- HDPE pipe manufacturer who is producing high quality of HDPE pipe according to quality standards is facing unfair price competition.

Wiik & Hoeglund Public Co., Ltd. is emphasizing on its quality of HDPE pipe and provides the clients the confidence in using its products. This idea also increases the quality of life of people in Thailand.

There is growth from the growth of public utility in ASEAN countries; such as Vietnam, Myanmar, Laos, Indonesia, Philippines, and India.

In addition, the company has been developing the pipeline system and water storage systems (Wehotank), a tank for storing water, sewage, chemicals and gas. The Company is increasing sales with existing clients and continuously seeking for new clients.

Type of product competition

Usage	Outside diameter	Competitive products
1. Water pipe in household.	Approximately 16-63 mm.	<ul style="list-style-type: none"> ● PPR pipe ● PVC pipe ● PB pipe
2. Small sizes of pipe for water transport or sewage in household or small projects.	Approximately 16-110 mm.	<ul style="list-style-type: none"> ● AC pipe ● PVC pipe ● PB pipe ● W-HQ Pipe
3. Medium size of main distribution pipeline or sewage in village or industrial estate.	Approximately 110-315 mm.	<ul style="list-style-type: none"> ● PVC pipe ● Weholite ● Double wall pipe ● W-HQ Pipe ● AC pipe ● Reinforced concrete pipe
4. Main Pipeline for water transport.	Approximately 315-1,600 mm.	<ul style="list-style-type: none"> ● Mild Steel pipe ● PVC pipe ● GRP pipe ● W-HQ Pipe ● AC pipe
5. Big size of pipe for portable and raw water, sewage in industrial estate or community.	Approximately 315-3,500 mm.	<ul style="list-style-type: none"> ● Steel Pipe ● Reinforced concrete pipe ● Glass Reinforce Fiber Pipe (GRP) ● W-HQ Pipe ● Weholite
6. Phone or Electrical Cables conduit.	Approximately 32-200 mm.	<ul style="list-style-type: none"> ● PVC pipe ● FRP pipe ● Double wall pipe ● W-HQ Conduit

Usage	Outside diameter	Competitive products
7. Big size of water tank for factory, industrial estate or household.	Approximately 10-120 cubic meters.	<ul style="list-style-type: none"> ● Fiberglass tank ● Steel tank ● HDPE WehoTank ● Reinforced concrete tank ● Stainless steel tank

3) Procurement of Products or Services

3.1) Manufacturing

The Company factory is located at 7/214 Moo 6 Amata City (Rayong) District Mabyangporn Daeng district, Rayong 21140. The Company has setup both the short and long term plan by analyzing market conditions and its competition. Also evaluating the volume of outstanding orders. The Company is planning on studying the annual investment plans for next following years as well.

Production capacity and utilization

Production		2017				2016				2015			
		Average production capacity	Actual production volume	Utilization rate (%)	production volume increase (%)	Average production capacity	Actual production volume	Utilization rate (%)	production volume increase (%)	Average production capacity	Actual production volume	Utilization rate (%)	production volume increase (%)
SOLID WALL PIPE	(ton)	24,470.00	13,912.65	56.86	(13.53)	23,350.00	16,089.90	68.91	10.61	20,780.00	14,546.79	70.00	37.50
WEHOLITE PIPE	(ton)	4,030.00	734.43	18.22	(39.30)	4,030.00	1,209.99	30.02	12.33	2,020.00	1,077.20	53.33	(15.19)
HDPE BEND	(piece)	5,400.00	3,237.00	59.94	(3.29)	5,400.00	3,347.00	61.98	18.10	5,400.00	2,834.00	52.48	(16.15)
HDPE TEE	(piece)	3,600.00	1,144.00	31.78	(64.17)	3,600.00	3,193.00	88.69	69.03	3,600.00	1,889.00	52.47	27.46
STUBEND	(piece)	13,500.00	9,872.00	73.13	(22.10)	13,500.00	12,672.00	93.87	17.93	12,000.00	10,745.00	89.54	28.36
REDUCER	(piece)	2,000.00	554.00	27.70	(33.25)	2,000.00	830.00	41.50	93.02	2,000.00	430.00	21.50	21.81
WEHOTANK	(tank)	96.00	32.00	33.33	18.52	96.00	27.00	28.13	237.50	96.00	8.00	8.33	(66.67)
SPECIAL FITTINGS	(piece)	15,000.00	6,646.00	44.31	(13.21)	15,000.00	7,658.00	51.05	(39.29)	15,000.00	12,615.00	84.10	39.95

3.2) Procurement of Raw Material

The main raw material used to produce HDPE pipes is HDPE resin from both domestic and import markets. HDPE resin is by-product from Oil industry which Thailand mostly imports from other countries. There are 3 resin manufacturers around Rayong Province area, IRPC Public Company Limited, SCG Performance Chemical Co., Ltd. (SCG), and PTT Polymer Marketing Co., Ltd. (PTT). In 2017, a 100% of total HDPE resin used by the Company to produce HDPE Pipe is coming from domestic source.

In terms of price effectiveness, the shortage of raw material, price changing of world oil price, and the change of foreign exchange rates are major factors that impact the price of HDPE resin.

3.3) Environmental impact

Wiik & Hoeglund Public Company Limited cares about environment and has set up the high standard of waste management from the production as follows;

- To manage the waste that can be re-used. The waste from the production of pipes and fittings is called Rework which will go through the recycling process and will be produced as recycled resin to be re-used. The Company will use recycled resin at the suitable ratio and that is recycled by the Company only.
- To manage the waste that cannot be re-used. The waste that cannot be re-used in the production process; such as sawdust; will be sold as low grade resin, waste from packaging and other equipment will be sold to the Industrial Waste Treatment and Disposal company who is approved and controlled by Department of Industrial Works.
- To conduct the suitable and effective wastes handling training to all staff so that they can understand the management of both hazardous and non-hazardous industrial waste.
- To continuously encourage all staff to reduce waste.

2.2 Group of Water management business




1) Products and Services

Wiik Water Company Limited (WW) is a 100% shareholding subsidiary of Wiik & Hoeglund Public Company Limited, which operates water management business essentially such as designs, contract manufacturing, concession, and distribution of fully integrated clean water production system and wastewater treatment system with modern technology and standards as follows.

- Water supply system from surface water. WW specializes in water management, so the surface water system that WW uses, will be designed to suit the needs of Customers. Design and construction will take into account the amount of water demand and raw water quality. Tap water produced by ultra filtration technology (UF), will have quality as standard defined. WW has designed the station both permanently installed and movable station types.
- Water supply system from brackish water. WW introduced the technology of water production from brackish water by UF and RO type which is the largest water supply station from brackish water in Thailand at Wellgrow Industrial Estate.
- Recycled Water. WW can design, construct and manage recycled water system by using water from households and industry through a highly efficient recycling system until water has the quality and safety according to the customer requirements.
- Wastewater treatment system. WW uses modern wastewater treatment technology such as physical wastewater treatment, chemical wastewater treatment, and biological wastewater treatment including using of membrane technology in wastewater treatment. WW can design system and fully integrated construction suitable for all requirements.

Currently Wiik Water Company Limited (WW) operates the water supply system for 2 Industrial Estate such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province and (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.

Products and Services in group of Water management business

Customers	Products and Services	system
<p>(1) Siam Eastern Industrial Park Co., Ltd. Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province.</p> 	<p>Produce and supply of tap water with minimum volume of 12,000 cubic meters per day for 20 year period.</p> <p><u>Start of commercial operation</u></p> <p>June 1, 2016</p>	<p>Ultra Filtration Membrane system with capacity of not less than 600 cubic meters per hour.</p>
<p>(2) Wellgrow Industries Co., Ltd. Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province.</p>  	<p>Tap water production services with minimum volume of 17,500 cubic meters per day for 20 year period.</p> <p><u>Start of commercial operation</u></p> <p>June 5, 2017</p> <p>This project has been approved for promotion in category 7.1.2, water supply business, industrial water or steam and provided the benefits under the Investment Promotion Act BE 2520 from the Board of Investment of Thailand (BOI) on June 19, 2017.</p>	<p>Ultra Filtration /Reverse Osmosis Membrane system with capacity of not less than 730 cubic meters per hour.</p>

2) Market and Competition

2.1) Target Group

(A) Several government agencies are also demanding clean safe water for consumption including wastewater treatment system in communities and various government offices such as;

- Provincial Waterworks Authority
- Department of Health, Ministry of Public Health
- Department of National Parks, Wildlife and Plant Conservation
- Industrial Estate Authority of Thailand
- Local governments
- Universities
- Provincial Hospital

(B) Private customer group also demand water for consumption to increase productivity and reduce the cost of tap water production by itself or replace the existing water supply system, high maintenance cost, some parts buy water from Provincial Waterworks Authority including environmental protection also needs to design new wastewater treatment systems or replacement of old, such as;

- Private Industrial Estate
- Factory outside industrial estates area
- Private sector

2.2) Competition within the Industry

The upgrading of tap water quality standards for consumption of WHO, Metropolitan Waterworks Authority, Provincial Waterworks Authority, and Private Waterworks, have a public relations about sickness that come with water and promote on the use of water both public and private sector. This is a great opportunity for Wiik Water Company Limited in the design and import the product for production system of clean water without germs by ultra filtration (UF) technology with ultra filter resolution (0.015 micron) which can eliminate turbidity or floating particles, germs and reduce color, smell. The water produced can be used as tap water for consumption. WW's tap water is clearer than the highest standards of the generally waterworks authority. WW's ultra filtration (UF) technology is designed for automatic control. Turn on/off the system with one button. Easy maintenance. No need to use knowledge or expertise in the water supply system. Low maintenance cost. Use installation space

less than former production systems. Save investment budget and construction time. WW has designed both permanent installation and movable types.

Most of competitors in the same market are still using the former system (Separation of sediment or sand) which cannot eliminate or filter germs and the system requires many chemicals to produce, so there may be contamination of chemicals during production and may cause the minerals from the raw water to change. Many chemicals are difficult to control and requires highly skilled and high cost of production per unit including maintenance. WW's clean water production design has no chemicals involved during production. Therefore, it is assured that there is no chemical contamination in the water certainly.

Therefore, WW has been trusted by the owners of large scale industrial estate to supervise water supply system for industrial estates by adopting the technology of WW to produce tap water replace the existing system, such as.

- Siam Eastern Industrial Park, Rayong Province, production and distribution tap water with a minimum volume of 12,000 cubic meters per day for a period of 20 years.
- Wellgrow Industrial Estate, Chachoengsao Province, tap water supply contract with a minimum volume of 17,500 cubic meters per day for a period of 20 years.

3) Procurement of Products or Services

In the past year, WW has ordered the clean water production systems in domestic through a distributor.

Production

WW will produce according to the purchase order of each projects together with planning and design of water production system and complete the construction for the owner of project by ordering through the domestic distributor. Therefore WW will not order or produce in advance that will be outstanding inventories. This will reduce burden on the WW.

Procurement of raw materials

Most of raw materials used in production will purchase or production order through the domestic distributor according to the design of each project until completed. Therefore, WW has no outstanding inventories.

Services

The WW is responsible for customer care and products together with after sales service.

Environmental impact

Under the concept “*Clean water quality, without germs, and environmentally friendly*”, so the WW has a focus and attention to the environment, conservation of natural resources, and responsibility to the community, society and stakeholder groups to maintain equilibrium that will lead to sustainable development of the country. The WW has designed the modern technology products to produce clean water and do not use chemicals during production.

The WW has environmental impact management that resulting from activities in the operation. All practical work realize the maximum responsibility according to the environmental management system ISO 14001. The business operations of WW will not affect the environment or minimal.

2.4 Backlog

Backlog of the Company and its subsidiaries as at December 31, 2017.

(Million Baht)	Dec 31, 2017	Dec 31, 2016	Dec 31, 2015
Group of polyethylene pipe and fittings business	758.07	802.60	601.38
Group of Water management business (**)	162.45	87.25	-
Total	920.52	889.85	601.38

Note ** Revenue value calculated from the contractual minimum value recognized each year.

3. Risk Factors

3.1 Risks to business operation

1) Business risk

HDPE pipe has proved to be a decent and sustainable pipe for worldwide projects. Its excellent quality of high density polyethylene material is difficult to find among its substitute products. However, there's a business risk with the price war strategy of the low quality HDPE manufacturer in the domestic market who want to recklessly dump the price down and lower the quality of the HDPE products with low quality HDPE raw material and sometime use even non pipe grade raw material to make the pipe and fittings products for private and government segment which using of low quality HDPE pipe product affected the confidence of using high quality HDPE pipe of the Company as follows.

- Leaks or broken problem affect the inconvenience and unsafe in use of consumers.
- The agency that responsible for production and expand the water supply network have to waste budget to repair the damaged pipes and unrewarding for investment from the lifetime that is not durable long-standing
- Many HDPE quality standards pipe manufacturer affected from the price competition unfairly.

For counter that issue, we trying to do research and communicate with close customer both private and government to find out how to avoid the low quality product and be able to obtained the quality product which help develop their projects and improve their organization and country.

In addition, the business risk also involves the development of new pipe products. Each year HDPE pipe manufactures and resin manufactures have developed special kinds of HDPE pipe for certain applications, e.g. structure wall HDPE pipe, multilayer HDPE pipe, smooth inside surface HDPE pipe, and high temperature resistance HDPE pipe. Therefore each HDPE pipe manufacturer needs add new products in its product line in order to earn profits. The competition of normal solid wall HDPE pipe is too fierce and intense to get a good margin. However, the Company has the R & D department to develop and research new products, including develop the equipments to work properly at all times.

2) Foreign exchange risk

The Company faces this risk in the course of its doing business unavoidably. The risk arises from the fluctuation of the foreign exchange rate which has been influenced by various economic factors. This is due to its activities that deal with foreign countries such as export and import including financial transactions. Our policy is to reduce the foreign exchange risk by way of forward contract once the amount and due dates become known. Another method that has been adopted is currency matching between revenue and expense through the use of foreign currency account while allowing some maturity mismatch to occur sometimes.

3) Interest rate risk

Since the Company has been using some of the bank borrowing to finance its business, thus, the interest rate risk is a factor that will affect the performance of the Company. Long term borrowing carries higher interest rate than that of short term but in certain circumstances using the mix of both short term and long term ones is deemed to be more suitable. Besides, most of the short term facilities are offered on non-committed basis which caused instability. However, the Company has control the

loan amount to the appropriate level as well as finding new sources of funding to reduce the cost of this part.

4) Raw material risk

HDPE resin is the main ingredient in HDPE pipe production. Thus the movement of resin prices has a substantial effect on the cost. HDPE resin prices have been fluctuated in accordance with crude oil prices for long time. It is hard to predict and make decision for any manufacturer when to buy HDPE resin for stock. Therefore the Company manages the order of HDPE resin to comply with the pipe purchase order.

5) Credit risk

The company's customers normally are contractors of government projects or owners or project developers such as real estate industry. Most Customers require the credit term for payment. Hence the company formed an internal audit committee to analyze customer's financial statements in order to grant the appropriate credit term for each customer. The credit risk is not only caused default of payment or bad debts but also delays payment which will increase the interest cost of the Company. The Company has made the trade credit insurance to reduce the credit risk.

6) Risk of water supply system management project

Risk in supply of raw water

A subsidiary has invested in the water supply system management project for industrial estate by fixing minimum quantity of water supply under the contract. Therefore, the Company has risk in supply of raw water to be enough for production. However, the customer agreed to take responsibility for supply of raw water to be enough for production under the contract, so that help to reduce the risk from raw water shortage.

Risk of water quality

In some areas that a subsidiary invested, may face the raw water quality problems because the raw water is brackish. Therefore, the Company has risk in tap water production in order to meet the quality standard agreed. So there may be some time that a subsidiary use chemicals in the production process. This may be caused by manganese, color outweigh standard and may lead to higher costs of chemicals at certain times. However, the company has set conditions regarding the quality of raw water that the customer supply, in the contracts to limit such risks.

Risk of the Customer's non-compliance of agreement

In the future, the parties may face the problem of purchasing water at the agreed minimum quantity, because long-term agreement for water supply services (20-year agreement). From the problem of industrial water user using less water, the relocation of water users to low cost of production, etc. These are considered uncontrollable externalities, so in the investment in each project, the Company has considered the final water user, growth of future water users from industrial space, is there a tendency for new users to set up production bases, including the Company's investment considering the length of the payback period is short (not exceed 9 years from the 20-year contract) and the water production system can be demolished and used for other areas.

3.2 Investment risk of securities holders

1) Risk of non-exercised warrants WIIG-W1

On June 3, 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 approved the issuance of Warrant to Purchase Ordinary Share of the Company No. 1 (WIIG-W1) which the Company can allocated WIIG-W1 to the existing shareholders of the Company total of 99,963,136 units. The exercise price is Baht 5 per share, maturity of warrant is not exceeding 3 years from the date of issuance (The first exercise date is December 30, 2015 and the last exercise date is June 15, 2018) and allowed to make a trading in the Stock Exchange of Thailand on June 30, 2015. As at December 31, 2017 the remaining Warrant to Purchase Ordinary Share of the Company No. 1 (WIIG-W1) which is not exercise is 99,963,136 units.

If all WIIG-W1 holders do not exercise or partial exercise, it may impact to the Company's working capital. The last exercise date is June 15, 2018. The Company prepared the source of funds for such problems. In 2018, the Company proposed the capital increase by general mandate more from the funding from the debentures And credit facilities from financial institutions.

4. General information and other important information

4.1 General information

1) General Information of the Company

Name	: Wiik & Hoeglund Public Company Limited
Security Symbol	: WIHK
Head office	: 90 CW Tower A, 35th Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310
Factory Location	: 7/214 Moo 6 Amata City Industrial Estate (Rayong), Mab Yang Porn, Pluak Daeng, Rayong 21140
Nature of Business	: Manufacturing, distribution, consulting and advisory services about installation planning of pipe systems and installation services of HDPE pipe, LDPE pipe, polypropylene pipe, Weholite Spiro pipe and WehoTank. Its production capacity and quality of products are well known worldwide.
Business Registration	: 0107538000151
Contact numbers	: Telephone 0-2612-8600 Fax 0-2645-2828-9
Website	: www.wiik-hoeglund.com
Registered Capital	: 474,917,334 Baht
Paid up Capital	: 374,938,000 Baht
Number of paid up shares	: 374,938,000 shares
Par value	: 1.00 Baht
Accounting period	: 1 January - 31 December

2) General information of Subsidiary

Name	: Wiik Water Company Limited
Head office	: 90 CW Tower B, 21st Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310
Nature of Business	: Water management business such as designs, contract manufacturing, concession, and distribution of fully integrated clean water production system and wastewater treatment system with modern technology and standards.

Contact numbers	:	Telephone 0-2612-8600 Fax 0-2645-2828-9, 0-2645-4108
Registered Capital	:	170,000,000 Baht
Paid up Capital	:	170,000,000 Baht
Number of paid up shares	:	1,700,000 shares
Par value	:	100 Baht
Shareholding	:	100%
Related status	:	Subsidiary
Note	:	<u>Formerly named</u> WH Pipe (Thailand) Company Limited

3) Other References

Share Registrar	:	Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Din Daeng, Bangkok 10400 Telephone : 0 2009-9000 Fax : 0 2009-9991 SET Contact center: 0 2009-9999 Website: http://www.set.or.th/tsd E-mail: SETContactCenter@set.or.th
Auditor	:	Ms.Thipawan Nananuwat C.P.A. Registration No. 3459 Mr.Khitsada Lerdwana C.P.A. Registration No. 4958 Mr.Termphong Opanaphan C.P.A. Registration No. 4501 Ms. Sumalee Reewarabandith C.P.A. Registration No. 3970 EY office Company Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey Bangkok 10110 Telephone : +66 2264 9090 Fax : +66 2264 0789-90 Website: http://www.ey.com

4.2 Other important information

Investors can study the Company's additional information on the company's Form 56-1 that shown at www.sec.or.th or company website www.wiik-hoeglund.com

5. Securities and Shareholders information

5.1 Registered capital and paid-up capital

Registered capital and paid-up capital as at December 31, 2017 as follows.

- Registered capital 474,917,334 Baht divided into
Ordinary shares of 474,917,334 shares
Par value of Baht 1.00 per share
- Paid-up capital 374,938,000 Baht divided into
Ordinary shares of 374,938,000 shares
Par value of Baht 1.00 per share

5.2 Shareholders

As at March 13, 2018 the Company has the list of top 10 major shareholders as follows.

No.	Name of Shareholders	Nationality	Number of shares	
			Shares	%
1.	Mrs. Sumalee Ongcharit	Thai	60,399,400	16.11
2.	Mr. Jirayu Assanuwong	Thai	35,000,000	9.33
3.	Thai NVDR Co., Ltd.	Thai	31,858,812	8.50
4.	Mrs. Methinee Boonwormmethee	Thai	8,000,000	2.13
5.	Mr. Wirote Jiratthitijaroen	Thai	6,660,000	1.78
6.	Mr. Anurak Boonsawang	Thai	6,545,000	1.75
7.	Mr. Rojtawee Sirijan	Thai	4,894,500	1.31
8.	Mr. Wanchai Thamrato	Thai	4,553,200	1.21
9.	Mrs.Mondhira Padungrat	Thai	4,500,000	1.20
10.	Mr Thikamporn Plengsrisk	Thai	4,405,700	1.18
Total			166,816,612	44.50

Shareholding restriction of foreigner

The Articles of Association, Article 17: Transfer of shares identified that the Company's shares are transferable without restriction and the shares held by foreigners in any one time must be aggregated of not exceeding forty-nine percent (49) of the total number of issued shares. Any transfer of shares that would cause the total shareholding ratio of foreigners of the Company exceed the above ratio, the

Company has the right to refuse the transfer of shares. As at March 13, 2018, the Company has distribution of shares as follows.

Distribution of shares by nationality

Shareholder	Number of Shareholder	Total number of shares	%
Thai shareholders	3,365	374,618,000	99.91
Foreign shareholders	10	320,000	0.09
Total	3,375	374,938,000	100.00

Distribution of shares by proportion of holding

Shareholder	Number of Shareholder	Total number of shares	%
Shareholders holding more than 0.5%	23	203,033,012	54.15
Shareholders holding not more than 0.5% but not less than one trading unit	3,230	171,904,330	45.85
Shareholders holding less than one trading unit.	122	658	0.00
Total	3,375	374,938,000	100.00

Note 1 Trading Unit = 100 shares

5.3 Warrant to Purchase Ordinary Share of Wiik & Hoeglund Public Company Limited No. 1 (WIHK-W1)

On June 3, 2015, the Extraordinary General Meeting of Shareholders No. 1/2015 approved the issuance of Warrant to Purchase Ordinary Share of the Company No. 1 (WIHK-W1) in the amount of not exceeding 99,979,334 units without charge to the existing shareholders of the Company whose names appear in the registration book of shareholders as at June 12, 2015 at the ratio of 3 existing ordinary shares for 1 unit of warrant.

The Company can allocated Warrant to Purchase Ordinary Share of the Company No. 1 (WIHK-W1) to the existing shareholders of the Company total of 99,963,136 units and allowed to make a trading in the Stock Exchange of Thailand on June 30, 2015. The remaining 16,198 units, the Company canceled the whole amount. Such warrants are specify warrant holders and transferable. Maturity of not exceeding 3 years from the date of issuance. Warrant Holders can exercise the right to purchase ordinary shares of the Company on the last Business Day of December of each year throughout the term of warrants (The first exercise date is December 30, 2015 and the last exercise date is June 15, 2018). The exercise ratio

is 1 unit of warrant to 1 ordinary share at the price of THB 5.00 per share, unless the exercise ratio and/or the exercise price are adjusted otherwise pursuant to the conditions concerning the rights adjustment.

As at December 31, 2017 the remaining Warrant to Purchase Ordinary Share of the Company No. 1 (WIHK-W1) which is not exercise is 99,963,136 units.

6. Dividend Policy

The Company has a policy for the dividend payment of 60% of the annual net profit. The dividends will be paid in the following year. However, the Company may consider paying more; less or no dividend in any year but this consideration must be in consensus from Board of Directors meeting and Annual General Meeting. The Articles of Association specified as follows.

Article 19 Dividends and Reserve

Dividends shall not be paid other than out of profits. If the Company still has an accumulated loss, no dividends shall be distributed. Dividends shall be distributed according to the number of shares, with each share receiving an equal amount. Payment of dividends shall be approved by the shareholder meeting.

The Board of Directors may pay interim dividends to the shareholders from time to time if the Board believes that the profits of the Company justify such payment. After the dividends have been paid, such dividend payment shall be reported to the shareholders at the next shareholder meeting.

Payment of dividends shall be made within one month of the date of the resolution of the shareholder meeting or of the meeting of the Board of Directors, as the case may be. The shareholders shall be notified in writing of such payment of dividends, and the notice shall also be published in a newspaper.

The Company shall allocate not less than five percent (5%) of its annual net profit less the accumulated losses brought forward (if any) to a reserve fund until this fund attains an amount not less than ten percent (10 %) of the registered capital.

The information of dividend payment in the previous year as follows.

Unit: Baht	2016	2015	2014-2011
Earnings per share	0.35	0.27	loss
Dividend per share	0.20	0.11	omitted
Dividend to earnings ratio (%)	59.06	51.12	N/A

Dividend Policy of subsidiaries

As articles of association of Wiik Water Company Limited (subsidiary) section 6 Dividends and Reserve, article 18 specified that in dividend payments every time, the Company must allocate money as reserve at least one-twentieth of the net profit which made from business of the Company. Until the reserve amounts to one tenth of the total capital of the Company or more.

7. Management Structure

7.1 Board of Directors

As at December 31, 2017 Board of Directors of Wiik & Hoeglund Public Company Limited consist of

1) Board of Directors

- | | | |
|----|------------------------------|------------------------------------|
| 1. | Dr.Vichit Yamboonruang | Chairman of the Board of Directors |
| 2. | Mr.Wiboon Sangwithayanon | Director |
| 3. | Mr.Burin Kunatippapong | Director |
| 4. | Mr.Vichien Tangudtaisuk | Director |
| 5. | Miss Rewadee Whanchid | Director |
| 6. | Asst.Prof.Dr. Pakdee Manaves | Independent Director |
| 7. | Miss Pranee Rattakam | Independent Director |
| 8. | Mr.Theera Phetmalaigul | Independent Director |
| 9. | Mr.Tatchapong Thamputthipong | Independent Director |

2) Executive Committee

- | | | |
|----|-------------------------------|-------------------------|
| 1. | Mr.Wiboon Sangwithayanon | Chief Executive Officer |
| 2. | Miss Rewadee Whanchid | Executive Committee |
| 3. | Miss Chinanut Jariyarudeechai | Executive Committee |
| 4. | Mr. Peerapon Thantranon | Executive Committee |
| 5. | Mr. Karn Siriphatras | Executive Committee |

3) Audit Committee

- | | | |
|----|------------------------------|---------------------------------|
| 1. | Miss Pranee Rattakam | Chairman of the Audit Committee |
| 2. | Mr.Theera Phetmalaigul | Audit Committee |
| 3. | Mr.Tatchapong Thamputthipong | Audit Committee |

4) Nomination and Remuneration Committee

- | | | |
|----|-----------------------------|---|
| 1. | Miss Pranee Rattakam | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr.Theera Phetmalaigul | Nomination and Remuneration Committee |
| 3. | Mr.Tatchapong Thamputhipong | Nomination and Remuneration Committee |

According to the articles of association section 2 Board of Directors, article 6 stated that the Board of Directors shall consist of not less than five (5) persons. At least one-half (1/2) of the directors must be residents of Thailand. The Board of Directors shall elect one (1) director as the Chairman of the Board of Directors. If deemed appropriate by the Board of Directors, one (1) or more directors may be elected as Vice-Chairmen, to have duties pursuant to these Articles of Association in the matters designated to them by the Chairman.

Board of Directors as a representative of shareholders who is responsible for supervise the management of Company to comply with law, objectives and articles of association by determining vision, mission, strategies to create value for business including a return on investment under the expertise and ethics in business for maximize benefits of all stakeholders.

As at December 31, 2017, the Company had total of 9 directors which consists of 2 Executives Directors, 3 outside director who are not employee of the Company and 4 independent Directors which is 44.44% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Limits on Authority of the Board of Directors

The Board of Directors has the authority to approve budget according to the laws of the Securities and Exchange, and regulations, announcement, the order or the terms of the Stock Exchange of Thailand.

Authorized signatory

Name and number of directors who are authorized to sign on behalf of the Company are Mr. Vichien Tangudtaisuk, Miss Rewadee Whanchid, Mr. Wiboon Sangwithayanon, 2 of these 3 directors sign together.

Attending of meetings

In 2017, the Company provided the Board of Directors meeting of 5 times, the Audit Committee meeting of 5 times, the Executive Committee meeting of 10 times, and the Nomination and Remuneration Committee of 2 times with the directors attendance details as follows.

Name of Directors	The meeting of	Meeting		Remarks
		Number of meeting	Number of attending	
Dr. Vichit Yamboonruang	Board of Directors	5	5	-
Mr. Wiboon Sangwithayanon	Board of Directors	5	5	-
	Executive Committee	10	10	-
Miss Rewadee Whanchid	Board of Directors	5	5	-
	Executive Committee	10	10	-
Mr. Burin Kunatippapong	Board of Directors	5	5	-
Mr. Vichien Tangudtaisuk	Board of Directors	5	5	-
Asst.Prof.Dr. Pakdee Manaves	Board of Directors	5	5	-
Miss Pranee Rattakam	Board of Directors	5	4	Leave a meeting on May 11, 2017 because of another mission.
	Audit Committee	5	4	
	Nomination and Remuneration Committee	2	2	-
Mr. Theera Phetmalaigul	Board of Directors	5	5	-
	Audit Committee	5	5	-
	Nomination and Remuneration Committee	2	2	-
Asst.Prof.Dr. Pakdee Manaves	Board of Directors	5	4	Leave a meeting on Nov 11, 2017 because of the mission abroad.
	Audit Committee	5	4	
	Nomination and Remuneration Committee	2	2	-

7.2 Executives

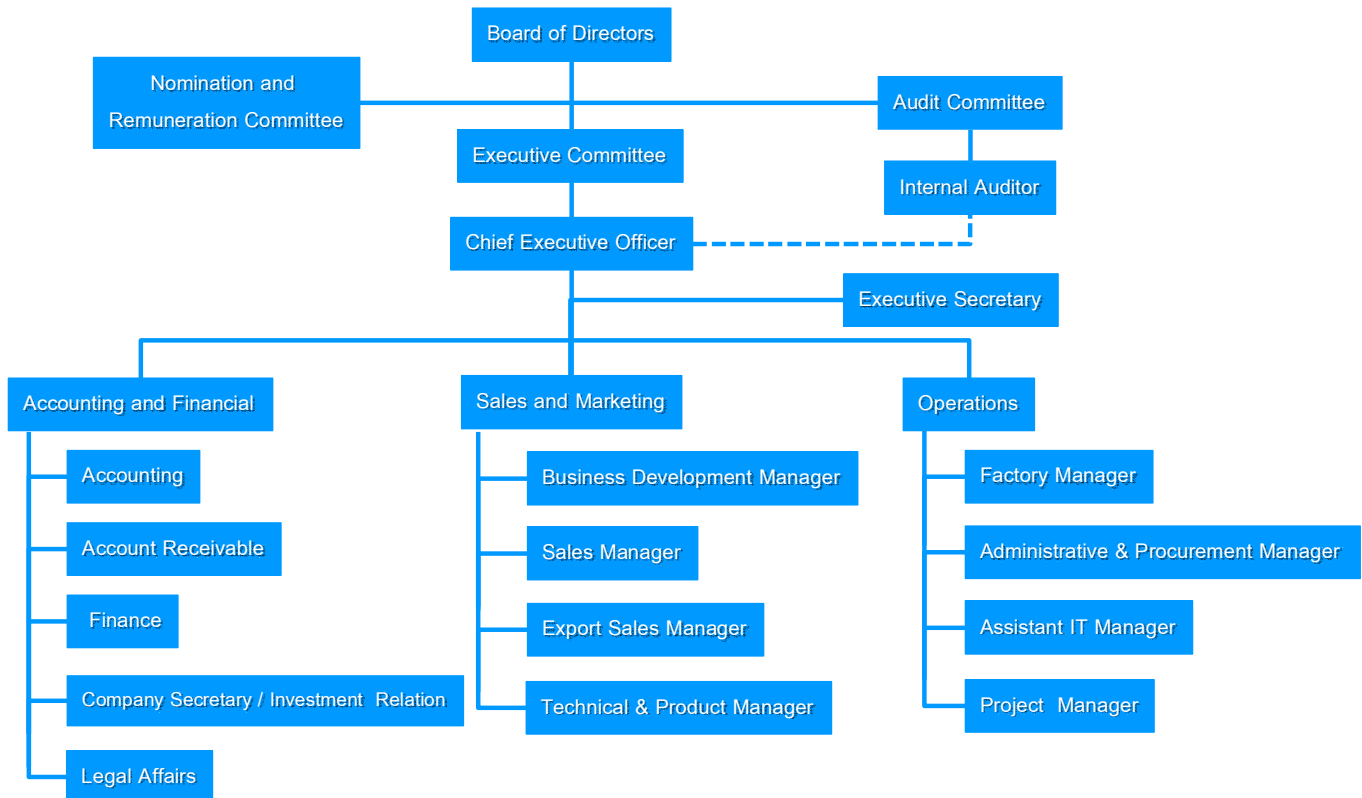
As at December 31, 2017 management team of Wiik & Hoeglund Public Company Limited has 10 executives as follows.

List of Executives	Position
1. Mr. Wiboon Sangwithayanon	Chief Executive Officer
2. Miss Rewadee Whanchid	Executive Committee
3. Miss Chinanut Jariyarudeechai	Chief Financial Controller
4. Mr. Peerapon Thantranon	Sales Manager
5. Mrs. Sasiwimon Wirojchewan	Administrative & Procurement Manager
6. Miss Jarunee Anansuksakun	Technical & Product Manager
7. Mr. Arom Petchmanee	Factory Manager
8. Mr. Krisnat Busapavanij	Export Sales Manager
9. Miss Parichart Wongwiwat	Business Development Manager
10. Mr. Panao Intraphan	Project Manager

Information about the management team is in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

Management structure

Wiik & Hoeglund Public Company Limited as at December 31, 2017



7.3 Company Secretary

The Board of Directors Meeting No. 6/2015 on May 12, 2015 appointed Mr. Wittaya Jantaummao to the position of Company Secretary with responsible according to the Securities and Exchange Act (No. 4) BE 2551 which is responsible for the preparation and storage of Director registration, notice of the Board meeting, minutes of the Board meeting and annual report of the Company, Notice of the Shareholders meeting and minutes of the Shareholders meeting, storage the stakeholders report that report by Directors or Executives as well as other actions as notification of the Capital Market Commission defined, on behalf of the Company or the Board of Directors. The qualifications of incumbent as Company Secretary are shown in the article 9, the detailed information about Directors, Executives, Control authority and Company Secretary.

7.4 Remuneration of Directors and Executives

Articles of Association, article 10 Remuneration of Directors stated that the Company is prohibited from paying money or other assets to the directors except as remuneration pursuant to the Articles of Association, such remuneration pursuant to the Articles of Association being salary, allowance, meeting allowance, travel allowance, award and bonus. Other remuneration shall be paid by the Company in accordance with resolutions adopted at General Meetings by the affirmative votes of at least two-thirds (2/3) of all the votes of the shareholders attending or represented at such General Meetings.

The Annual General Meeting of Shareholders 2017 on April 3, 2017 approved the Directors' remuneration for the year 2017 of not exceeding Baht 5 million by defined Directors' remuneration as follows.

Position	Monthly	Per time of attending
Chairman of the Board of Directors	30,000	20,000
Chairman of the Audit Committee as an Independent Director	30,000	15,000
Directors / Independent Directors	25,000	15,000

The remuneration paid monthly to non-executive directors only and the Chairman is authorized to consider the allocation of reward to the directors as appropriate if there is any remaining amount of remuneration from above.

1) Monetary remuneration

(a) Directors remuneration

Monetary remuneration for the Board of Directors consists of monthly remuneration, attendance fee paid by number of attending and Director's bonus as follows.

List of Directors	Position	Remuneration (Baht)			
		monthly remuneration	attendance fee	Bonus	Total
Dr.Vichit Yamboonruang	Chairman of the Board of Directors	360,000	100,000	200,000	660,000
Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	-	-	-	-
Miss Rewadee Whanchid	Director / Executive Committee	-	-	-	-
Mr.Vichien Tangudtaisuk	Director	300,000	75,000	150,000	525,000
Mr.Burin Kunatippapong	Director	300,000	75,000	150,000	525,000
Asst.Prof.Dr. Pakdee Manaves	Independent Director	300,000	75,000	150,000	525,000
Miss Pranee Rattakam	Independent Director / Chairman of the Audit Committee	360,000	60,000	170,000	590,000

List of Directors	Position	Remuneration (Baht)			
		monthly remuneration	attendance fee	Bonus	Total
Mr.Theera Phetmalaigul	Independent Director / Audit Committee	300,000	75,000	150,000	525,000
Mr.Tatchapong Thamputhipong	Independent Director / Audit Committee	300,000	60,000	150,000	510,000
Total		2,220,000	520,000	1,120,000	3,860,000

(b) Executive remuneration

The Company has set the remuneration of Chief Executive Officer, the Executive Committee and the Management (including employees at all levels) by prepared the annual budget and proposed to the Board of Directors for consideration of the operating results, budgets, and set personnel remuneration of all positions in advance each year to motivate everyone to participate to achieve their goals. The types of remuneration are as follows:

Executives' Remuneration	Types of Remuneration	Objective
Fixed Pay	Base salary/ Benefits such as Provident Fund, welfare benefits.	To attract and retain high caliber Executives
Short-term Incentive	Bonus base on performance	To reward the achievement of annual performance objectives

In 2017, the Board of Directors approved the budget and target for the year 2017 including the remuneration of Executive Committee and top Executives. The Company paid remuneration consisted of salary, bonus, and other monetary remuneration to 10 executives totaling Baht 22,225,394.33 as follows.

Executives remuneration	Fiscal year 2017		Fiscal year 2016	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	10	16,480,808.00	9	14,813,554.44
Bonus	10	4,048,103.00	9	5,766,810.00
Provident Fund	10	724,896.00	9	649,724.00
Social Security Fund	10	78,000.00	9	72,000.00
Post-employment benefits	10	893,587.33	9	790,903.00
Total	10	22,225,394.33	9	22,092,991.44

2) Other remuneration

In 2017, the Company paid other remuneration consisted of executive cars, driver, and petrol expenses to 8 executives totaling Baht 1,609,736.40 as follows.

Other remuneration	Fiscal year 2017		Fiscal year 2016	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Executive Cars	3	676,863.55	2	438,463.55
Driver	1	317,891	1	358,394
Petrol expenses	8	614,981.85	7	493,748.36
Total	8	1,609,736.40	7	1,290,605.91

7.5 personnel

1) Number of employees

As at December 31, 2017 the Company and its subsidiaries had total staff (excluding Executives) of 245 people. The Company paid remuneration to employees that consists of salary, bonus, contribution to provident fund, social security fund, and group life insurance total amount of Baht 106.38 million.

Primary line	Number of employees (person)	
	The Company	Wiik Water Company Limited (Subsidiary)
Administrative & Procurement	16	6
Accounting	16	2
Domestic Sales	13	-
Business Development	1	-
Export Sales	3	-
Engineering and Maintenance	10	4
Production Pipe	47	6
Production Fitting	33	-
Store	19	-
Quality Control	12	1
Research and development	3	-
Technical and Product	3	-
Information technology	2	-

Primary line	Number of employees (person)	
	The Company	Wiik Water Company Limited (Subsidiary)
Welding & Installation	44	-
Project engineer	2	-
Water management	-	5
Total	224	24
Employees remuneration (million baht)	88.46	17.92

2) Personnel development policy

The Company has the policy on recruitment, development and preservation of its personnel, as it has realized that the personnel are an important thing enabling the company to achieve the goal and success. So the Company has developed the personnel continuously by providing training/seminars internally and externally by qualified trainers, especially in the building conscience and training on teamwork, good service, love of organization, and development of the job system.

The Company has given priority to creation of morale and spirit and pride in working to the employees by setting the remuneration and progress in the organization based on knowledge, capability and equity, including providing suitable fringe benefit, as well as developing the livelihood of the personnel better.

Human resource management and development

- (1) The recruitment for new employees shall be undertaken based on job description, since the Company's nature of business requires specialist candidates. Realizing in a happy workplace principle, the recruitment has been proceeded under "put the right man to the right job" concept. Upon the employment starting date of the new comers, their job descriptions shall be clarified in details for transparency of working.
- (2) Employees' remuneration and welfare are also emphasized for all employees in all levels. Apart from serving basic welfares as enforced by laws, the Company has established other benefits as follows:
 - The health insurance cards are arranged on the purpose of more convenience upon employees' requirement of medical care at any time and hospital with no payment required for both inpatient and outpatient cases.

- Group life and accidental insurance are arranged to ensure employees' confidence on risk since most of works are carried out at sites and any accident maybe arisen.
 - The provident funds for their employees has been established in order to allow employees to reserve their funds after retirement for which the Company has paid a counterpart amount for them based on a number of their working years as required by a relevant law.
- (3) The Board of Directors has defined a policy for Executive Committee to consider and set up a criteria and budget for annual salary increment and bonus reward for which the captioned committee's decision making shall be based on external factors (such as inflation rate forecast, economic situation, etc.) and internal factors (such as annual operating result, history of salary increment and past bonus payment) for remuneration criteria of each year to be appropriate and in line with the Company's short-term and long-term operating results.
- (4) Employees' Development Plan has been continuously arranged to develop their knowledge and skills including specialized fields and general knowledge as follows:

■ **New Employees**

The orientation program has been arranged as a fundamental knowledge for working consisting of the Company's history, nature of business, business process, vision and mission, basic ISO 9001:2008 quality management system standard, ISO 14001:2004 environmental management system, information and technology as well as operating system including safety measure.

■ **Permanent Employees in All Levels**

It is the Company's policy to encourage employees to attend training courses in order to develop their expertise in both general management and technical topics.

In 2017, the Company organized training / seminars to develop the knowledge and skills of employees as follows.

No.	Course	Number of participants	Place	Expenses (Baht)
1	ISO 9001:2015 QMS Lead Auditor	1	external	29,750.00
2	Vat link system year 2017	1	external	4,579.44
3	Integrated Management for ISO 9001:2015 & ISO 14001:2015	27	internal	48,377.20
4	How to issue and edit tax invoices, credit note	1	external	3,500.00
5	Tax Planning Techniques for the best of BOI Business	1	external	4,579.44
6	Withholding tax system	1	external	3,271.03
7	Change manager to COACH	1	external	5,500.00

No.	Course	Number of participants	Place	Expenses (Baht)
8	Features of successful and a lasting happiness persons.	16	internal	99,826.00
9	Safety Induction	14	internal	1,152.80
10	Driving the forklift properly, safe, and basic maintenance	9	internal	1,138.00
11	Safety Induction	7	internal	909.27
12	Preparation Techniques for research proposal to apply for certification according to the tax measure	1	external	3,995.00
13	Change management	24	internal	112,353.83
14	Change management	58	internal	8,826.64
Total		162		327,758.65

- (5) Employee Relation Activities have been organized to provide a meeting opportunity for management and employees to contribute good relation for each other and to enhance unity among all of them in all levels as follows:
- Color Sport Day and Staff New Year Party: to avail an opportunity for both employees working at the head office and sites to participate in sport competition for good relationship between them among warm atmosphere.
 - Happy Work Place to celebrate the birthday of all employees born in the same month.
 - Activities to make merit on a religious day.
- (6) The internal communication, Human Resources Department is a center, has been constantly arranged among the Company and employees at both head office and site offices through various channels in order to enable them to access, acknowledge and update their knowledge on all regulations and rules including news and information. The main channel is arranged through the intranet, ERP containing ISO 9001:2008, activities photo and all information related to employees such as date of birth, monthly new comer, etc. In addition, other channels are accessible; email and board announcement.
- (7) The Company has also emphasized on human rights respect, no involvement to violation of human rights and no gender discrimination including an employment for eye-sight problem employee and no specific gender requirement of employment.
- (8) An opportunity for complaints has been always provided for employees to inform any offended acts to Human Resource Manager and Suggestion Box to further propose for consideration of the Audit Committee and the reporter name shall be strictly kept as confidential.

3) Significant Labor Legal Dispute during the past 3 years

On 1 November 2017, Wiik Water Company Limited (a Subsidiary or Complainant) has sued former employee, Senior Project Engineer (Defendant) to the Central Labor Court as the Black Lawsuit Case No. 3788/2560 in case violation of labor contract, the Company's confidentiality contract, and the Company's conflict of interest contract as a result, the subsidiary has been damaged. The defendant is required to pay the damages as specified in the contract amounting to Baht 2 million with interest at the rate of 7.5% per year by the judicial appointments is on February 14, 2018 at the Central Labor Court.

8. Corporate Governance

8.1 Corporate Governance Policies

The company emphasize on efficiency management which has to be transparent and inspected in order to ensure for shareholders, investors, stakeholders, and all related department. To encourage the company to the stability for sustainable growth.

In 2017 the Corporate Governance Committee and the Board of Directors revised and amended the Corporate Governance Policy as well as other relevant guidelines in accordance with the criteria for survey of Thai listed companies' corporate governance project. The Corporate Governance Policy and the Ethics and Code of Conduct for the Management and Employees are disclosed to the public on the Company's website and have been annexed to the documented Work Rules given to all employees.

According to the 2017 corporate governance assessment conducted by the Thai Institute of Directors Association (IOD), the Company's overall score was 79% ("Good"), up from last year's score of 74%, yet lower than the average level of 80% based on the survey of 620 listed companies. Furthermore, the Company was rated "Excellent" in the following categories: 1) Shareholders' Rights 98% 2) Equitable Treatment of Shareholders 99%

The Board of Directors realizes role, duty and responsibility as director to the Company and the shareholders and has approved the written corporate governance policy that complied with good corporate governance of the Stock Exchange of Thailand ("SET") in order to determine the supporting corporate governance policy to be its guideline to perform which the material substances divided into 5 sections as follows:

1) Rights of Shareholders

Basic shareholder rights are rights to buy, sell or transfer shares, share in the profit of the Company, obtain relevant and adequate information on the Company in a timely manner and on a regular basis, participate and vote in the shareholders' meeting to elect or remove members of the board, appoint the external auditor and make decisions on any transactions that affect the company such as dividends payment, amendments to the company's articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Apart from the above basic rights, the Company has policy to support and facilitate the shareholders to exercise their rights as follows:

- 1) In case the shareholder cannot attend the meeting by himself, the Company allows the shareholder to assign the proxy to the Audit Committee or any person to attend the meeting by using any type of proxy as submitted with the invitation letter.
- 2) Allow the shareholder to submit the opinion, advice and send questions in advance prior to the shareholders' meeting date.
- 3) To encourage the shareholder to use the proxy in form that the shareholder can determine the voting direction and nominate at least 1 independent director.
- 4) During the meeting, the Company shall provide proper time and encourage the shareholder to express opinion, advice or raise question at the meeting with regard to the matters concerning the Company prior to the voting in any agenda. The Company shall provide sufficient information of such matter to the shareholder.
- 5) To encourage using voting card for the important agenda such as related transaction, asset acquisition or disposition, etc. for transparency and be able to examine in case there is any argument in the future.
- 6) All directors shall attend the meeting except for necessary circumstance so that the shareholders can inquire with regard to the related matter.

In 2017, the Company also recognizes shareholders' legal rights and encourages shareholders to exercise their rights as follows:

Right to Information

Shareholders have the right to receive information on the Company's operations. The Company has made company information and news in

both Thai and English available for view through active channels such as SET's website.

Right to Participate

in Shareholders' Meetings the Company holds an Annual General Meeting of Shareholder within four months after the date of the Company's fiscal year end by date, time and place of meeting no obstacle to attend.

In 2017, the Company held the Annual General Meeting of Shareholders 2017 on April 3, 2017 and during the year no any Extraordinary General Meeting of Shareholders was called. The Company has complied with the good corporate governance principles as follows:

(1) Before the meeting

- **Opportunity for Shareholders to Propose AGM Agenda**

The Company invited the shareholders to propose the agenda and candidates to be considered for the election as the Company's directors in the Annual General Meeting of Shareholders. The submitting period is from 14 December 2016 until 31 January 2017

The Company disclosed (1) Criteria for shareholders to propose the agenda and candidates to be elected as directors in the Annual General Meeting of Shareholders 2017 (2) Form for proposing agenda for the Annual General Meeting of Shareholders 2017 (Form A) and (3) Form for proposing candidates to be elected as directors in the Annual General Meeting of Shareholders 2018 (Form B and Form C) via the Company's website at www.wiik-hoeglund.com since 14 December 2016.

There was no proposed agenda, question or candidate of directors from the shareholders.

- **Agenda and sending notice of meeting**

The Company has notified the agenda for the shareholders' meeting in both Thai and English via the channels of the Stock Exchange of Thailand since February 23, 2017 to informed the Shareholders 38 days before the meeting date. The Company has sent a notice of meeting which has both facts and reasons including opinions of the Board of Directors on every agenda together with supporting documents as follows.

- Copy of the minutes of Annual General Meeting of Shareholders 2016 on April 21, 2016
- Annual Report and Financial Statements for the year 2016 (CD-ROM)
- Information of the directors retiring by rotation and proposed to be re-elected

- Guidelines for appointment of proxy holder, registration and documents required in order to attend the shareholders' meeting
- Articles of Association with respect to the meeting of shareholders only
- Independent Directors Definition and Information of the directors for consideration regarding appointment as proxy holder
- Map of the meeting place
- Proxy (Form B.)

By submitting before the meeting date 18 days since March 16, 2017 and also advertised in newspapers 3 consecutive days before the meeting from 16-20 March 2016 as well as published the notice of the Annual General Meeting of Shareholders 2017 with supporting documents on the Company's website www.wiik-hoeglund.com since March 3, 2017.

(2) During the Meeting

The Company makes it convenient for shareholders to exercise their rights to participate and vote in meetings. Shareholders can begin to register for a meeting not less than 1 hours before the commencement of a meeting and use barcode system to register and count votes to facilitate the shareholders including the Company also arranges appropriate receptions for the shareholders attending the meeting. The Company allows shareholders who arrive after a meeting has commenced to vote on the remaining agenda items and constitute the quorum starting from the agenda on which they cast their votes. Shareholders who are unable to attend a meeting may choose to vote by proxy by appointing someone or Independent Directors/Members of Audit Committee nominated to be proxy-holders by the Company to cast votes on their behalf.

The Board of Directors attaches importance to the shareholders' meeting which considered as a duty to attend. The Annual General Meeting of Shareholders 2017 on April 3, 2017. There were 9 directors attended the meeting as follows:

- | | | |
|----|------------------------------|---|
| 1) | Dr. Vichit Yamboonruang | Chairman of the Board of Directors |
| 2) | Miss Pranee Rattakam | Independent Director and
Chairman of the Audit Committee |
| 3) | Mr. Theera Phetmalaigul | Independent Director and
member of the Audit Committee |
| 4) | Mr. Tatchapong Thamputhipong | Independent Director and
member of the Audit Committee |
| 5) | Asst.Prof.Dr. Pakdee Manaves | Independent Director |

- | | | |
|----|---------------------------|--|
| 6) | Mr. Burin Kunatippapong | Director |
| 7) | Mr. Vichien Tangudtaisuk | Director |
| 8) | Miss Rewadee Whanchid | Director and member of the Executive Committee |
| 9) | Mr. Wiboon Sangwithayanon | Director and Chief Executive Officer |

In addition, Chief Financial Controller, Managing Director of Wiik Water Company Limited (Subsidiary), Auditor of the Company, Company Secretary, and Legal Advisor who served as an Inspector in the meeting and witness to vote counting also attended the Meeting to answer questions from shareholders. List of the members of the Board and other Executives who attended the Meeting was included in the Minutes of Annual General Meeting of Shareholders 2017

Shareholders' meetings are an opportunity for shareholders to exercise their rights to inquire about the operations and performances of the Company and to consider and vote on various matters as specified by laws and the Company's Articles of Association. Upon the commencement of a meeting, Chief Executive Officer informs the meeting of the number/proportion of shareholders in attendance. Chairman of the Board of Director acts as a chairman of the meeting announces the opening of the meeting and then explain procedures and rules governing voting and vote counting. For the meeting to elect the Company's Directors, the election will be voted upon individually by shareholders. The meeting proceeds in the sequence of agenda and no additions or order changes of agenda items will be made without advance notice. Sufficient time to consider the agenda items is provided and shareholders are given an opportunity to make inquiries and comments, to which direct and clear responses are provided by Directors. The meeting is informed of voting result of each agenda item, including vote counts for Approve, Disapprove, and Abstain.

(3) After the Meeting

The Company recorded inquiries, opinions, and essential details in the Minutes of the Meeting to facilitate future audits by the shareholders as follows:

- The voting and vote counting processes which were clarified by the Company Secretary to the shareholders prior to the beginning of the shareholders meeting according to the agenda.
- The votes of the shareholders which were clearly segregated as "Approval", "Disapproval", and "Abstention", in terms of number of votes and proportion for each agenda item.

- List of names and positions of directors, high-level executives and the auditor who were present at the shareholders meeting.
- Summary of inquiries, opinions, and recommendations of the shareholders as well as response of the directors and the management to the inquiries made by the shareholders in each agenda item, for information of the shareholders who were absent from the shareholders meeting.

The Company later submitted the minutes of Annual General Meeting of Shareholders 2017 to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of Business Development, Ministry of Commerce on April 17, 2017 which was within the specific 14 days from the meeting date and noticed the minutes information in both Thai and English including meeting's recorded sound through the Company's website.

The Company allocated the shares of the retail shareholders in accordance with the requirements of the Stock Exchange of Thailand. That was, as at March 13, 2017, on which the shareholders register book was closed to determine entitlements to attend the 2017 shareholders meeting, the Company's shares held by retail shareholders (free float) accounted for 73.40%.

2) Equitable Treatment of Shareholders

The Company has policy to perform and protect right of each shareholder equally in order to create true equality especially for the minority shareholders such as.

- 1) Disclose information regarding shareholders meetings on the company's website before sending out the notice of the meetings and inform rules related to the meeting, shareholders' rights to attend the meeting and right to vote in advance.
- 2) To handle and facilitate each shareholder equally and shall not do anything to limit or violate or deprive right of shareholder.
- 3) To determine the independent director to oversee minority shareholders by allowing the minority shareholder to give advice, express opinion or claim to the independent directors. The independent directors shall be the person to properly manage each case such as if it is the claim, the independent directors shall investigate for fact and find way to compensate properly or in case that the independent directors consider that such matter is material which affect to the overall stakeholder or affect the Company's business operation, the independent directors shall propose such matter to the shareholder's meeting for considering to be the agenda of the shareholders' meeting.

- 4) To encourage for right exercising such as allowing the minority shareholder to propose additional agenda prior to the shareholders' meeting date and to nominate person to be director in advance with information related to the qualifications and consent of the nominated person.
- 5) The shareholder who is the executive of the Company shall not add any agenda which is not inform in advance especially an important agenda which the shareholders need time to study information before making decision.
- 6) To determine the insider trading protection measurement of relates persons including director and the Company's executives who related to the information (including spouse and minor child of such person).
- 7) To allow shareholder to exercise his right to appoint each director.
- 8) To determine the written guideline for preservation of inside information and protection of using and inform such guideline to all staff to perform accordingly and determine that all directors and executives who have duties to report the shareholding according to the laws have to report regularly to the Board of Directors.

In 2017, the Company performed various matters by considering the equitable treatment of shareholders as follows.

(1) Meetings of Shareholders

- For foreign shareholders, the Company will prepare an English version of the notice of shareholders' meeting, supporting documents, and minutes of a meeting to ensure that all shareholders are able to participate in considering and voting on important matters of the Company. Shareholders who are unable to attend a meeting may choose to vote by proxy by appointing someone or a member of the Audit Committee who is also the Independent Director to cast votes on their behalf. Names and addresses of the three members of the Audit Committee as well as their interests in the matters being considered at the meeting are included in the notice of the meeting. Proxy Form B is also enclosed with the notice of the meeting to be used by shareholder to give their voting instructions.
- The proxy form is affixed with revenue stamp to make it convenient for shareholders to return the form to the Company.
- Votes of shareholders' meeting are counted based upon the number of shares owned by shareholders with one share being entitled to one vote.

- The meeting proceeds in the sequence of the agenda given in the notice of the meeting and no additions or order changes of agenda items will be made without advance notice.
- Use barcode system to count votes on each agenda of the meeting for accurate and accurate scoring.
- Voting would be done publicly in which shareholders are given voting cards to vote to approve, disapprove, or to abstain their votes on each agenda. Only the voting cards of shareholders who vote to disapprove and/or to abstain from voting would be collected, with an exception of the election of the Company's Directors in which all voting cards will be collected. Only disapprove and/or abstain votes will be counted which will be subtracted from the total number of eligible votes in attendance. The resulting counts will be considered as approving votes for that agenda. The Company's Auditor acts as witness to vote counting.

(2) Control on the use of inside information

The Company controls on the use of inside information by the Code of Conduct for Directors, Management and Employees of Wiik & Hoeglund Public Company Limited which was approved by the Board of Directors Meeting No. 1/2016 on February 29, 2016 and it shall become effective from February 29, 2016 onwards.

The Company considered that Directors, management and employees will be responsible for keeping the confidential information of the Company strictly. Especially inside information that has not been disclosed to the public and impact on the business or securities price. Directors, Management including those related (Spouses and underage children of Directors and Managements) Employees will not take the opportunity of being a Director, Managements or Employees in the pursuit of personal gain and in business operation that compete or relate to the Company as well as will not take the inside information to their advantage in trading of the Company's securities and do not disclose confidential information to the competitors of the company's business, although they was terminated from Director, Managements or Employees already. The Company has process to control on the use of inside information for their own benefit or the others as follows.

- (1) Set for notification of Directors and Managements to understand the duty on reporting of securities holding of their own spouses and underage children as well as report of change in holdings in accordance with section 59 and Penalty provisions under section 275 of the Securities and Exchange Act BE 2535.

- (2) Limit acknowledgment of inside information only Director, Managements, Employees or insiders were involved as necessary and set the authority for the personnel authorized to disclose information of the Company clearly.
- (3) Send circular letter to notify suspend period for trading / transfer of the Company's securities (Backout Period) and prohibit to disclose inside information financial statements during the 1 month period before the public disclosure and within 24 hours after the disclosure of such information already, to Directors, Management including those related (Spouses and underage children of Directors and Managements) and management team for the compliance requirements in such period.
- (4) Set for Directors, Management including those related (Spouses and underage children of Directors and Managements) to inform about trading shares of the Company at least 1 day before trading to the Board of Directors or the assignment.
- (5) Set the regulations for security of computer system and information of the Company stringently.

The Company also impose penalties in case of breach on the use of inside information for their own benefit with penalties ranging from a verbal warning to leaving their job.

(3) Implementation of conflict of interest

The Company controls on conflict of interest by the Code of Conduct for Directors, Management and Employees of Wiik & Hoeglund Public Company Limited which was approved by the Board of Directors Meeting No. 1/2016 on February 29, 2016 and it shall become effective from February 29, 2016 onwards.

The Company adheres to the policy to make no the Directors, Management and employees use of their own duties to seek personal gain, so the Company has determined a code of conduct for Directors, Executives and employees as follows.

- (1) Avoid making connected transactions on their own that may cause a conflict of interest with the Company. Except where need to make such transaction for the benefit of the Company by make such transaction virtual with the outsider. The stakeholders in these transactions must not be involved in the approval process.
- (2) In the case of Directors, Management, Employees or family members involved, whether directly or indirectly in the transactions that may cause a conflict of interest or they are

shareholders in business that compete with the Company's business. They have to notify the supervisor as hierarchy and Chairman of the Board to know in writing.

- (3) In the event that Directors, Executives, Employees hold the position of Director, Partner or Advisor in the other organization. They must not conflict to the interests of the Company.
- (4) In the case of the related transaction as requirements of governance agency such as the Securities and Exchange Commission: SEC, the Stock Exchange of Thailand: SET etc. It must comply with the rules, procedures and disclosure strictly.
- (5) The related transaction must be reviewed or considered by the Audit Committee and the Board of Directors, respectively. In case there is any member of the audit committee or the Company's director have an interest in related transaction, such member of the audit committee or director must be no consideration in such related transaction.

(4) Opportunity for Shareholders to Propose AGM Agenda

According to the good corporate governance regarding the equitable treatment of shareholders, the Company would like to invite the shareholders to propose the agenda and candidates to be considered for the election as the Company's directors in the Annual General Meeting of Shareholders 2018 which is scheduled in April 2018. The submitting period is from 14 December 2017 until 31 January 2018.

The Company disclosed (1) Criteria for shareholders to propose the agenda and candidates to be elected as directors in the Annual General Meeting of Shareholders 2017 (2) Form for proposing agenda for the Annual General Meeting of Shareholders 2017 (Form A) and (3) Form for proposing candidates to be elected as directors in the Annual General Meeting of Shareholders 2018 (Form B and Form C) via the Company's website at www.wiik-hoeglund.com since 14 December 2017.

3) Role of Stakeholders

The Company sets a clear policy on fair treatment for each and every stakeholder in accordance with the laws as follows;



Roles of Stakeholders

As mentioned previously, the company is working in compliance with the good corporate governance to ensure that all shareholders receive the equitable rights in all concerns, for instance the right to attend the shareholders' meeting, the right to vote, the right to use the proxy forms, the right to

obtain sufficient information previous to the meeting, the right to obtain the information on the meeting venue and date, the suitable meeting time allocation, etc.

In addition, the company Board of Directors puts the emphasis on the transparency in disclosure of correct and precise information via any possible channels so that the shareholders and investors can obtain the adequate information equally. We are also widely open to questions from analysts from all kinds of institutions.

❖ Customers

Our board of directors treats all debtors as our valuable asset. It is important that we build up their confidence by providing best service and quality products to them. We guarantee that all products produced by us are in accordance with the ISO and other worldwide standards.

Moreover, to follow the strategy of the company, we continuously improve our business operation by focusing more in the requirements and needs of the customers. We take complaints from the customers as the note to improve to the better.

❖ Employees

We regard our employees as an important asset of the company. Besides the provision of the basic welfares in accordance to the labor laws, we provide them the opportunity to attend the training and seminars to enhance their working skills. The company also provides them a reasonable income and fringe benefit in relation to their abilities and contribution to the company by the assessment from our systematic evaluation procedure.

In case of accidents, the company provides a reasonable support and compensation to employees. We also conduct the safety training and evacuation rehearsal on regular basis. The penalties are given to the employees who misconduct in offending to the company safety policy. The environmental concern is also in attention of our management team.

❖ Trading Partners

One of the most important concerns of the company management and board members is the company reputation and responsibility to all related parties, no exception to the trading partners. We have fair and transparent criteria for the selection of not only reliable trading partners but also ones with concern on social responsibility and environment. We carry on our business relationship with trade partners in proper business manners and commitment.

❖ Creditors

The company management and board members are responsible for making sure that the financial risk management is efficiently manageable. Loans for project investment are audited to ensure that there is no misuse of the funds.

❖ Business-Community relationships

Since the company's business is in the manufacturing sector which our factory was located in Rayong Province. The company is well aware of community effect, so we have decided to build our plant in the best industrial estate that high management standard, reliable and friendly community located. The company has defined the definition of production process, security system, hygienic condition and friendly environmental. Moreover we are providing to support public communities and social responsibility such as donation our product to public construction and participate various social activities. In additional the company's recruitment policy will give priority the candidates who are domiciled in the vicinity in order to increase local employment, economy growth and improve the well-being of local communities.

❖ Environment and Society Concern

The company continues to focus on environmental management and attempts to least cause of environmental impact whether our employees, location and nearby communities. The environmental management concerns manufacturing process, chemical using in production and machine maintenance including with disposal hazard and non-hazard waste under legal standard. The environmental management activities as follows;

- External Audit ISO14001 from Third parties and surveillance auditor and Internal Audit in the company
- Environment campaign and continuous training environment acknowledge along with visiting outside
- Making contact with supplier to disposal the waste who under control of Department of Industrial Works (DIW) and all concerned
- Appointing an environmental management committee in order to visual inspection to evaluate potential environmental concern and monthly situation report.
- Communicate environmental issue with nearby communities and all accept if they have an environmental complaint.

- Monitoring and improving cooling water system in production process in order to reduce water consumption and recirculation system.
- Electrical conservation plan development to improve electricity efficiency in order to reduce electric power consumption.
- Increase green area by planting trees around the factory.
- Monitoring and measurement procedure of workplace environment regulation.

CODE OF CONDUCT

The Company upheld the principle to practice with all stakeholders equitably therefore the Company had defined business ethics for Directors, Executives and Employees to all stakeholders as follows.

(1) Business ethics for Directors and Executives

❖ Directors and Executives to Shareholders

- 1) Perform duties with honesty as well as any decisions taken in good faith and fairness to major and minor shareholders for maximum benefits to the shareholders as a whole.
- 2) Manage the organization with care and prudence to prevent damage to the shareholders.
- 3) Perform duties by applying knowledge and management skills as best they can in every case.
- 4) Manage care for no any asset of the organization depreciate or lost wrongfully
- 5) Report the status of the organization regularly and actually
- 6) Inform all shareholders equally about the future prospects of the organization both positive and negative which must be based on the possibility with support information sufficiently.
- 7) Do not seek benefit to themselves and related person by use any corporate information which has not been publicly disclosed and not claiming Directors and Executives of the Company to seek benefit to themselves and related person.
- 8) Non-disclosure of corporate confidential information to outsiders, especially the competitors.
- 9) Do not take any action in a manner that may cause conflict of interest to the organization.

❖ Directors and Executives to Employees

- 1) Provide fair compensation system to employees.
- 2) Maintaining a working environment to ensure safety of life and property of employees always.
- 3) Provide personnel management system in appointing and moving including rewarding and punishment to Employees which have to perform with good faith and based on knowledge, ability and the suitability of Employees. Do not discriminate against differences of racial religion, gender, marital status or physical inability.
- 4) Focus on the development of knowledge and capability of employees by providing employees opportunities thoroughly and consistently.
- 5) Listen to comments and suggestions which is based on professional knowledge of Employees.
- 6) Compliance with laws and regulations related to Employees strictly
- 7) Administrate by avoiding any unfair action which may have an impact to stability on the job of employees or threatening and pressure on the mental state of Employees.
- 8) Treat employees with courtesy and respect for the individual and the dignity of humanity.
- 9) Communicate to Employees in ethics and role that they can practice, to promote behavior within the framework of ethics throughout the organization.
- 10) Provide opportunities and channels for employees to report illegal activities to the Board of Directors.
- 11) Allows employees to make complaints in the absence of fairness according to the system and processes defined.
- 12) Encourage employees to be good and morality.

❖ Directors and Executives to Customers

- 1) Conducting business with honesty, fairness and providing accurate, adequate and up-to-date information to customers.
- 2) Produce quality products and services by focus on continually raising standards.
- 3) Determine the acceptable quality level of products and services.
- 4) Disclose information about goods and services in complete, correct and non-misleading by taking into account the benefits for customers.

- 5) Provides product and service warranty under conditions at the right time.
- 6) Do not deliver products and services to customers if know that products and services are defective or may be dangerous to customers and do not let the product or service that quality lower than the level defined to the customers.
- 7) Preparation of product packaging or service proposal must not make misleading customers about the quality, price, quantity or condition of any products or services.
- 8) Set up a system to allow customers to complain and perform optimally to provide customers with fast response.
- 9) Maintaining customer confidentiality strictly and consistently including not disclosing customer information without the permission from customer or the authorized person of Company. Except for information that must be disclosed to the relevant outsider in accordance with the provisions of law including not using the information for their own benefit and related party wrongfully
- 10) Finding a way to reduce production costs by maintaining quality standards for products and services in order to maximize the benefit to customers continuously.
- 11) Maintain the contract and strictly adhere to the terms of customer in the event that any of the conditions cannot be met, must hurry inform the customer in advance to jointly find solutions.
- 12) The price is not exorbitant when compared to the quality of the product or service and do not set unfair commercial terms to customers.
- 13) Do not pay any benefit to the customer to get or to win the Customer by using dishonest methods and violate the formal requirements.

❖ **Directors and Executives to Suppliers and / or Creditors**

- 1) No request or no receive or no pay for any dishonest benefits in trading with suppliers and / or creditors.
- 2) If found information that there is a request or receive or pay for any dishonest benefits occurred, shall disclose details to suppliers and / or creditors and jointly resolve problems fairly and quickly.
- 3) Follow the conditions to the creditors strictly, whether purpose of using money, repayment, quality care of mortgage securities and any other matters that have been agreed with the creditors.
- 4) Follow the agreement. And other commercial conditions to the suppliers strictly.

- 5) If any of the conditions cannot be met, they must hurry inform the suppliers and / or creditors in advance to jointly find the solution.
- 6) Report accurate financial information and timely to the creditors regularly.
- 7) Knowledge exchange and jointly develop products and services and create a good relationship.

❖ **Directors and Executives to Competitors**

- 1) Perform under the rules of good and fair competition.
- 2) Do not seek confidential information from the competitors in a dishonest manner or inappropriate such as payment to the employees of competitors.
- 3) Do not try to discredit the reputation of competitors with accusation in a bad way without truth.

❖ **Directors and Executives to collective society**

- 1) Do not do anything that will damage the natural resources and environment.
- 2) Provide support for beneficial activities and with a social contribution regularly.
- 3) Create a consciousness of corporate social responsibility to occur among all levels employees in the organization continuously and seriously.
- 4) Control the compliance strictly according to the intention of laws and regulations issued by regulatory authorities.
- 5) No help or support or allow to cause avoidance of laws or regulations compliance.
- 6) To cooperate with regulatory authorities and report on violations or non-compliance the rules or regulations of such authorities.
- 7) No action or to be involved in bribery or corruption or use their powers to seek personal benefits.

(2) Business ethics for all employees

❖ **Employees to the Company**

- 1) Employees must comply with regulations and order of the Company that available at that time strictly.
- 2) Perform duties with integrity, honestly, self-sacrifice, dedicated maintaining the Company's assets and have responsibility, discipline and a good attitude toward the public and self. Do not use a position to seek benefits for themselves or to benefit related persons.

- 3) Keep benefits of the Company without the Company's information and assets to use for personal benefits, both direct and indirect. And do not act as a support to any other person to operate business compete with the Company.
- 4) Do not operate any personal business that is related to business of the Company unless authorized by the Executive Committee.
- 5) Do not get money and / or any other benefits personally from the Company's customers or from the outsider related to the work for the Company.
- 6) Do not loans from customers, customer related, or persons who trades with the Company. Except for loans from banks or financial institutions.
- 7) All employees must disclose their relationship to the organization, external Business Institute, or relatives to avoid action that cause conflict of interest.
- 8) Receiving of conventionality gift, if the Employee receives a gift that exceeds the normal value from persons who trades with the Company, the Employees shall report to supervisors.
- 9) Employees must maintain confidentiality of the customer and the Company strictly and do not use internal information of the Company or Customer for their own benefit or for the others.
- 10) Employees must be careful to express their opinions to the outsiders in matters that may affect the reputation and operation of the Company.
- 11) Employees must not wrongfully use their information that received from the practice of duties or disclose such information to any person who unrelated.
- 12) Business ethics defined may not be covered in all cases, therefore in case of problems, Employees shall consult with hierarchical supervisors. In case of conflict, the diagnosis of Executive Director / Executive Committee / Board of Directors shall considered be at the end.

❖ Employees to Supervisor

- 1) Listen to the comments and suggestions of supervisor as well as should be polite, humble to person with the position higher than themselves.
- 2) All employees and all levels have a duty to report the facts when the business ethics violated or there are reasons to believe that have unsuitable actions and affect the Company. Such report will be kept confidential.
- 3) Do not accuse to the Supervisors, Executives without the facts.

❖ **Employees to Subordinate**

- 1) Practice to the subordinates with kindness, caring, and develop the subordinates to succeed in the work.
- 2) Listen to the opinions of subordinates and consider bring to use in a useful way for the work and the Company.

❖ **Employees to work colleagues**

- 1) Maintain and strengthen the unity and cooperation of each other.
- 2) Treat the work colleagues kindly. Do not obscure the information needed to perform the task of the co-worker and improve yourself to be able to work with the others.
- 3) Respect the rights of other employees in the same organization. Do not criticize in a manner that causes damage and do not take the work of others to impersonate your work.

❖ **Employees to themselves**

- 1) Employees must adhere to honesty. Do not behave in a way that may tarnish reputation both of themselves and the Company. Do not received all benefits such as money, gift, and benefits in various ways.
- 2) Employees must have a sense of self-responsibility, responsible for the assigned duties include study for knowledge and self-development always to provide quality and efficiency.

❖ **Employees to Customers**

- 1) Employees must maintain customer confidentiality. Do not disclose customer information to any person.
- 2) Employees must not use customer information to seek self-interest or for the others that will lead to any action or decision which is contrary to the benefits of customers, company and shareholders.
- 3) Employees must not use news and internal information or information should not be publicly disclosed to be useful to trading, or private investment that will cause loss to the interests of the Company's customers.
- 4) Employees must not use any information or documents that the Company's customers gave for business, distribute or publish to the outsiders without consent from the

customers in writing or any other person in the Company who has no duty to know such information. Unless forced to disclose by law.

- 5) Employees must not use authority as the Company's employee, seek benefits wrongfully.

❖ Employees to Government official

- 1) Employees must strictly follow government official regulations.
- 2) Employees must cooperate with government authorities.
- 3) Employees must not cooperate with any person who violates government official regulations.

(3) Compliance

All Directors, Executives and Employees has the duty and responsibility to strictly adhere to the policies defined in this business ethics to achieve business goals on the basis of ethics and morality for the benefit of stakeholders, shareholders, the Company and society.

Executives at all levels in the organization must take responsibility for the employees under their supervisory line to acknowledge, understanding and is important to strictly follow the Company's Code of Conduct.

The Executive Committee who appointed by the Board of Directors, has duties to review and revise the Company's Code of Conduct to comply with the business operations of the Company as well as related laws and regulations. The Corporate Governance Committee must hold a meeting at least twice a year and report the meeting resolution to the Board of Directors acknowledge.

This Business Ethics and Code of Conduct defined, cannot be covered in every subject. Therefore, all Directors, Executives and Employees have to use discretion for considering to behave in each situation to do the right thing by most. If there are any problems or doubts in performing any work, shall consult your hierarchical supervisors or related departments such as human resources department, internal audit department etc.

(4) Complaints handling

The Company appointed the Executive Committee to serve as Ethics complaints handling unit and assigned to the Company Secretary to receive a complaint including complete and summarize information for propose to the Executive Committee to consider next. Every step of the process from receiving the complaint until collect, search, and judging such matters, the Executive Committee and

related persons will keep confidential, both information of the complainant, defendant, subject, and witnesses etc.

Directors, Executives and Employees as well as all stakeholders can submit a complaint directly to "Company Secretary" as follows:

E-mail : wittaya@wiik-hoeglund.com
Post mail : Company Secretary
Wiik & Hoeglund Public Company Limited
90 CW Tower A, 35th Floor, Ratchadapisek Road,
Huaykwang, Bangkok 10310

And / or Audit Committee Secretary

E-mail : chinanut@wiik-hoeglund.com
Post mail : Audit Committee Secretary
Wiik & Hoeglund Public Company Limited
90 CW Tower A, 35th Floor, Ratchadapisek Road,
Huaykwang, Bangkok 10310

If such complaints connected to corruption offenses, the Executive Committee must inform and propose to the internal audit for co-operation and propose to the Audit Committee for further consideration.

4) Disclosure and Transparency

The important company information includes financial reports and non-financial information is disclosed correctly, accurately, on a timely basis through easy-to-access channels that are fair and trustworthy. We have the investor relations officer available to communicate with outsiders and company secretary in compliance to laws.

In general the company information is submitted through the Stock Exchange of Thailand channel in the annual report format (Form 56-1) and the bi-lingual company Annual Report (Form 56-2). The same information is also posted on the company website with the up-to-date information.

The company board of directors is responsible for the producing of publicized consolidated financial report of company and its subsidiaries under the recognized certified standard with the choice of appropriate accounting policy and practice on regular basis. Sufficient explanations to the financial statements are also inclusive in the annual report.

The company board of directors has appointed the audit committee, comprising of independent directors to take responsibility in auditing and certifying the quality of financial report and internal audit. The related comments from the audit committee are marked in the report from the audit committee pages. The Company has provided the disclosure in related to number of meetings and number of times of each director attended the meeting each year, including the disclosure of remuneration policy for directors as well.

❖ Shareholder Structure

The Company disclosed the shareholder structure and the WIHK Group structure in the Company's annual report and the website. The shareholder structure completely and clearly showed the name list and the shareholding of both major and minority shareholders. The WIHK Group structure also showed the shareholding of other shareholders.

❖ Remuneration for Directors and Management

The Remuneration and Nomination Committee and the Board of Directors set a clear and transparent policy on remuneration for directors and management in conformity with the industry norms. The Annual General Meeting of Shareholders of the Company approve the directors' remuneration. The Executives' remuneration was set in advance by the annual budget which is linked to the Company's and its subsidiaries' operating performances as well as his scope of duties, responsibilities and performance prior to being proposed for approval of the Board of Directors.

❖ Report of Interest of Directors and Directors' and Managements' Changes in number of shares

The Company had set a policy to have directors and executives to report their interests by arranging a report form of interest of directors and executives and have the Company Secretary propose them to the Chairman's of the Audit Committee and the Chairman of the Board of Directors. And, every change to such an interest is required to be reported to both of them.

In 2017, Directors' and Managements' have any changes in relation to shares transaction as follows.

List of Directors and Executives	Position	Securities	Securities held at the beginning of the year	Securities acquired (disposed)	Securities held at the end of the year	
					Number	%
1) Dr.Vichit Yamboonruang	Chairman of the Board of Directors	WIHK	200,000 shares	-	200,000 shares	0.05
2) Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	-	-	-	-	-
3) Miss Rewadee Whanchid	Director / Executive Committee	-	-	-	-	-
4) Mr.Vichien Tangudtaisuk	Director	-	-	-	-	-
5) Mr.Burin Kunatippapong	Director	-	-	-	-	-

List of Directors and Executives	Position	Securities	Securities held at the beginning of the year	Securities acquired (disposed)	Securities held at the end of the year	
					Number	%
6) Asst.Prof.Dr. Pakdee Manaves	Independent Director	-	-	-	-	-
7) Miss Pranee Rattakam	Independent Director / Chairman of the Audit Committee	-	-	-	-	-
8) Mr.Theera Phetmalaigul	Independent Director / Audit Committee	-	-	-	-	-
9) Mr.Tatchapong Thamputhipong	Independent Director / Audit Committee	-	-	-	-	-
10) Miss Chinanut Jariyarudeechai	Chief Financial Controller / Executive Committee	-	-	-	-	-
11) Mr. Peerapon Thantranon	Sales Manager / Executive Committee	-	-	-	-	-
12) Mrs. Sasiwimon Wirojchewan	Administrative & Procurement Manager	-	-	-	-	-
13) Miss Jarunee Anansuksakun	Technical & Product Manager	-	-	-	-	-
14) Mr. Arom Petchmanee	Factory Manager	-	-	-	-	-
15) Mr. Krisnat Busapavanij	Export Sales Manager	-	-	-	-	-
16) Miss Parichart Wongwiwat	Business Development Manager	-	-	-	-	-
17) Mr. Pano Intrapphan	Project Manager	-	-	-	-	-
Total		-	-	-	200,000 shares	0.05

Note Holding of the Company's securities included securities of spouse and minor children.

❖ Information providing and mass media or public interviews

- 1) The disclosure of the Company's information shall be in accordance with the rules and regulations of the Stock Exchange of Thailand; subject: Rules, Conditions and Procedures for Information Disclosure and any practices of listed companies including other relevant laws.
- 2) The Company determined the Chief Executive Officer is the authority in the interview or answer questions of Shareholders, Investors, mass media, and outsiders. Other top executives may provide information if they assigned by Chief Executive Officer.
- 3) The Company determined the Investor Relations Department to represent the Company to provide useful information to shareholders, securities analysts, fund manager, investors, and financial institutions.

❖ Communication Channels to the Public

The Board of Directors recognizes the significance of correct, complete, timely, transparent, and thorough information disclosure, and assigns the Chief Executive Officer and Company Secretary acts as Investor Relations to communicate with investors, shareholders, analysts, media, and other organizations concerned. Investors can access all information relating to the Company by contacting

Mr. Wittaya Janta-ummao, the Company Secretary at Tel. +6626128610 Email Address: wittaya@wiik-hoeglund.com

In 2017, the Company constantly communicated and provided information to analysts, investors, shareholders, and media in various forms as follows:

- 1) Arranging an opportunity for analysts of securities companies to meet with the Company's executives as follows:
 - KT ZMICO Securities Company Limited
 - Asia Wealth Securities Company Limited
 - Country Group Securities Public Company Limited
 - CIMB Securities (Thailand) Co.,Ltd.
 - KGI Securities (Thailand) Public Company Limited
 - TISCO Securities Company Limited
 - KTB Securities (Thailand) Company Limited
 - UOB Asset Management (Thailand) Co., Ltd.
 - Merchant Partners Asset Management Limited
- 2) Publicizing the investor relation's information via the Company's website under the item of "Investor Relation"

❖ Financial Statements and Auditors

The Company and its Subsidiaries have appointed EY Office Limited as auditors since 2009-2017 totaling 9 years. The appointed auditors were the independent ones whose qualifications were accepted and approved by the Securities and Exchange Commission. The financial statements have been always certified by the auditors without any condition. In 2017, the Company had no past record of being ordered to amend the financial statements by the Securities and Exchange Commission and the Stock Exchange of Thailand and also no record of delay of both quarterly and yearly submission of the financial statements.

5) Responsibilities of the Board

The Board of Directors has important role in corporate governance for maximum benefit of the Company and responsible for the duties to shareholders and independent from the management in the decisions for maximum benefit of the Company and overall shareholders. The Company provides the separation of roles and responsibilities systems between the Board of Directors and the management clearly. And overseen the Company's work system to ensure that various activities of the Company and has conducted in a lawful and ethical manner.

The Board of Directors consists of directors whose variety qualification in terms of skills, specialized capabilities experience that beneficial to the Company including they have devoted time and effort to their duties in order to enhance the Company's strength.

The Company has established the Audit Committee and the Executive Committee to study and screening necessary. Especially in cases that relies on neutrality in diagnosis and policy formulation on role, responsible, working process clearly to make the effective and efficient duties of the Board.

All directors understand the duties and responsibilities of the Board and the Company's business as well. They are ready to express their opinion freely and perform with integrity careful and thoughtful by considering the maximum benefit of the Company and fair to all shareholders with accurate and complete information. In the past year, all directors devoted sufficient time to perform duty under responsibilities fully. It is a duty of directors to attend every Board meeting, unless there are special reasons really.

(1) Vision, Mission and Corporate Governance Policy

In 2017, the Board of Directors reviewed the 2016 version of corporate vision, mission and targets and amended Corporate Governance Policy which were cascaded down to employees at all levels. It is the policy of the Company to review its corporate vision and mission every year.

(2) Structure and qualifications of the Board of Directors

The Board of Directors shall consist of 9 members who meet the required qualifications and do not possess prohibited characteristics under the Public Company Limited Act. The Board should comprise persons with a variety of skills and expertise, regardless of gender. The Company has clearly separated positions between Chairman of the Board of Directors, Chief Executive Officer, and President. The composition of the Board of Directors consists of 4 independent directors, representing more than one-third of the entire Board. This contributes to proper checks and balances and crosschecking of management.

Selection and nomination of directors must be transparent and must be subject to consideration by the Nomination and Remuneration Committee. Each year, at least one-third of the directors shall retire by rotation. It is the corporate policy that each director is allowed to assume directorship in no more than 5 listed companies. The Chief Executive Officer must report to the Nomination and Remuneration Committee in the case of holding directorship in other company.

(3) Balance of power of non-executive directors

As at December 31, 2017, the Board of Directors consisted of 9 members.

- 2 executives directors
- 3 outside director who are not employee of the Company
- 4 independent directors

4 independent Directors which is 44.44% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

(4) Chairman of the Board of Directors and Chief Executive Officer

The Chairman of the Board of Director is not the same person as the Chief Executive Officer. Both positions have clearly separate duties and responsibilities in terms of supervision and management. Details of duties and responsibilities are described in the topic of “Management Structure”. The top executive position is Chief Executive Officer.

(5) Directorship in other company

No director has assumed directorship in more than 5 other companies. This is in line with the recommendation of the Stock Exchange of Thailand. Details of directorship of each director in other companies are presented in the topic of “Profile of the Board of Directors and Management”.

(6) Orientation for new directors

The Company prepared video materials introducing the Company and major projects to new directors and the general public. The corporate presentation video was posted on the home page of the Company’s website. Also, information about the Company’s businesses was prepared in the form of presentation slides for the CEO to present to the new directors and for the HR Department to present to new employees.

(7) Self-assessment of the Board of Directors

The Board of Directors set up the policy requiring all directors to conduct assessment of the performance of the entire Board of Directors using the self-assessment form for the Board of Directors provided by the Corporate Governance Development for Capital Market Department, Stock Exchange of Thailand. For 2017, the Company used the form issued in February 2015 with the additional information for certain topics to support the assessment of the directors. There are 6 major topics for assessment:

1. Structure and qualifications of the Board of Directors
2. Role, duties and responsibilities of the Board of Directors

3. Meetings of the Board of Directors
4. Performance of Duties as Director
5. Relationship with management
6. Directors and management development

Furthermore, performance assessment for individual directors and subcommittees including the Audit Committee, the Executive Committee, the Nomination and Remuneration Committee was conducted. The assessment results were presented to the Board of Directors meeting.

(8) Performance Appraisal for Chief Executive Officer

The Board of Directors assigns the Remuneration and Nomination Committee to handle the performance appraisal for Chief Executive Officer on annually basis and also determine the annual remuneration for him prior to proposing the appraisal result for consideration of the Board of Directors Meeting for approval of his remuneration annually.

(9) History of Misconduct against the Regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission

The Company has no record of misconduct against the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission.

(10) Sub Committees

The Company's Board of Directors has appointed 3 committees of which their members are the Company's directors and executives to carry out specific tasks as assigned. Those 3 committees are the Audit Committee, Executive Committee, and Remuneration and Nomination Committee. Duties and responsibilities of each committee were clearly defined in writing and disclosed in the Company's Annual Report. These committees are authorized to request the management to clarify any issues or to submit a specific report as well as to appoint any external advisor for recommendations as deemed appropriate.

❖ The Audit Committee

The Audit Committee consists of 3 independent directors whose qualifications are in line with the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission in which the proportion of share holding of the independent directors was set not less than 1% equal to the Securities and Exchange Commission's regulations

Since 2015-2017, the Company hired JP Tip Audit Limited to perform duties as the internal auditor in place of the Internal Audit Department. This is to facilitate independence in performing duties and allows the auditor to report directly to the Audit Committee.

❖ Executive Committee

Executive Committee consisting of 2 executive directors and 3 non-executive directors totaling 5 members are responsible for developing plans, policies, direction, business strategies, and management structure for the Company's core business operation; considering the Company's performance in terms of profit/loss, and the interim or annual dividend payment before proposing it to the Board of Directors; and performing other tasks as assigned by the Board of Directors.

❖ The Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of 3 independent directors to recruit and determine the remuneration of Directors and Executives. In 2017, there were 2 meetings to perform their duties as follows.

- Consider the term of office of directors and approve the nomination of new directors to propose to the Board of Directors for approval.
- To approve the remuneration of the Board of Directors for the year 2017 to propose to the Board of Directors for approval.
- To approve the appointment of member of the Executive Committee to propose to the Board of Directors for approval.
- To approve bonus of directors for the year 2017 to propose to the Chairman of the Board for approval.

The Remuneration and Nomination Committee served for nominating candidates to replace Directors and Executives in the case of completed their terms resign or other. In order to comply with the corporate governance guidelines of the Stock Exchange of Thailand and Articles of Association, the Board of Directors and executives of the Company must be fully qualified by the Public Companies Act BE 2535 and the Securities and Exchange Act BE 2535 and proposed to the Board of Directors for approval.

However, in 2017, the Board of Directors did not appoint any person to be the advisor of the Nomination and Remuneration Committee.

(11) Directors' Report

The Company's Board of Directors is responsible for the Company's financial statements prepared in accordance with the generally accepted accounting standards, and responsible for ensuring the adequate disclosure of significant information in the notes to financial statements. The Board of Directors appointed the Audit Committee, consisting of independent directors, to oversee the quality of the Company's financial reports as well as the internal control system. The Audit Committee's opinion toward such reports and the internal control will be disclosed in the Annual Report's "Report of the Audit Committee" section. Report on the Board of Directors' Responsibilities for Financial Statements is to be proposed to the Board of Directors meeting and disclosed in the Annual Report as well.

(12) Succession Plan

To prevent the potential detrimental impact on the Company's business operation, the Board of Directors has approved the policy on the nomination of Chief Executive Officer and the policy on succession of executive positions in case of emergency or retirement.

(13) Remunerations for Directors and Management

The Remuneration and Nomination Committee proposes directors' remuneration and bonus to the Board of Directors Meeting to later propose to the Annual General Meeting of Shareholders for approval including to propose the remuneration of Chairman of Executive Committee and Chief Executive Officer for approval by the Board of Directors Meeting. The remunerations was passed the resolution of the committee in term of appropriateness in comparison with other listed companies. The Company's remunerations for directors are in a form of monthly payment, meeting attendance fee and bonus. The management's remuneration will be in accordance with the principle and policy as set by the Board of Directors and in relation to the company's operating performance and corresponding to their responsibilities.

(14) Directors and Management Development

The Board of Directors prioritize to participation in training courses that are beneficial to the performance of Directors. The Company promotes and supports the training of directors in the courses organized by Thai Institute of Directors Association (IOD) as at December 31, 2017, details are as follows:

No.	List of Directors	Position	Training Course from Thai Institute of Directors Association (IOD)
1.	Dr.Vichit Yamboonruang	Chairman of the Board of Directors	-
2.	Mr.Wiboon Sangwithayanon	Director	Director Accreditation Program (DAP) class 120/2015

No.	List of Directors	Position	Training Course from Thai Institute of Directors Association (IOD)
3.	Mr.Burin Kunatippapong	Director	-
4.	Mr.Vichien Tangudtaisuk	Director	-
5.	Miss Rewadee Whanchid	Director	Director Accreditation Program (DAP) class 79/2009
6.	Asst.Prof.Dr. Pakdee Manaves	Independent Director	-
7.	Miss Pranee Rattakam	Independent Director	Director Accreditation Program (DAP) class 79/2009
8.	Mr.Theera Phetmalaigul	Independent Director	Director Accreditation Program (DAP) class 120/2015
9.	Mr.Tatchapong Thamputhipong	Independent Director	Director Certification Program (DCP129)

Development and Training of Directors in 2017

List of Directors	Position	Training Courses
Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	<ul style="list-style-type: none"> ■ Quarterly Economic "Year 2017 : Things to Watch Out for" ■ 2017 Quarterly Economic Wrap Up (Q2) "Zoom In - Thai Business Trends through Big Data" by Dr. Benjarong Suwankiri TMB ■ Investment and Business Opportunity in Myanmar ■ Quarterly Economic Wrap Up - "Y2017 Review and Y2018 Outlook" ■ SET Listed Companies & Opportunities in CLMV Countries

(15) Board of Directors Meeting

The Board of Directors determines meeting schedules for the Board of Directors and other subcommittees in advance annually. Meetings of the Board of Directors and the Audit Committee must be held at least once per 3 months. Special meetings may be convened as deemed necessary. The Chairman of the Board of Directors shall manage the performance of duties of directors, and shall provide a summary of the meeting agenda to directors for consideration. Each director shall be allowed and encouraged to express opinions freely and meeting time shall be allocated appropriately and efficiently. In the case of any director having a conflict of interest in the matter being considered, the Chairman of the Meeting shall inform the Meeting and the director having a conflict of interest shall leave the meeting.

In 2017 the Corporate Governance Policy set forth that in accordance with the corporate governance principles, in any Board of Directors meeting, the presence of not less than two thirds of the total number of the Board members is required to constitute a quorum for voting each agenda. The Corporate Secretary shall be responsible for providing supporting in preparing meeting agenda, notification to the meeting, and supporting documents and submitting them to the directors at least 7 days in advance prior to the meeting date. The Corporate Secretary shall also oversee and arrange

the meeting, keep the meeting documents, and provide advice in relation to the compliance of the Board of Directors with applicable laws, rules and regulations.

The Board of Directors encourages each director to attend at least 80% of all Board of Directors meetings held throughout the year. The meeting attendance details of directors and subcommittee members were disclosed in the topic of "Management Structure".

Moreover, the Board of Directors set out the policy to arrange a meeting among all independent directors without any participation of the executive directors at least once per year starting from 2018 onwards. In 2017, one meeting among all independent directors was held in February 2017. In February the Audit Committee held a joint meeting with the independent auditor without the presence of the Company's management.

(16) Company Secretary

Since 2015, the Board of Directors has appointed Mr. Wittaya Janta-ummao, Investor Relations, as Company Secretary to perform supporting duties to the Board of Directors Meeting such as agenda preparation, notice of the meeting, meeting arrangement, meeting documents filing and also give her advices to directors so that they can perform their duties in compliance with relevant laws and regulations.

8.2 Committees

The management structure of the Company consisted of the Board of Directors and 3 committees such as Audit Committee Executive Committee and Nomination and Remuneration Committee which were define the authority and responsibilities of committees in Charter of Board of Directors, Charter of Audit Committee, Charter of Executive Committee and Charter of Nomination and Remuneration Committee which were approved by the Board of Directors' meeting No. 8/2015 on August 11, 2015 and shall became effective on August 11, 2015 onwards.

1) Board of Directors

As at December 31, 2017 the Board of Directors consisted of 9 directors as follows

No.	List of Directors	Position
1.	Dr.Vichit Yamboonruang	Chairman of the Board of Directors
2.	Mr.Wiboon Sangwithayanon	Director
3.	Mr.Burin Kunatippapong	Director
4.	Mr.Vichien Tangudtaisuk	Director

No.	List of Directors	Position
5.	Miss Rewadee Whanchid	Director
6.	Asst.Prof.Dr. Pakdee Manaves	Independent Director
7.	Miss Pranee Rattakam	Independent Director
8.	Mr.Theera Phetmalaigul	Independent Director
9.	Mr.Tatchapong Thamputhipong	Independent Director

According to the articles of association section 2 Board of Directors, article 6 stated that the Board of Directors shall consist of not less than five (5) persons. At least one-half (1/2) of the directors must be residents of Thailand. The Board of Directors shall elect one (1) director as the Chairman of the Board of Directors. If deemed appropriate by the Board of Directors, one (1) or more directors may be elected as Vice-Chairmen, to have duties pursuant to these Articles of Association in the matters designated to them by the Chairman.

As at December 31, 2017, the Company had total of 9 directors which consists of 2 Executives Directors, 3 outside director who are not employee of the Company and 4 independent Directors which is 44.44% of the total Directors. Therefore, it is enough to create the balance of power within Board of Directors of the Company in accordance with Notification of Capital Market Supervisory Board.

Mr. Wittaya Janta-ummao, Company Secretary oversees the activities of the Board of Directors, minutes of meeting and documenting about the meeting.

Tenure

- (1) Directors must retire from office as one in three of all members in every Annual General Meeting. If the number of Directors cannot divide into three parts, directors shall retire nearest to one in three of all members. Directors who retired by rotation may be re-elected.
- (2) In cases where the position of director is vacant because of other reasons except expiration of the term and the remaining term not less than 2 months. The Board of Directors have to elect directors to replace the vacancies on the Board of Directors at the next meeting. The persons who are elected as such directors will remain in office only for the remaining term of directors they replace.
- (3) Directors must retire from office when.
 - A. The expiration of the term.
 - B. Resignation

- C. Died
 - D. Disqualified or prohibited characteristics under the law or the Articles of Association. A manner that reflects the lack of suitable to get trust to manage business that the public is shareholder according to the Securities and Exchange Commission's notification.
 - E. The meeting of shareholders voted to out of position.
 - F. The court ordered to out of position.
- (4) Directors who resigned before the expiration of term, have to submit a letter of resignation to the company. The resignation is effective from the date of letter of resignation reach to the company and they can inform their resignation to the registrar according the law on public limited company.

Role of Chairman

- (1) Responsible for determines agenda, lead and control Board of Directors' meeting to run smoothly.
- (2) Create a reasonable relationship with the CEO and Company Secretary.
- (3) Encourages all directors to participate in the meeting and can show fully potential.
- (4) Create clarity on the scope of duties and responsibilities between Board of directors and the executives.
- (5) Determines framework and monitor the corporate governance policy.
- (6) Be a representative and build a reputation to organization.
- (7) Be the shareholders' representative to serve as a leader in the annual general meeting.
- (8) Participate in building process of strategy plan that effective in practice.
- (9) Responsibility to seek qualified directors to join as member of the Board and directors development.
- (10) Supervise the Board of Directors along with evaluation of performance, communicate for transmit the expectation to the Board of directors.
- (11) Create succession planning process and the evaluation of performance of Chief Executive Officer.

Duties and responsibilities

Duties and responsibilities of directors according to defined in the Articles of Association by acting as follows.

- (1) The authority in accordance with Public Limited Companies Act BE 2535 and any other laws that defined as duties of director or Board of Directors of public companies.

- (2) Perform their duties with responsibility, careful and honesty including they must comply with the law, objectives and articles of association that defined as well as compliance with resolutions of the shareholders' meeting.
- (3) Determine the main business policy, Monetary Policy, Funding policy, Capital Management and Risk management policy for the company implementation
- (4) Authorized to determine and change the name of directors who have authorized signatory of the company.
- (5) Corporate governance to meet or exceed the target set and determined a solution if there are obstacles in achieving that target.
- (6) Provide the general information reporting and financial statements to its shareholders and general stakeholders correctly, completely, transparency and in accordance with the law.
- (7) Acknowledge the important audit report and determine measures to improve if it finds significant deficiencies.

Meeting

- (1) The Board of Directors' meeting must have directors attend at least half of all member so it is a quorum.
- (2) Scheduled to meeting at least 4 times per year and there may be meeting for more special agenda as necessary.
- (3) Chairman of the Board of Directors or Company Secretary responsible for determine agendas.
- (4) Notice of the meeting must be sent at least seven (7) days before the meeting. In the event of an emergency or to protect the rights and interests of the company, the Board of Directors' meeting may be held by notify all directors by other means and can schedule date of meeting faster than it.
- (5) Meeting resolution of Board of Directors shall count a majority vote of directors who attending the meeting. A director has one vote in the voting. A Director who has interests in the matter, has no right to comment and vote on such matter. If the votes are equal, the chairman of the meeting shall have an additional casting vote, except the law has determined otherwise for the voting.

The Company has annually scheduled the Board of Directors' meetings in advance and notify the Board of Directors since the beginning of the year to plan the attendance.

2) Audit Committee

As at December 31, 2017 the Audit Committee consisted of 3 members as follows.

No.	List of Audit Committee	Position
1.	Miss Pranee Rattakam	Chairman of the Audit Committee
2.	Mr. Theera Phetmalaigul	Audit Committee
3.	Mr. Tatchapong Thamputhipong	Audit Committee

Miss Pranee Rattakam and Mr. Tatchapong Thamputhipong are 2 member of the Audit Committee who have sufficiently knowledgeable and experienced in the field of accounting able to conduct a review to assess financial statement credibility in accordance with the Security Act (No. 4) B.E. 2551 and Miss Chinanut Jariyarudeechai, Chief Financial Controller served as Secretary of Audit Committee who oversee the activities of Audit Committee, minutes of meeting and documenting about the meeting.

Tenure

Member of Audit Committee has term of office according to their tenure for director position and member of Audit Committee who retires by rotation may be re-appointed for another term. Addition to the retirement by expiration of term, a member of Audit Committee must retire from office when.

- (1) Dead
- (2) Resign
- (3) Disqualified to being a member of Audit Committee according to this charter or regulations of the Securities and Exchange Commission.
- (4) The Board of Directors approved to retire.

A member of Audit Committee who wish to resign, shall submit a letter of resignation to the Chairman of Board of Directors and Board of Directors is an approver in the event that the entire Audit Committee shall retire from office. The Audit Committee that retired from office must acting in position to continue operation until new Audit Committee will be commissioned.

In the case of member of audit committee becomes vacant because of other causes in addition to retirement by rotation, the Board of Directors have to appoint a person who qualified to be a member of audit committee instead within 90 days to make the Audit Committee has full member according to the Board of Directors defined.

Duties and Responsibilities

The Audit Committee has duties and responsibilities as follows.

- (1) Review the accuracy of Company's financial statements as it should be according to the general accepted accounting standards and adequate disclosure.
- (2) Review the Company's internal control and internal audit systems to be appropriate and effective.
- (3) Review the Company's compliance with the law on Securities and Stock Exchange, requirements of the Stock Exchange of Thailand and laws relating to the Company's business.
- (4) Consider and make a proposal in re-appointment, termination and remuneration of auditor of the Company.
- (5) Meeting with the auditor specifically at least 1 time per year to discuss on various matters that the Audit Committee or the auditor see that it should be discuss in private.
- (6) Review the independence of auditor and determine the receiving other services policy that is non-audit service from the same audit firm.
- (7) Review the corporate governance policy and make the proposal any changes to approve by the Board of Directors.
- (8) Review the related party transactions or transactions that may have conflicts of interest to comply with laws and regulations of the Stock Exchange of Thailand. This is to ensure that such transactions are reasonable and in the best interests of the Company.
- (9) Review the Company's risk management systems to be appropriate and effective.
- (10) Consider the independence of internal audit department as well as to approve, appoint, migrate, lay off and consider the performance, meritorious service of internal audit head. All of this may hire individuals or external firm to perform internal audit work by nominate and qualifications to the Audit Committee for approval at least once a year at the same time with an auditor nomination and practice as the Company conduct themselves tacitly.
- (11) Review and comment on internal audit plan, performance of internal audit department and coordinate with the auditor.
- (12) Prepare a report of the Audit Committee to disclose it in annual report of the Company that report must be signed by the Chairman of Audit Committee and must contain at least the following.
 - Commenting on the accuracy, completeness and reliability of the financial statements of the Company.
 - Commenting on the adequacy of internal control system of the Company.

- Commenting on the compliance with law on the Securities and Exchange, requirements of the Stock Exchange of Thailand or the laws relating to the Company's business.
 - Commenting on the suitability of an auditor.
 - Commenting on the transactions that may have conflicts of interest.
 - The number of Audit Committee's meetings and the attendance of each member.
 - Comments or overall observation that the Audit Committee received from the performance of duties under the Charter.
 - Other issues that shareholders and investors should be informed under the scope of duties and responsibilities as assigned by the Board of Directors.
- (13) Investigate suspicious circumstances that director, manager or persons who responsible for operation of the Company committed an offense under the Securities and Exchange Act (No. 4) BE 2551 which the auditor detected and reported and the Audit Committee shall reports the results of preliminary inspection to Board of Directors, the Securities and Exchange Commission and the auditor within 30 days from the date of notification by the auditor. The suspicious circumstances that have to inform and method to get facts about such circumstances shall be in accordance the notification of the Capital Market Commission defined.
- (14) In performing of Audit Committee's duties, if found or suspected that it have transaction or action as follows which may have a significant impact on the financial position and operating results of the Company. The Audit Committee shall reports to Board of Directors for rectification within period that Audit Committee deem appropriate.
- Transaction was conflicts of interest.
 - Fraud or irregularity or a significant deficiency in internal control system.
 - Violation of the law on Securities and Exchange, requirements of the Stock Exchange of Thailand or the laws relating to the Company's business.
- If the Board of Directors or Executive fails to make a rectification within period according to the first paragraph, one of member of Audit Committee may report such transactions or actions to the Securities and Exchange Commission or the Stock Exchange of Thailand.
- (15) Authorized to hire the consultant or outsider according to regulation of the Company to comment or consulting if needed.

- (16) Authorized to invite the Executive or any related person of the company to comment, attend meetings or provide relevant information.
- (17) Report the performance of Audit Committee to the Board of Directors acknowledge at least 4 times per year.
- (18) Evaluation of its own performance annually.
- (19) Review and evaluate on the adequacy of its charter and propose the change to the Board for approval.
- (20) Perform any other duties as assigned by the Board of Directors.

3) Executive Committee

As at December 31, 2017 the Executive Committee consisted of 5 members as follows.

No.	List of Executive Committee	Position	Notes
1.	Mr.Wiboon Sangwithayanon	Chief Executive Officer	-
2.	Miss Rewadee Whanchid	Executive Committee	-
3.	Miss Chinanut Jariyarudeechai	Executive Committee	-
4.	Mr. Peerapon Thantranon	Executive Committee	-
5.	Mr. Karn Siriphatras	Executive Committee	Appointed February 22, 2017

Elements and qualifications

The Executive Committee must has at least 3 members consisting of Chief Executive Officer as a Chairman of Executive Committee by position and other persons who the Board of Directors appointed to be member of Executive Committee, are employees and/or outsider. This requires knowledge and experience sufficient to serve management of the Company's business as well.

Term in office

Member of Executive Committee retire from office when

- (1) Dead
- (2) Resign
- (3) The Board of Directors approved to retire.

Any member of Executive Committee would like to resign, shall submit a resignation letter to Chairman of the Board. In cases where position member of Executive Committee is vacant, the Board of Directors shall appoint a new member of Executive Committee within 90 days to make Executive Committee has fully members as the Board of Directors defined.

Executive authority

- (1) Appointment, removal, transferring, considering meritorious service as well as determine compensation and benefits for employees in various levels including other working group to perform various activities in management of the Company.
- (2) Approve the sales under normal transactions of the Company in the absence of guarantees or collateral or not protect or exceed credit limit by insurance in excess amount of Baht 20 million (total amount per client).
- (3) Approve raw materials purchasing to produce in all items which excess from authority of the management.
- (4) Approve the procurement and investment in fixed assets that beyond the budget, in the part excess of 500,000 Baht, not more than Baht 2 million per time, total not over Baht 5 million per year.
- (5) Approve the pretreatment, destroy, write off the fixed assets and intangible assets that depreciated, damaged, lost, destroyed or obsolete cannot be used which has total book value in excess amount of Baht 5 hundred thousand in each time.
- (6) Approve the reconditioning, destruction of raw materials and / or deteriorated inventory or obsolete, which would have book value decreased in excess amount of Baht 5 hundred thousand in each time.
- (7) Approve the compromise, dispute settlement by arbitration, grievances, litigation and / or the implementation of any judicial procedure on behalf of the Company for non-habitually of commercial with discount, in excess amount of Baht 5 hundred thousand in each time and / or habitually of commercial with discount, in excess amount of Baht 1 million in each time.
- (8) Authorized to perform in financial transaction with financial institution in account opening with bank, financial institution and request guarantee from bank, financial institution of not exceeding Baht 50 million.
- (9) Approve loans and guarantee to subsidiaries in the amount of not exceeding Baht 20 million per company.
- (10) The Executive Committee may authorize the executives or any person has the authority to perform in any or many matter according to the Executive Committee considered appropriate. The approval of executive committee and authorization must not the related transaction or transaction that may have conflict of interest or transaction that the members of Executive Committee are the stakeholders as defined in the Articles of Association and the announcement of the Capital Market Commission.

- (11) Hiring a consultant or independence person to provide comments or suggestions as needed.
- (12) Approve the investment in water management business and provide financial assistance in the amount not exceeding Baht 80 million in accordance with the investment policy of the Company.
- (13) Perform other duties according assigned from the Board of Directors in each period.

Duties and Responsibilities

- (1) Make recommendations on strategic direction, Management structure, Business plan and annual budget for the Board of Directors.
- (2) Responsible for management of the Company's business to comply with the direction, policy and goals of business.
- (3) Responsible for enhancing competitiveness of the Company and encourage to create innovation continuously.
- (4) Responsible for the operation of the Company to comply the law, objectives, articles of association, resolution of shareholders, resolution of Board of Directors as well as related regulations.
- (5) Ensuring the preparation of financial reports for the auditor to audit and / or review before propose to the Audit Committee and the Board of Directors respectively.
- (6) Consider and comment on the subject that must be approved by the Board of Directors. Except in any activities that the Board of Directors authorized to other committees to perform.
- (7) Consider and review the risk management and internal control systems of the Company.
- (8) Review and assess the adequacy of its charter and propose the change to the Board of Directors for approval.
- (9) Perform any other according to the Board of Directors assigned.

Authority of the Executive Committee and Chief Executive Officer

The Executive Committee and Chief Executive Officer have authority to approve various credit lines in accordance with the Limit of Authority as approved by the Board of Directors Meeting No. 3/2017 on May 11, 2017, which remains in force to this day.

4) Nomination and Remuneration Committee

As at December 31, 2017 the Nomination and Remuneration Committee consists of 3 members as follows.

No.	List of Nomination and Remuneration Committee	Position
1.	Miss Pranee Rattakam	Chairman of the Nomination and Remuneration Committee
2.	Mr. Theera Phetmalaigul	Nomination and Remuneration Committee
3.	Mr. Tatchapong Thamputhipong	Nomination and Remuneration Committee

Objectives

The Nomination and Remuneration Committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors and sub-committees. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and/or to the Shareholders' Meeting.

Composition of the Nomination and Remuneration Committee

- (1) The Nomination and Remuneration Committee is to be appointed by the Board of Directors company's committee and has to comprise of not less than three persons, being the Company's directors and/or executives by more than one-half of the total number of Nomination and Remuneration Committee's members must be independent directors.
- (2) The independent director shall be the Chairman of the Nomination and Remuneration Committee.

The office term

- (1) The Nomination and Remuneration Committee's member has the office term of three years.
- (2) The Nomination and Remuneration Committee's member may be re-appointed as the Board of Directors see as appropriate.
- (3) Apart from vacating upon the end of office term stated in Item (1), the Audit Committee's member will retire from the office upon the following conditions:
 - Resignation
 - Dismissal by the Board of Directors
- (4) The Board of Directors has power to appoint a new member of the Nomination and Remuneration Committee as to resume the operation and to substitute the member of the Nomination and Remuneration Committee who is out of office term according to Item (1) or Item (3) The substituted member can only be in the office within the remaining term of the member he/she replaced.

Duties and Responsibilities

Nomination

- (1) Setting guidelines and policies in nominating Board of Directors and other sub-committee members by considering what would be the appropriate number, structure and composition of members, and outlining necessary directors' qualifications, and proposing these ideas for approval by the Board of Directors and/or Shareholders' Meeting as appropriate.
- (2) Searching, selecting and proposing appropriate persons to assume the position of the Company's directors whose terms have expired and/or became vacant, including newly appointed director.
- (3) Executing other tasks related to nominations as assigned by the Board of Directors.
- (4) Evaluating the performance of the top management and reporting to the Board of Directors for their consent.

Remuneration

- (1) Preparing guidelines and policies in determining the Board of Directors and other sub-committees' remuneration, and proposing it to the Board of Directors and/or Shareholders' Meeting for approval as appropriate.
- (2) Determining necessary and appropriate monetary and non-monetary remuneration, for individual members of the Board of Directors by taking into consideration each director's duties and responsibilities, performance, and comparisons against similar businesses, and the benefits expected in return from each director. The report will be submitted to the Board of Directors for consent and to the Shareholders' Meeting for approval.
- (3) Taking responsibility to support the Board of Directors and being responsible for explaining and answering any questions regarding the Board of Directors' remuneration in the Shareholders' Meeting.
- (4) Reporting policies and principles/reasons in determining the remuneration of directors and management according to the SET guidelines by disclosing them in the Company's annual information disclosure (56-1) and annual report.
- (5) Being responsible for any other tasks related to the remuneration as assigned by the Board of Directors.

The management team and other units have to report or present the information relating to the Nomination and Remuneration Committee in order to support the operation of the Nomination and Remuneration Committee to achieve their assigned tasks.

Reporting

The Nomination and Remuneration Committee directly reports to the Board of Directors.

Meetings

- (1) The Nomination and Remuneration Committee holds a meeting when seen as appropriate (at least 1 time a year) and has power to call for an extra meeting if necessary. The Nomination and Remuneration Committee shall comprise of not less than one-half of the total existing members.
- (2) All the Nomination and Remuneration Committee's members shall attend every meeting unless he/she has any necessary matter. In this case, the member has to notify his absence in advance to the Chairman of the Nomination and Remuneration Committee.
- (3) The Chairman of the Nomination and Remuneration Committee shall be the chairman of the meeting. In case where the Chairman of the Nomination and Remuneration Committee is absent, other Nomination and Remuneration Committee's members attending the meeting can select one member to be a substitute chairman of the meeting.
- (4) The resolution of the Nomination and Remuneration Committee can be made by majority vote. Any member of the Nomination and Remuneration Committee, who has any interest or benefit in the related topic shall not vote in that particular topic.
- (5) The meeting invitation letter shall be issued to the Nomination and Remuneration Committee in advance prior to the meeting date held. This excludes the emergency case, where the dates of the meeting will be informed by other methods or the meeting shall be scheduled earlier. The Company Secretary shall take the minutes of the meeting.
- (6) The Nomination and Remuneration Committee can invite any related personnel to attend the meeting in order to provide relevant information to the Nomination and Remuneration Committee.

8.3 Nomination and appointment of Directors and Executives

The Nomination and Remuneration Committee served for nominating candidates to replace Directors and Executives in the case of completed their terms resign or other. In order to comply with the corporate governance guidelines of the Stock Exchange of Thailand and Articles of Association, the Board of Directors and executives of the Company must be fully qualified by the Public Companies Act BE 2535 and the Securities and Exchange Act BE 2535.

The Nomination and Remuneration Committee is responsible for setting the company's policy and criteria in the selection of directors and determining the remuneration of the Board of Directors and sub-committees. Also, to recruit, select, and nominate the right person to be a director as well as to set the remuneration for a director. This includes working on other assigned tasks and present to the Board of Directors and/or to the Shareholders' Meeting.

The Charter of the Nomination and Remuneration Committee was approved by the Board of Directors Meeting No. 1/2016 on February 29, 2016 and become effective on February 29, 2016 onwards.

1) Criteria of Independent Director Selection

Process of Independent Director Nomination

The Remuneration and Nomination Committee shall preliminary consider suitable persons whose qualifications are in accordance with the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Also, the candidates shall have useful knowledge and capability that are useful for the Company. The suitable candidates will be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. (Only the increase of the number of directors and the appointment of directors in replacement of directors retiring by rotation shall be approved by the Shareholders' Meeting.)

Qualification of Independent Directors

- (1) Shareholding does not exceed one percent of total shares with voting rights of the Company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest which includes the related party's shareholding of such independent directors.
- (2) Never or ever was a director who participate in administration, employees, staff, consultants who receive a regular salary or the controlling person of the Company, parent companies, subsidiaries, affiliates or the same level subsidiary or juristic person that may have conflict of interest unless they are clear from the foregoing relationship not less than two years before apply for permission to the SEC.
- (3) They are not persons who have blood ties or by legal registration in manner that is father, mother, spouse, sibling and child, including spouse of a child of the executives, major shareholders, control authority or persons who will be nominated as executive or controlling person of the Company or its subsidiaries.
- (4) Never or ever had business relationship with the company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest in a way that may obstruct their

independent judgment. Including never or ever was major shareholder, director who was not independent director or executive of the business relationship of the company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest unless they are clear from the foregoing relationship not less than two years before they was appointed as an independent director.

- (5) Never or ever was the auditor of company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest and never was major shareholder, director who was not independent director, executive or managing partner of audit firm which has an auditor belong to the parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest unless they are clear from the foregoing relationship not less than two years before they was appointed as an independent director.
- (6) Never or ever was any professional service provider which includes serving as legal advisor or financial advisor who receives service fees more than two million baht per year from the company, parent companies, subsidiaries, affiliates or juristic person that may have conflict of interest. In the case that professional service provider is juristic person, provided include major shareholder, director who was not independent director, executive or managing partner of such professional service provider unless they are clear from the foregoing relationship not less than two years before they was appointed as an independent director.
- (7) Not a director who has been appointed as a representative of Board of Directors, major shareholders or shareholders who are related to the Company's major shareholders.
- (8) Do not operate the same nature business and compete with the Company or its subsidiaries or not a partners in partnership or directors who participate in management, employee, staff, consultant who receive regular salary or holding more than one percent of the shares with voting rights of other company that operate the same nature business and compete with the Company or its subsidiaries.
- (9) No other characteristics that make they can not to give an opinion independently on the company's operation.

If the Securities and Exchange Commission announced changes to qualifications of independent directors, independent directors of the company must qualify as change announced in all respects. The Company has a policy of limiting the number of years in the position of independent directors for not more than 9 years.

2) Director and Top Executive Selection

Nomination of Directors and Executives

The Nomination and Remuneration Committee that members who are stakeholders did not participate in consideration, was nominated to select qualified persons to replace any directors or executives who had either completed their term or resigned, etc. To comply with both Wiik & Hoeglund Public Co.,Ltd.'s own good corporate governance practices and regulations as well as those of the Stock Exchange of Thailand, the Company's Board of Directors and Executives have to meet all qualifications as qualified as per the Public Company Limited Act B.E. 2535 and the Securities and Exchange Act B.E. 2535 and proposed to the Board of Directors for approval. Moreover, the Company had invited Shareholders to propose qualified candidates to be appointed as directors in advance for the Annual General Meeting of Shareholders 2017 via the Company's website which appears that there was no proposed candidate of directors from the shareholders. The Company's criteria for the appointment of the Board of Directors are as follows:

- (1) At the shareholders' meeting, at least 5 (five) directors are appointed. Of these, more than half must reside in the Kingdom of Thailand.
- (2) The selection of directors must be carried out at the shareholders' meeting.
- (3) Each shareholder shall have 1(one) vote for each share in respect of which he, she or it is the registered holder.
- (4) A shareholder or proxy may vote only for as many persons as vacancies on the Board of Directors are to be filled. A shareholder or proxy may not cast more than 1(one) vote for any person in respect of each share that the shareholder holds or proxy represents and may not allot his or her votes to any person in any number.
- (5) After the vote, the candidates shall be ranked in order descending form the highest number of votes received to the lowest and shall be appointed as directors in that order until all of the director positions are filled. Where the votes cast for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the remaining appointments shall be made by drawing lots.
- (6) In every annual ordinary meeting, one-third of the total number of directors will complete their term. If the number of directors is not divisible by one-third, the closest number is acceptable. A drawing process is used to determine who will end their term in the first and the second year after the registration of the company. For the following year, directors who

have served the longest period will resign. The resigning directors could be selected again and could therefore return to their positions as director.

- (7) The candidates' knowledge, capability, experience and specializations that would contribute to the Company's operational efficiency.
- (8) The candidates' qualifications shall support good corporate governance practices, such as ethics, independence, assertiveness, creativity, careful and integrity as well as ability to dedicate their time for the Company.

In other cases, any vacancy occurring in the Board of Directors otherwise than by completion of a vacating director's term of office shall be filled by resolution of the Board of Directors, unless the remaining period of the vacating director's term of office is less than 2 (two) months. The resolution of the Board of Directors to such effect shall be adopted by the affirmative votes of at least $\frac{3}{4}$ (three – fourths) of the remaining directors. However, in the event that the number of vacancies in the Board of Directors in such that the number of remaining directors does not constitute a quorum, the remaining directors may act on behalf of the Board of Directors only to summon a General Meeting solely for the purpose of electing replacement directors. The said General Meeting must be held within 1 (one) month from the date on which the number of vacancies resulted in the number of remaining directors being less than a quorum. In all cases under this Article, any person appointed or elected as a replacement director shall retain his or her office during such time only as the vacating director was entitled to retain same.

Top Executive Selection

The top executive selection shall be undertaken by the Remuneration and Nomination Committee to select candidates having suitable qualification, experience of working to be further proposed to the Board of Directors for approval. The policy and criteria for selection of the top executives including succession plan for emergency case or retirement are set forth to avoid any impact to the Company's business as follows:

The Board of Directors approved to set up the succession plan for Chief Executive Officer position and Vice President positions as well as experience transfer to their potential subordinates to work in their replacement for emergency case or retirement. - The basic qualifications of Chief Executive Officer are as follows:

- The education should be not lower than a master degree in engineering field or business administration or other related fields. In case of being educated in lower degree, it is

subject to the discretion of the Remuneration and Nomination Committee on his other qualifications.

- Having experience not less than 10 years in the top executive position management
- Having leadership character with wide vision
- Be capable in strategic planning and organizational management
- Having cautious decision making and problem solving with recognition of highest benefit of the Company

8.4 Supervision of Subsidiary and Affiliated Companies

The Company set up mechanism to supervise and oversee the operations of its subsidiary and affiliated companies as follows:

- (1) The Company sends representatives of the Company to serve as directors, executives, or authorized persons in such companies according to the ratio of shareholding which was approved by the meeting of the Board of Directors.
- (2) The Company has a policy to appoint the audits of the Company to serve as the audits of subsidiary and affiliated companies to regulate and ensure accuracy and completeness in the disclosure of financial status information and operation results, transactions between subsidiary companies and related persons, acquisition and disposal of assets or other important transactions, using the same criteria for disclosure of information and preparation of transaction used by the Company.

8.5 Control on the use of inside information

The Company controls on the use of inside information by the Code of Conduct for Directors, Management and Employees of Wiik & Hoeglund Public Company Limited which was approved by the Board of Directors Meeting No. 1/2016 on February 29, 2016 and it shall become effective from February 29, 2016 onwards.

The Company considered that Directors, management and employees will be responsible for keeping the confidential information of the Company strictly. Especially inside information that has not been disclosed to the public and impact on the business or securities price. Directors, Management including those related (Spouses and underage children of Directors and Managements) Employees will not take the opportunity of being a Director, Managements or Employees in the pursuit of personal gain and in business operation that compete or relate to the Company as well as will not take the

inside information to their advantage in trading of the Company's securities and do not disclose confidential information to the competitors of the company's business, although they was terminated from Director, Managements or Employees already. The Company has process to control on the use of inside information for their own benefit or the others as follows.

- (1) Set for notification of Directors and Managements to understand the duty on reporting of securities holding of their own spouses and underage children as well as report of change in holdings in accordance with section 59 and Penalty provisions under section 275 of the Securities and Exchange Act BE 2535.
- (2) Limit acknowledgment of inside information only Director, Managements, Employees or insiders were involved as necessary and set the authority for the personnel authorized to disclose information of the Company clearly.
- (3) Send circular letter to notify suspend period for trading / transfer of the Company's securities (Backout Period) and prohibit to disclose inside information financial statements during the 1 month period before the public disclosure and within 24 hours after the disclosure of such information already, to Directors, Management including those related (Spouses and underage children of Directors and Managements) and management team for the compliance requirements in such period.
- (4) Set for Directors, Management including those related (Spouses and underage children of Directors and Managements) to inform about trading shares of the Company at least 1 day before trading to the Board of Directors or the assignment.
- (5) Set the regulations for security of computer system and information of the Company stringently.

The Company also impose penalties in case of breach on the use of inside information for their own benefit with penalties ranging from a verbal warning to leaving their job.

8.6 Remuneration of Auditor

Articles of Association stated that the Annual General Meeting of Shareholders shall appoint the Auditor and determine audit fee of the Company every year. The appointment of auditor can appoint existing auditor again. The auditor must not be a director, staff, employee or person who holding any position in the Company.

The Annual General Meeting of Shareholders 2017 on April 3, 2017 appointed Mr.Khitsada Lerdwana C.P.A. Registration No. 4958 or Mr.Termphong Opanaphan C.P.A. Registration No. 4501 or Ms. Sumalee Reewarabandith C.P.A. Registration No. 3970 or Ms.Thipawan Nananuwat C.P.A. Registration No. 3459 of E Y office Company Limited as the auditor of the Company with remuneration not exceeding 1,140,000 Baht for the year ended December 31, 2017 including authorization by the Board of Directors to approve the audited financial statements that may occur during the year.

EY office Company Limited was an auditor of the Company since 2009 - 2017, total of 9 years and the auditor of its subsidiaries is the same office of the Company's Auditor. Details of audit fee as follows.

(1) Audit fee

Audit fees (Baht)	2017	2016	2015
Annual audit	780,000	700,000	700,000
Review of quarterly financial statements (3 quarter)	360,000	345,000	345,000
Reporting package	-	-	-
Review of BOI certificates	100,000	-	-
Subsidiaries audit	580,000	465,000	465,000
Total	1,820,000	1,510,000	1,510,000

(2) Non-audit fee

In 2017 the Company paid non-audit fee which includes travel expenses and reviewed report expenses for the auditor total of Baht 340,404.37.

9. Information about Directors, Executives, Control authority and Company Secretary

(1) Background of Directors, Executives, Control authority and Company Secretary

Qualification list of Directors, Executives, Control authority and Company Secretary as at December 31, 2017.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
1. Dr.Vichit Yamboonruang Chairman of the Board of Directors Appointed on 16 Mar 2015	76	<ul style="list-style-type: none"> Ph.D Public & International Affairs, University of Pittsburgh, USA M.S. Science & Hygiene, University of Pittsburgh, USA M.A. Economics, Columbia University, New York, N.Y., USA 	0.05 (200,000 shares)	None	2005 – present 2005 – 2013 2005 - 2012	Chairman of the Board of Directors Chairman Independent Director / Chairman of Audit Committee Independent Director Director Chairman of the Board of Directors Independent Director	Wiik & Hoeglund PLC Global Bond Industrial Co., Ltd. Jasmine International PLC Wally International Co., Ltd. Sangsin Property Co., Ltd. Thai Premier League Co., Ltd. Rayong Purifier PLC
2. Mr.Wiboon Sangwithayanon Director / Chief Executive Officer (Authorized signatory) Appointed on 3 Jun 2015	53	<ul style="list-style-type: none"> Master of Business Administration (MBA), Major in Marketing Management, National Institute of Development Administration Bachelor of Engineering (BE), Major in Civil Engineering, Chulalongkorn University Director Accreditation Program (DAP) class 120/2015 	None	None	Jun 2015 – present 2012 – May 2015 2007 – 2012 2005 – 2007 2002 – 2005 1989 – 2002	Chief Executive Officer Vice President – Sales & Marketing Business Development Manager / Project Manager Managing Director Business Development Manager Marketing Manager	Wiik & Hoeglund PLC Wiik & Hoeglund PLC Vi-Va Limited Partnership Phetsiam PE Pipe Co., Ltd. Matech International Limited Partnership Wiik & Hoeglund PLC
3. Mr.Burin Kunatippapong Director Appointed on 1 Jun 2015	46	<ul style="list-style-type: none"> M.M (Entrepreneurship) with Distinction, College of Management, Mahidol University M.Eng Sc (Engineering Management), Queensland University of Technology, Australia B.Eng (Mechanical Engineering), 	None	None	2015 – present Jun 2015 – present 2011 – May 2015 2008-2010	Managing Director Director Chief Executive Officer / Executive Director Senior Vice President	Koncise Co.,Ltd. Wiik & Hoeglund PLC Wiik & Hoeglund PLC Pacific Star International (Thailand) Ltd.

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		Chulalongkorn University				Thailand Branch Manager	Bovis Lend Lease (Thailand) Ltd.
4. Mr.Vichien Tangudtaisuk Director (Authorized signatory) Appointed on 26 Feb 2015	60	<ul style="list-style-type: none"> ● Master of Business Administration (MBA), Chulalongkorn University ● Master Degree in Marketing (MIM), Thammasat University ● Bachelor of Education (Psychology), Chulalongkorn University ● Bachelor of Laws, Ramkhamhaeng University 	None	None	Sep 2016 - present Feb 2015 – present 2011 – present 2010 – present 1998 – present 1998 – present	Director Director Director Director Director Director	Mekha Real Estate Co., Ltd. Wiik & Hoeglund PLC Siam Solar Co., Ltd. Multibax PLC Thai Housing Development Co., Ltd. Yawawong Holding Co., Ltd.
5. Miss Rewadee Whanchid Director / Executive Committee (Authorized signatory) Appointed on 24 Feb 2015	47	<ul style="list-style-type: none"> ● Master of Business Administration, Kasetsart University ● Bachelor of Business Administration, Ramkhamhaeng University 	None	None	Feb 2015 – present 2014- present 2012- present 2008- present 1994- present	Director Director Director Director Assistant Managing Director	Wiik & Hoeglund PLC Thai Consumer Distribution Centre Co., Ltd. Mantra Assets Co., Ltd. Aqua Ad PLC Aqua Corporation PLC
6. Asst.Prof.Dr. Pakdee Manaves Independent Director Appointed on 24 Feb 2015	53	<ul style="list-style-type: none"> ● D.Eng, Industrial Engineering, Kasetsart University (Collaboration with Case Western Reserve University, USA) ● PhD in International Business Management, American University, USA ● Master of Business Administration, University of Liverpool, UK ● Bachelor of Political Science (first class honors, gold medal) Ramkhamhaeng university ● B.Eng, Chulalongkorn University 	None	None	Feb 2015 – present 2009 – present 2004 – 2012 2010 – 2012 1997 – 2004	Independent Director Assistant Professor Deputy Managing Director Managing Director Managing Director	Wiik & Hoeglund PLC Stamford International University Bangkok Aviation Fuel Services PLC JP-One Asset Co., Ltd. Fosroc (Thailand) Limited
7. Miss Pranee Rattakam Independent Director / Chairman of the Audit Committee	53	<ul style="list-style-type: none"> ● Master of Business Administration, Chulalongkorn University 	None	None	April 2016 – present 2010 – present 2003 – present	Independent Director / Chairman of the Audit Committee Audit Committee Independent Director / Audit Committee	Wiik & Hoeglund PLC Aqua Corporation PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
Appointed on 21 Apr 2016		<ul style="list-style-type: none"> ● Certified Public Accountant (CPA) ● Bachelor of Accounting, Chulalongkorn University ● Director Accreditation Program (DAP) class 79/2009 				Assistant Chief Executive Officer	Krung Thai Card PLC
8. Mr.Theera Phetmalaigul Independent Director / Audit Committee Appointed on 24 Feb 2015	45	<ul style="list-style-type: none"> ● Master of Engineering (Mechanical), Cornell University, College of Engineering, Ithaca, NY, USA ● Bachelor of Engineering (Mechanical), Chulalongkorn University ● Director Accreditation Program (DAP) class 120/2015 	None	None	Feb 2015 – present 2012- present 2011-2012 2010-2011	Independent Director / Audit Committee Chairman of the Board of Directors Asia Pacific Stewardship & Analysis Manager Shutdown and Turnaround Manager	Wiik & Hoeglund PLC Global Success Partner Co., Ltd. ExxonMobil Co., Ltd. Esso Sriracha refinery, Esso (Thailand) PLC
9. Mr.Tatchapong Thamputhipong Independent Director / Audit Committee Appointed on 24 Feb 2015	53	<ul style="list-style-type: none"> ● Master of Business Administration, Thammasat University ● Bachelor of Business Administration (Finance and Banking), Chulalongkorn University ● Director Certification Program (DCP129) 	None	None	Jun 2015 – present Feb 2015 – present 2014 – May 2015 2012 – 2013	Senior Vice President Independent Director / Audit Committee Senior Vice President & Division Head Chief Executive Officer Managing Director Managing Director	Siam Commercial Bank PLC Wiik & Hoeglund PLC Bangkok Bank PLC Corporate Group of Thonburi Hospital Ameditech Corporation Co., Ltd. Dental Siam Co., Ltd.
10. Miss Chinanut Jariyarudeechai Executive Committee / Chief financial controller/ Secretary of the Audit Committee Appointed on 12 May 2015	40	<ul style="list-style-type: none"> ● Bachelor of Accounting , Chiangmai University 	None	None	May 2015 – present Dec 2014 – Apr 2015 2011-2014	Executive Committee / Chief financial controller Accounting Manager Accounting Manager	Wiik & Hoeglund PLC Wiik & Hoeglund PLC Real Move Co., Ltd.
11. Mr. Peerapon Thantranon Executive Committee / Domestic Sales Manager	50	<ul style="list-style-type: none"> ● St. Joan Of Arc Commercial School 	None	None	Jul 2015 – present Mar 2013 – Jun 2015 Jan 2008 – Sep 2009 Jan 2006 – Jan 2007 Sep 1993 – Jan 2006	Domestic Sales Manager Assistant Sales Manager Sales & Marketing Executive Assistant Sales Manager Senior Executive Officer	Wiik & Hoeglund PLC Wiik & Hoeglund PLC Texcom Export Co.,Ltd. Phetsiam PE Pipe Co.,Ltd. Wiik & Hoeglund PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
12. Mrs. Sasiwimon Wirojchewan Administrative & Procurement Manager	51	<ul style="list-style-type: none"> Master of arts in Economic Law, Faculty of Law, Chulalongkorn University Bachelor of Science in Social Psychology, Faculty of Education, Ramkhamhaeng university 	None	None	2005 - present	Administrative & Procurement Manager	Wiik & Hoeglund PLC
13. Miss Jarunee Anansuksakun Technical & Product Manager	44	<ul style="list-style-type: none"> Master of Business Administration National Institute of Development Administration Bachelor of Environmental Engineering, Chulalongkorn University 	None	None	2000- present	Technical & Product Manager	Wiik & Hoeglund PLC
14. Mr. Arom Petchmanee Factory Manager	53	<ul style="list-style-type: none"> Doctor of Business Administration (DBA) Western University Master of Business Administration (MBA) Burapha University Master of Business Economics (MBE) Kasetsart University Bachelor of Laws (LL.B.) Ramkhamhaeng University Bachelor of Industrial Technology in Electrical Engineering (Electrical Power) Srinakharinwirot University Bachelor of Science in Industrial Technology (Electronics) Rajabhat Institute Chachoengsao Bachelor of Science in Industrial Technology (Production) Petchburiwittayalongkorn Teachers College. (under the Royal 	None	None	2007 – present	Factory Manager	Wiik & Hoeglund PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
		Patronage)					
15. Mr. Krisnat Busapavanij Export Sales Manager	46	<ul style="list-style-type: none"> Master of Business Administration: International Management Emphasis, Bellevue University, USA. Bachelor of Business Administration, Bangkok University 	None	None	2010 - present	Export Sales Manager	Wiik & Hoeglund PLC
16. Miss Parichart Wongwiwat Business Development Manager	48	<ul style="list-style-type: none"> Bachelor of Business Administration, General Administration, Ramkhamhaeng university Master of Public Administration, Public and Private Management, National Institute of Development Administration 	None	None	Jun 2015 – present May 2010- May 2015 Oct 1998 – Feb 2010	Business Development Manager Assistant Managing Director Assistant Manager of Sales and Marketing	Wiik & Hoeglund PLC Thai Gow Gai Group Co., Ltd. Wiik & Hoeglund PLC
17. Mr. Panao Intrapphan Project Manager	55	<ul style="list-style-type: none"> Bachelor of Architecture, University of San Carlos, Talamban Campus, Cebu City, Philippines Survey & Land Development Training Course, University of the Visayas, Cebu City, Philippines. 	None	None	May 2017 – present 2008 – 2017 2004 – 2008 1997 - 2004	Project Manager Project Manager Project Executive Project Supervisor	Wiik & Hoeglund PLC Wiik Water Co., Ltd. WH Pipe (Thailand) Co., Ltd. WH Pipe (Thailand) Co., Ltd.
18. Mr. Wittaya Janta-ummao Company Secretary Appointed on 12 May 2015	32	<ul style="list-style-type: none"> Bachelor of Economics, Chiangmai University 	None	None	May 2015 - present Oct 2014 – Apr 2015 2011 – Sep 2014 2008 - 2011	Corporate Secretary / Investor Relations Corporate Secretary / Investor Relations Corporate Secretary / Investor Relations Research Assistant / Transport economist	Wiik & Hoeglund PLC Asset Bright PLC General Engineering PLC Smart Plan Consultant Co., Ltd.

Note Shareholding in the Company includes shares of spouse and minor children.

(2) Tenure of Directors and Executives in other companies

Information on tenure of Directors and Executives in other companies as at December 31, 2017.

No.	List of Directors	Position	Listed companies	Non-listed companies	Other business that cause conflict of Interes
1.	Dr.Vichit Yamboonruang	Chairman of the Board of Directors	(1) Independent Director / Chairman of Audit Committee Jasmine International PLC	(1) Chairman Global Bond Industrial Co., Ltd. (2) Independent Director Wally International Co., Ltd. (3) Director Sangsin Property Co., Ltd.	-None-
2.	Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	-None-	-None-	-None-
3.	Mr.Burin Kunatippapong	Director	-None-	(1) Managing Director Koncise Co.,Ltd.	-None-
4.	Mr.Vichien Tangudtaisuk	Director	(1) Director Multibax PLC	(1) Director Siam Solar Co., Ltd. (2) Director Thai Housing Development Co., Ltd. (3) Director Yawawong Holding Co., Ltd. (4) Director Mekha Real Estate Co., Ltd.	-None-
5.	Miss Rewadee Whanchid	Director	(1) Assistant Managing Director Aqua Corporation PLC	(1) Director Aqua Ad PLC (2) Director Thai Consumer Distribution Centre	-None-

No.	List of Directors	Position	Listed companies	Non-listed companies	Other business that cause conflict of Interes
				(3) Director Mantra Assets Co., Ltd.	
6.	Asst.Prof.Dr. Pakdee Manaves	Independent Director	-None-	-None-	-None-
7.	Miss Pranee Rattakam	Independent Director / Chairman of the Audit Committee	(1) Independent Director / Audit Committee Aqua Corporation PLC (2) Assistant Chief Executive Officer Krung Thai Card PLC	-None-	-None-
8.	Mr.Theera Phetmalaigul	Independent Director / Audit Committee	-None-	(1) Chairman of the Board of Directors Global Success Partner Co., Ltd.	-None-
9.	Mr.Tatchapong Thamputhipong	Independent Director / Audit Committee	(1) Senior Vice President Siam Commercial Bank PLC	-None-	-None-

(3) Tenure as Directors and Executives in Subsidiaries, Associates and related companies

Details on the tenure as Directors and Executives in Subsidiaries, Associates and related companies as of December 31, 2017

No.	List of Directors	The Company	Subsidiary (Wiik Water Co., Ltd.)	Associates (None)	Related Companies (None)
1.	Dr.Vichit Yamboonruang	X			
2.	Mr.Wiboon Sangwithayanon	//	/		
3.	Mr.Burin Kunatippapong	/			
4.	Mr.Vichien Tangudtaisuk	/	/		
5.	Miss Rewadee Whanchid	//	/		
6.	Asst.Prof.Dr. Pakdee Manaves	/			
7.	Miss Pranee Rattakam	/			
8.	Mr.Theera Phetmalaigul	/			
9.	Mr.Tatchapong Thamputhipong	/			

Notes

- (1) / = Director X = Chairman of the board // = Executive Director
- (2) Related Companies shall mean juristic person definition of the person who may have a conflict of this announcement.

10. Corporate Social Responsibilities: CSR

10.1 Overall Policy

Wiik & Hoeglund Public Company Limited (“the Company”) operates core business is the manufacture and distribution of high quality plastic pipes and fittings for application of various types by quality of our products and services are recognized internationally. The Company has significant part in upgrading quality of water supply infrastructure which is important and affect to the quality of life development of people in the country directly.

The Board of Directors aware of the responsibility to society and environment for the sustainability of business and overall society. And to provide the Company and its subsidiaries have the social and environmental responsibility guidelines to take part in the management of business processes (CSR-in-Process). Therefore the Company determined the corporate social responsibility policy (CSR) as follows.

1) Operation with fairness

To achieve fairness in business operation, the Company has determined code of ethics for its employees and announced a guideline for operations of the Company on June 22, 2009 and updated Code of Conduct on February 29, 2016.

The Company expects all staff to perform their duties without obligation or commitment of any relevance that related to exploitation by outsiders. The business operation or any legal action of the Company must be correctly under legal and any related regulations always, both transactions occurring domestic and overseas.

The Company operates its business based on openness, honesty, reliability, rationality and justice. Such fundamental ethical principles will be taken to treat our customer, partner, government official and personnel in the group companies as well as any business operation that related to products and environment.

2) Anti-Corruption

The Company operates with transparency under the rules of fair competition. Therefore, the Company does not accept contacting or doing business that non-transparent or connected to corruption which is an action that inconsistent with fair competition and destroy our honor and reputation of organization and country.

The Company's Directors, Executives, and employees are prohibited from engaging in any acts related to any form of corruption for the direct or indirect benefit of oneself, family, friends, or acquaintance, whether to receive from or give a bribe in the form of money or any others to government or private agency that the Company conducts business with or contacts, and shall strictly comply with the anti-corruption policy of the Company.

The Company has also ensured to provide a structure of responsibility, risk management system, internal control, and internal audit to prevent and suppress corruption in the Company including the Board of Directors approved the Anti-Corruption Policy of the Company which was effective on August 11, 2015.

Moreover, the Board of Directors' Meeting No. 8/2015 on August 11, 2015 approved the intention to join the Private Sector Collective Action Coalition against Corruption (CAC) and ratification to acknowledge the agreement under declaration of CAC on Anti-Corruption in all forms on August 31, 2015 and has applied for approval to the Board of CAC on December 14, 2016.

However the CAC Certification Committee with practice orientation to prevent corruption, considered assessment form and the Company's supporting documentation then found that the Company's documentation should improve the essence and ask the Company to amend and send the amendments back to the Certification Committee consider again. The Company is currently in the black out period of 6 months. The Company wishes to join the CAC again and will be announced the intention to join CAC again after the black out period.

3) Respect for human rights

The Company focus on human rights basic to promote respect for rights and freedoms of non-discrimination and promote equality by regardless of the differences of race, skin color, gender, language, religion, physical status or health and we expect all staff to treat each other with honesty, integrity, fairness and respect which includes respect for different culture and traditions. The Company does not accept disparaging, bias, favoritism, discrimination and does not accept any behavior of its employees or partners who are behaving in a way threatening or damaging to the Company. We defined the ethical principles guidelines for employees which sets guidelines on such matters clearly. And announced a guideline for operations of the Company on June 22, 2009 and updated Code of Conduct on February 29, 2016.

4) Practice on workers fairly

The Company treats employees equally and fairly and provides welfare, safety and hygiene in the workplace including compliance with organizational learning policy and personnel development to promote working of employees professionally. Development of working system and creates innovation in organizations as well as encourages employees to participate in making benefits to society both directly and indirectly.

The Company has policy on recruiting, developing and retaining personnel because we realized that personnel are important in achieve the Company's goal. So the Company has developed the personnel continuously by providing training/seminars internally and externally by qualified trainers, especially in the building conscience and training on teamwork, good service, love of organization, and development of the job system.

The Company has given priority to creation of morale and spirit and pride in working to the employees by setting the remuneration and progress in the organization based on knowledge, capability and equity, including providing suitable fringe benefit, as well as developing the livelihood of the personnel better.

5) Responsibility to Consumer

The Company has international manufacturing quality standards which was being certified ISO 9001: 2008 and ISO 14001: 2004 for the production of PE pipes and pipe fittings. The Company produce according to manufacturing standards that customer require such as TIS 982-2556, ISO 4427-2, ASTM D3035, DIN 8074, ASTM F714, AS/NZS 4130 and EN 12201-2.

The Company focuses on products quality control from the selection and monitoring of resins to get the genuine raw material of high quality polyethylene compound for use in the manufacturing. Quality control in the manufacturing process (In Process Quality Control) until inspection before delivery to the customer (Final Inspection) by using standardized tests that are internationally recognized. Thus, it is ensuring that products and services of the Company have highest quality throughout duration of use.

6) Caring for environment

The Company is a leading manufacturer of HDPE pipe in Thailand for over 30 years. We conduct business under the quality policy and environmental conservation. Thus, the Company was being recognized in terms of products and quality control internationally by focus on environment saving and development policy under the theme “Improving Your Living Environment”. Production process and products of the Company not pollute and environmentally friendly. The Company proud that has international standard of environmental conservation ISO 14001.

The company continues to focus on environmental management and attempts to least cause of environmental impact whether our employees, location and nearby communities. The environmental management concerns manufacturing process, chemical using in production and machine maintenance including with disposal hazard and non-hazard waste under legal standard. The environmental management activities as follows;

- External Audit ISO14001 from Third parties and surveillance auditor and Internal Audit in the company
- Environment campaign and continuous training environment acknowledge along with visiting outside
- Making contact with supplier to disposal the waste who under control of Department of Industrial Works (DIW) and all concerned
- Appointing an environmental management committee in order to visual inspection to evaluate potential environmental concern and monthly situation report.

- Communicate environmental issue with nearby communities and all accept if they have an environmental complaint.
- Monitoring and improving cooling water system in production process in order to reduce water consumption and recirculation system.
- Electrical conservation plan development to improve electricity efficiency in order to reduce electric power consumption.
- Increase green area by planting trees around the factory.
- Monitoring and measurement procedure of workplace environment regulation.

7) Community or social development

Since the company's business is in the manufacturing sector which our factory was located in Rayong Province. The company is well aware of community effect, so we have decided to build our plant in the best industrial estate that high management standard, reliable and friendly community located. The company has defined the definition of production process, security system, hygienic condition and friendly environmental. Moreover we are providing to support public communities and social responsibility such as donation our product to public construction and participate various social activities. In additional the company's recruitment policy will give priority the candidates who are domiciled in the vicinity in order to increase local employment, economy growth and improve the well-being of local communities.

8) Dissemination of innovation from operation with responsibility to social environmental and stakeholders

The Company has significant part in upgrading quality of water supply infrastructure which is important and affect to the quality of life development of people in the country directly. Especially the upgrading of quality standard of water pipeline that changed from steel pipe to high density polyethylene pipe (HDPE) today, which is the same type used in developed countries such as Europe in all water supply system for over 50 years. So it solves the problem of rust from steel pipe and makes tap water safe for consumers. This type of pipe is easier for installation, so it reduce the time to place pipeline and has longer lifetime worth the investment.

But in the past, the using of HDPE pipe in Thailand still faces several obstacles especially the quality standard that use of low-quality raw materials to produce. Some contractor who want to reduce costs, use this weakness select the pipe with a mixture of recycled plastic which has a lower price cause many of problems such as.

- Leaks or broken problem affect the inconvenience and unsafe in use of consumers.

- The agency that responsible for production and expand the water supply network have to waste budget to repair the damaged pipes and unrewarding for investment from the lifetime that is not durable long-standing
- Many HDPE quality standards pipe manufacturer affected from the price competition unfairly.

The Company understood this problem very well and keeps the standard and quality policy to the highest at all time to provide confidence and safety for the user and also improves the quality of life of people in Thailand.

10.2 Activities to benefit society and environment

In 2017, the Company has the activities to benefit society and environment as follows.

1) Educational fund for students of Ban Khun Mae Tuen Noi School

On December 6, 2017, WIIL & Hoglelund Public Company Limited donated Baht 5,000 to raise funds for further study of students of Ban Khun Mae Tuen Noi School, Mae Tuen Sub-district, Omkoi District, Chiang Mai Province together with Envi101 Co.,Ltd. with following objectives:

- To support and provide opportunities for students and alumni of Ban Khun Mae Tuen Noi School continue study at higher levels.
- To help and reduce the problem of dropouts of students and alumni of Ban Khun Mae Tuen Noi School.
- To create children who lack the opportunity to be a good role model and back to improve homeland for better quality of life.



2) Supported teaching equipment for Ban Mae Mu School

On December 4, 2017, WIik & Hoglelund Public Company Limited donated Baht 5,000 to the Burapha for younger group for support learning and teaching equipment of Ban Mae Mu School, Na Chorn Sub-district, Mae Chaem District, Chiang Mai Province.



3) A subsidiary donated drinking water to Sakonnakhon Hospital

On August 3, 2017, Wiik Water Company Limited (a subsidiary) donated drinking water 5,004 bottles to Sakonnakhon Hospital, That Cherng Chum Sub-district, Mueang District, Sakonnakhon Province to help flood victims.



10.3 Anti-Corruption Policy

The Board of Directors' Meeting No. 8/2015 on August 11, 2015 approved the intention to join the Private Sector Collective Action Coalition against Corruption (CAC) and ratification to acknowledge the agreement under declaration of CAC on Anti-Corruption in all forms on August 31, 2015 and has applied for approval to the Board of CAC on December 14, 2016. However the CAC Certification Committee with practice orientation to prevent corruption, considered assessment form and the Company's supporting documentation then found that the Company's documentation should improve the essence and ask the Company to amend and send the amendments back to the Certification Committee consider again. The Company is currently in the black out period of 6 months. The Company wishes to join the CAC again and will be announced the intention to join CAC again after the black out period.

The Board of Directors approved the Anti-Corruption Policy as follows.

1) Corruption

Corruption may include the abuse of entrusted power for private gain by offering, promising, giving, accepting or soliciting of direct and/or indirect as inducement for an action which is illegal and unethical. Inducement can take the form of gifts, offering, rewards or other advantages to government official or other stakeholders whom the company has to deal with.

2) Policy

Wiik & Hoeglund Public Company Limited and its subsidiary conduct business with transparency, under the rules of fair competition. The Company shall not engage in obscure business or business that enables corruption which is not in accordance with the rules of fair competition and destroys the honor and credibility of the Company and the country.

The Company's Directors, Executives, and employees are prohibited from engaging in any acts related to any form of corruption for the direct or indirect benefit of oneself, family, friends, or acquaintance, whether to receive from or give a bribe in the form of money or any others to government or private agency that the Company conducts business with or contacts, and shall strictly comply with the anti-corruption policy of the Company.

The Company has also ensured to provide a structure of responsibility, risk management system, internal control, and internal audit to prevent and suppress corruption in the Company.

3) Duties and Responsibilities

- (1) The Board of Directors shall consider and approve policies against corruption of all forms whether direct or indirect to be used a guideline by all employees.
- (2) The Board of Directors shall comply with the anti-corruption policy and assign the executive to implement the anti-corruption measures.
- (3) The Audit Committee shall audit and review to ensure good corporate governance practices in the Company that are in line with the relevant policies, regulations, and laws.
- (4) The Audit Committee must report if they discover or suspect any transactions or acts, which may significantly affect the financial status and operating results of the Company, and corruptions to the Board of Directors.
- (5) The internal audit office shall directly report to the Audit Committee and shall carry out auditing of operations of every unit to ensure compliance with the company's regulations

and evaluate efficiency and sufficiency of the internal control system based on the principles of good corporate governance.

- (6) The Executive shall communicate to all personnel in the Company and related persons the Company's anti-corruption policy.

4) Measures

- (1) The Directors, Executives, and employees shall comply with the anti-corruption policy. The Board of Directors shall assign the executive to communicate the policy to all employees and implement the anti-corruption measures.
- (2) The Directors, Executives, and employees who violate or fail to comply with the good corporate governance and anti-corruption policies shall be penalized in accordance with the laws and the Company's regulations. However, the Company shall not demote or negatively penalize those who fail to comply with anti-corruption policy even though they may cause the Company to loss business opportunity.
- (3) The Company shall lay out disbursement regulations with clearly defined amount, approval authority, objective, and receiver. Proof of documents shall be required to prevent fraud or corruption and inspection by internal control office must be carried out.
- (4) The Company shall audit sales and marketing work, acquisition, and contracts with risk of corruption to be in compliance with disbursement and acquisition regulations. The internal audit office shall provide opinions and monitor the process.
- (5) The Company shall provide human resource management process that reflects the commitment of the Company to fight against corruption from recruitment, training, evaluation, compensation, and promotion.
- (6) The Company shall provide internal audit to ensure that the internal control system is effective and helps the company to achieve its goals, as well as to ensure that every unit's operation complies with regulations and to find weakness and defect in the operation and provide recommendations on operation system to improve efficiency and effectiveness in accordance with good corporate governance.
- (7) The internal audit office shall immediately report matters to the Audit Committee which shall notify the Board of Directors.

5) Form of corruption

To achieve the clarity in practice on the high risk matter to corruption. All employees must practice with caution on defined matter as follows.

❖ Political Contributions

Political Contributions refer to financial support or donation of items and/or participation in activities; or the Company's support for Employees to attend political events in its name in order to acquire business advantages. This however does not include Employees' own participation on the basis of his/her personal rights and freedom, but they must not claim the status of being an employee of the Company or use any of the Company's property or equipment for the purpose of political activities.

The Company and its subsidiary's policy is to conduct business on a neutral basis with neither political alignment nor attachment to any professional politician of any party. The Company does not make any donations as a company to political parties, politicians or candidates for a political office as defined in paragraph one for benefit of the Company's business.

❖ Charitable Contribution, Donations and Aid Grants

Charitable Contribution, Donations and Aid Grants can be a risk in corruption to the Company when the activity refers to a payment but without constructive returns. Besides, the activity can become a claim or a means of corruption. To avoid any Charitable Contribution, Donations and Aid Grants with a hidden agenda, the Company formulates a policy, criteria, review process and control details as follows:-

- A Charity or Donation or Aid Grants activity has to be proven that it actually exists; that actions have been made to successfully realize the purpose of the project and that it is set up for the real benefit of the society or for the Corporate Social Responsibility (CSR) purpose.
- A Charity or Donation or Aid Grants has to be proven that it has nothing to do with a reciprocal return with anyone or any organization except an action to honor the donor as normally practiced such as displaying our logo, mentioning the Company and its subsidiary name at the event or in a public relation media.

❖ Sponsorships

Sponsorships differ from Charitable Contribution, Donations and Aid Grants as they provide a channel for the Company to promote its business, logo or goodwill may, too, contain a risk as money usually paid for business or benefit is difficult to detect and measure. In addition, the Sponsorships could be related to bribing. The Company and its subsidiary formulates a policy, criteria, review process and control details as follows:-

- A project has to be proven that the person soliciting for sponsorship has actually run the project; that his action is to realize the project's purpose; and that the project is created for the real benefit of the society or for the CSR purpose.
- It has to be proven that sponsorship or any other profit computable in a monetary value such as gift of accommodation and food has nothing to do with a reciprocal return with anyone or any organization unless it is an announcement to honor the person as normally practiced in the business.
- Before making any sponsorships, a requisition form naming the recipient(s) and describing the purpose of the sponsorship, along with all other supporting documents, must be submitted to the Company's authorized persons for approval in accordance with the Company and its subsidiary's Approval Authority.

❖ Gifts, Hospitality and Others

The Company and its subsidiary recognize that fostering good relationships with business partners is important to its continued success. The giving and receiving of gifts and/or hospitality and/or expenses relating to others to or from third parties is not prohibited if the following requirements are met:

- It is not made with the intention of influencing, inducing or rewarding a third party in order to gain any advantage through improper performance, or in explicit or implicit exchange for favors or benefits;
- It complies with all relevant laws;
- It is given in the Company's name, not the Employee's name;
- It is appropriate in the circumstances. For example, it is customary for small gifts to be given at Thai New Year (Songkran), Chinese New Year and International New Year;

- It is an appropriate type and value, and given at an appropriate time. For example, if the Company is engaged in a tendering process, the Employees must not accept gifts and/or hospitality from any participating company;
- It is given openly, not secretly.

The Employees are permitted to keep small gifts with a monetary value of 5,000 baht or less. Any gifts which have a monetary value greater than 5,000 baht may be accepted if it is deemed inappropriate to decline the offer. The Employees must declare each gift by using the Gift Declaration Form and send it to the Secretary of the CEO. These gifts will either be included in raffles for the Employees or donated to charity.

6) Risk assessment

The Company's management have to provide the Control Self-Assessment which covers the potential risk of corrupt regularly and reviewing the existing risk management measures to be appropriate to protect the risk to be in acceptable level.

7) Human resources

This Policy will be adopted by the Human Resources and Administration Department of the Company and its subsidiary and apply to all aspects of personnel management, i.e. recruitment, training, performance evaluation, remuneration and promotion.

8) Communicating Anti-Corruption Policy

- (1) The Company shall post the notice of anti-corruption policy on every public relation board of the Company.
- (2) The Company shall communicate anti-corruption policy through communication channels of the Company including the Company's website, annual transaction statements (Form 56-1), and annual report (Form 56-2).
- (3) Every employee must sign the form as an agreement for acknowledging the Codes of Conduct and anti-corruption policy and agree to comply with the regulations to prevent for using reason of not having read or signed the form as an excuse to not comply with the Code and policy.
- (4) If any regulation in the Codes of Conduct or anti-corruption policy is canceled, such cancellation shall be approved by the Board of Directors and must be immediately announced.

- (5) The Company will communicate the Anti-corruption policy to the agents, Suppliers, Distributors/Service Providers as well as the other parties involved to acknowledge from the beginning of business relations and later as appropriate. The Company encourages the agents, Suppliers, Distributors/Service Providers and the other parties involved adherence to standards of social responsibility as well as the Company and its subsidiary.

9) Reporting or Complain

The Board of Directors has set out measures for reporting or submitting complains on unlawful or unethical acts or acts of corruption or wrongdoing by the company's personnel, as well as on inaccurate financial statements or defected internal control system and has implemented protective measures for reporters. This is to encourage stakeholders to be involved in overseeing and protecting the interests of the Company more efficiently.

(1) Scope of reporting and complaining

- Unlawful acts, acts of corruption, violation of the Company's Articles of Association or Ethics by the Directors, Executives, and employees.
- Anomalies in financial statements and defects in the internal control system.
- Matters affecting the interests or reputation of the Company.

(2) Reporting or complaining channels

- Opinion boxes of the Company
- Contact Chief Executive Officer
E-mail: wiboon@wiik-hoeglund.com
Tel: 02-612-8600 Ext. 8650
- Contact Chairman of the Audit Committee
E-mail: pranee.r@ktc.co.th
Tel: 02-612-8600
- Contact Secretary to the Audit Committee
E-mail: chinanut@wiik-hoeglund.com
Tel: 02-612-8600 Ext. 8620

(3) Protective measures for reporters

- The Company shall not disclose information and identity of those who petition, complain, and the accused.

- The Company shall disclose information as necessary and shall consider the safety and damage of the reporter, source of information, and related persons.
- Those who receive damages shall be mitigated with fair and appropriate process.
- It is a duty of the commanders or heads of the units of the accused to exercise due care in giving orders to protect the petitioner, witness, and informant during investigation.

10) Process after reporting

(1) Collecting facts

Officer shall proceed to collect all facts and send a report to Secretary to the Audit Committee.

(2) Information screening and investigation

Secretary to the Audit Committee shall present the information to the Board of Director or Chief Executive Officer to appoint investigation committee to carry out information screening and investigation. The investigation committee shall be composed of:

Personnel Manager or representative from the department.

- Commander in the petitioner's line of work who shall not have conflict or material interest with the petitioner.
- Commander in the accused's line of work who shall not have conflict or material interest with the accused.
- Senior executive officer

Secretary to the Audit Committee shall participate to observe the investigation process.

(3) Determining operation measures

Secretary to the Audit Committee shall prepare summary report and submit to the Board of Directors or Chief Executive Officer whichever the case for approval of operation.

For the case that affects the reputation, image, or financial status of the Company or conflicts with the business policy of the Company or relates to senior executive, Secretary to the Audit Committee shall submit report to the Audit Committee and/or Board of Directors for consideration.

11) Monitoring and reviewing

The Company Secretary will review this policy and proposed to the Audit Committee and the Board of Directors for approval, if there are changes including supervise and monitor this policy into

practice and provide advice continuously. If there are any updates, the Company has to implement as soon as possible.

12) Punishment

The punishment shall be in accordance with the Company's rules of employee discipline and / or related laws.

11. Internal Control and Risk Management

The company emphasizes the importance of establishing internal control system for efficient operation reviewing by the audit committee to be more appropriate and sufficient. The Audit Committee verified and evaluated sufficiency of internal control system and suggested that the Company had adequate system of internal control, covers both financial and managerial aspects to ensure effective and efficient operations and to focus on continuous improvement which the auditor prepared in accordance with the generally accepted accounting principles and no significant defect. The company also applied the questionair following the SEC to make sue that internal control system is under controlled. Internal control system that covers all 5 aspects (1) organization and environment (2) risk management (3) management control activities (4) information system and (5) communication, which can be summarized as follows:

1. Organization and Environment

The Company determined objectives and business plan to ensure business stability and developed efficient work process including human resource development on a continuous basis in order to cope with business changes and manage organization structure, by internal audit department as an independent entity reporting directly to the Audit Committee to ensure transparency. The Company determined policy and work plan by considering fair treatment of employees and business partners as well as responsibility towards shareholders, society and environment. In terms of the functional organization chart, the Company clearly divided responsibilities into 3 basic functions of the internal audit system, which are approval, transaction and information recording, and asset tracking and monitoring. Such functions are specified in writing from management to employee levels based on approval and execution authority and operating procedures. In the year 2017, the company has issued the anti-corruption policy and also created the chanel to obtain issues from employees and management teams. That could be shown that the company significantly take this matter into consideration.

2) Risk Management

The Board of Directors has assigned the Audit Committee to review the Company's risk management system to ensure that it is appropriate and effective to assess business risk, analyze problem and factors which its arising from both internal and external factors. By prevented or reduced risk to acceptable level. The Company determined policies and work plan to implement risk management seriously also monitor risk management of all sections within the organization. Audit Committee also let one of representative in each department to review problems, observations, suggestions and countermeasures co that may lend to or resolve of risks. These will be included of training in risk management of organization for executives and employees to have more understanding of this subject.

3) Management Control Activities

The company issues practical guide or operating manual for employees in order to be framework based on common system and high efficiency. The mentioned general practice can enhance overall process of each department and reduce unnecessary risk in each process at the same time. The company also considers the way in decentralised structures in order to define scope of responsibility and financial approval limit of each level of the management in writing to be more balanced and still under control, determined responsibilities of each function appropriately according to the principle of decentralization to achieve efficient operation, and monitors affiliated companies regularly. Moreover, the Audit Committee reviewed and approved annual audit plan. The Audit Committee has internal audit department which is independent to response for monitoring internal control procedures and review critical system at least once a year to cover risky work processes in order to ensure that each section has sufficient supervision in terms of finance, operation, compliance with laws, regulations and rules. In case of any transaction that results in a long-term obligation, the Company required a person responsible for monitoring compliance with conditions and reporting to the Audit Committee periodically to verify appropriateness of the transaction throughout the contract period and to prevent relevant persons from exploiting company's benefits to their own advantages.

4) Information System and Communication

The Company provides important and sufficient information to the board of directors for their consideration together with supporting documents for each agenda by submitting meeting appointment notice and supporting documents to them at least 7 days in advance. The Company secretary acts as a coordinator to submit such information to the board of directors and to record minutes of meeting, questions, comments, and opinions of directors in the board of directors

meeting. With regard to the storage of accounting and supporting documents, the Company keeps all items separated by category that is convenient for an audit. Moreover, the Company has developed intranet system and continual Data Systems by providing information system and channel to communicate not only in internal department but also outside company with high efficiency that can be lead to the wording of complete, correct and time. Intranet system that can be linked to external entities in order to allow quick and efficient communication and data transfer between internal and external entities. And using information systems in the planning and management to link the various systems into one system to make more efficiently. Such systems have right to access information that is confidential in all departments. To allow only authorized persons to access personal data.

5) Monitoring System

The Company has system to track on going works or projects. Each management take action to compare performance of a processs or project and reporting all related progress through the board of committee, which is arranged monthly basis, to make sure that all mission will meet the objective. In 2017, the Company conducted 5 audit committee meetings. The Audit Committee had a duty to report audit results to the board of directors on a quarterly basis. Moreover, in the implementation of work plan, the overall operation was monitored and the financial impact was analyzed continuously. The Company held management meeting to report progress of the aforementioned work plan on a monthly basis. However, if any significant flaw was found, it would be reported to the Audit Committee and/or the board of directors to consider giving an order for implementing corrective action. Moreover, the Company stipulated that the internal audit department had to monitor internal controls on a regular basis to ensure transparency and good corporate governance of the Company.

Risk Policy and Management

The Executive Committee determined policy to assess business risk arising from both internal and external factors and to reduce such risk to an acceptable level. The Audit Committee has monitored, assessed and considered in each process to develop continuously efficient operation that the risk management is appropriate for the business operation and is compliant with objectives and mission of the organization. The risk management is the responsibility of every person within the organization. The Company provided training for all employees to be responsible for and to understand the risk principle within their scope of work in order to ensure appropriateness of risk management. The Executive Committee has a duty to approve the risk management plan, review and improve the policy so that it is appropriate for the environment of the Company.

11.1 The Board of Directors' Comment regarding the internal control system

The Board of Directors' meeting No. 2/2017 on February 27, 2018 by an independent director and audit committee includes 2 members attended the meeting. The Board has assessed the Company's internal control system by questioning information from the management and inspection documents from the management including the assessment of the management and preparation of the report of the Audit Committee. The conclusion after an assessment of the internal control of the company in various five components: (1) Internal organization control (2) risk assessment (3) The operational control (4) Information and Communication system, and (5) Tracking and trace back system.

The Board of Directors concluded that the Company's internal control systems are adequate and appropriate. The Company has provided sufficient personnel to implement the system effectively. The internal control system can monitor the operations of its subsidiaries to protect the Company's assets and its subsidiaries by illegally used or without authority of the directors or executives as well as sufficiently monitor the transactions with persons who may have conflicts of interest and related party. For other internal control subjects, the Board of Directors considered that the Company has sufficient internal control as well.

11.2 The opinion of the Audit Committee

As the assessment of the internal control systems above, the Independent Director and Audit Committee do not have any further observations from the Board of Directors. Moreover the auditor of the company, Ms.Thipawan Nananuwat Auditor License No. 3459 of EY Office Limited, who is the auditor of quarterly and year ended 2016 expressed the opinion in the auditor report as follows.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wiik & Hoeglund Public Company Limited and its subsidiary and of Wiik &

Hoeglund Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

11.3 Head of Internal Audit and supervisors overseeing the company's operation

The Audit Committee's meeting No. 1/2017 on February 22, 2017 has assigned JP Tip Audit Limited to perform the internal auditor of the Company since January 1, 2017 until December 31, 2017. The JP Tip Audit limited has appointed Mr.Napat Kongyarit to be main duty of the internal auditors of the Company.

The Audit Committee has considered the qualifications of JP Tip Audit Limited and Mr. Napat and concluded that there is sufficient and appropriate for such duties. They are independence and experienced in the field of internal audit of the industry in the same as company business for 8 years

However, the consideration and approval of the appointment, removal, transfer the incumbent head of internal audit of the company must be approved by the Audit Committee.

12. Related Party Transaction

12.1 Related transactions with related parties that may lead to conflicts in the past year

Related Parties	Relationship	Category	Separate financial statements (Million Baht)		Description
			2017	2016	
Wiik Water Co., Ltd.	Subsidiary in 100% holding	▪ Sales income	22.37	0.64	Selling pipe and fittings
		▪ Service income	0.74	-	Welding and engineering services income
		▪ Interest income	1.28	2.88	Loans maturity on demand
		▪ Other income	0.42	0.01	Transport income and gain on sales of water machine
		▪ Equipment sales	3.68	-	Selling equipment from new organizational structure.
		▪ Cost of sales	0.14	0.73	Cost of welding and other services
		▪ Selling and administrative expenses	0.26	0.33	Engineering and transport fees
		▪ Interest paid	0.06	-	Loans maturity on demand
		▪ Purchase equipment	4.15	-	Purchase equipment from new organizational structure
		▪ Other receivables	0.60	0.20	
		▪ Other payables	0.03	0.36	
		▪ Investments in subsidiary	192.15	51.75	Capital increase during the year of Baht 140.40 million
		▪ Short-term loans	-	102.80	Interest rates are 3.9% to 4.1% per year

12.2 Necessity and reasonableness of the transaction.

The Audit Committee has provided an opinion on the reasonableness of the transactions of the Company and related companies as follows: (A copy of the opinion of the Audit Committee as attached).

The company is engaged in the manufacture of pipes and fittings made of plastic. The related companies which is operated in the same line of work. The transactions with related items such as trading goods such as pipes and fittings. Machine tool the equipment used in the production of raw material costs and installation operations. Intercompany loans Loan Guarantees and consulting, etc.

By conducting the entire transaction. The transaction is reasonable. According to the rules of business and the general price level with traded with outsource supplier. The process of approving the transaction. According to usual business Policies and procedures. As well as transactions with third parties or other activities that are not related to each other. Namely to consider the interests of its shareholders.

12.3 Policy and trends for transactions in the future.

If a company has entered into a transaction that is in accordance with normal business operations. The Company will determine the price and conditions of the items to clear and can be compared with others. The company will provide the Audit Committee of the Company to consider and comment on the appropriateness and reasonableness of the transaction.

Transactions that may occur in the future. The Board of Directors will act in accordance with the laws and regulations of the Securities and Exchange Commission announced the order or the terms of the Stock Exchange of Thailand. As well as compliance with the disclosure of related party transactions. And the acquisition or disposal of major assets of the company or its subsidiaries. And accounting standards set by the Association of Accountants.

13. Key Financial Information

13.1 Summary Financial Statements

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015-2017

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Assets						
Current assets						
Cash and cash equivalents	127,022,000	130,087,140	71,302,684	82,839,153	122,993,553	54,826,481
Trade and other receivables	353,389,258	328,041,645	369,705,961	280,422,380	285,041,710	342,344,143
Inventories	313,672,372	270,995,945	223,487,534	293,009,154	270,131,838	222,490,656
Short-term loans to related party	-	-	-	-	102,800,000	-
Advance payment to subcontractors	335,440	705,977	28,313,619	-	-	28,243,619
Other current assets	56,432,249	44,951,711	6,685,653	40,536,689	31,032,346	5,111,868
Total current assets	850,851,319	774,782,418	699,495,451	696,807,376	811,999,447	653,016,767
Non-current assets						
Restricted bank deposits	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Investments in subsidiaries	-	-	-	192,147,200	51,747,200	20,000,000
Other long-term investment	21,245,632	21,245,632	21,245,632	21,245,632	21,245,632	21,245,632
Property, plant and equipment	692,821,565	529,475,106	451,225,061	521,995,617	480,149,766	446,723,824
Intangible assets	103,804,752	109,465,114	3,665,647	2,458,674	2,687,564	3,665,647
Deferred tax assets	13,465,007	18,670,226	13,402,878	13,072,005	17,946,531	13,086,820
Advance payment for machinery	2,076,945	46,752,851	-	2,076,945	4,315,351	-
Other non-current assets	27,587,223	22,564,225	24,324,311	19,604,078	14,986,017	17,756,168
Total non-current assets	877,001,124	764,173,154	529,863,529	788,600,151	609,078,061	538,478,091
Total assets	1,727,852,443	1,538,955,572	1,229,358,980	1,485,407,527	1,421,077,508	1,191,494,858

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015-2017

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	375,071,406	89,769,255	386,000,000	375,071,406	89,769,255	376,000,000
Bills of exchange	-	238,965,768	-	-	238,965,768	-
Trade and other payables	57,774,684	44,864,152	113,418,755	53,861,334	40,950,537	100,935,313
Current portion of long-term loans	21,619,987	9,359,102	-	-	-	-
Current portion of liabilities under finance lease agreement	2,456,542	1,953,631	336,310	1,691,917	738,412	336,310
Advance received from customers	86,266,625	82,667,768	54,585,897	62,867,151	74,741,324	51,599,771
Other current liabilities	55,937,999	31,540,955	34,634,224	40,540,783	24,307,207	24,273,911
Total current liabilities	599,127,243	499,120,631	588,975,186	534,032,591	469,472,503	553,145,305
Non-current liabilities						
Long-term loans, net of current portion	145,656,644	74,115,535	-	-	-	-
Liabilities under finance lease agreement, net of current portion	6,220,633	5,796,938	907,087	4,226,308	1,788,061	907,087
Provision for long-term employee benefits	14,251,212	13,057,625	9,883,079	12,910,030	10,031,836	8,388,637
Deferred tax liabilities	21,162,229	21,162,229	21,162,229	21,162,229	21,162,229	21,162,229
Provision for decommissioning	458,641	-	-	-	-	-
Total non-current liabilities	187,749,359	114,132,327	31,952,395	38,298,567	32,982,126	30,457,953
Total liabilities	786,876,602	613,252,958	620,927,581	572,331,158	502,454,629	583,603,258

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015-2017

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Shareholders' equity						
Share capital						
Registered						
474,917,334 ordinary shares of Baht 1 each						
(2015-2016: 664,892,534 ordinary shares of Baht 1 each)	474,917,334	664,892,534	664,892,534	474,917,334	664,892,534	664,892,534
Issued and fully paid up						
374,938,000 ordinary shares of Baht 1 each						
(2015 : 299,938,000 ordinary shares of Baht 1 each)	374,938,000	374,938,000	299,938,000	374,938,000	374,938,000	299,938,000
Share premium	277,160,000	277,160,000	127,160,000	277,160,000	277,160,000	127,160,000
Retained earnings						
Appropriated - statutory reserve	38,531,907	35,059,852	25,387,773	38,531,907	35,059,852	25,387,773
Unappropriated	165,697,018	153,895,846	71,296,710	137,797,546	146,816,111	70,756,911
Other components of shareholders' equity	84,648,916	84,648,916	84,648,916	84,648,916	84,648,916	84,648,916
Total shareholders' equity	940,975,841	925,702,614	608,431,399	913,076,369	918,622,879	607,891,600
Total liabilities and shareholders' equity	1,727,852,443	1,538,955,572	1,229,358,980	1,485,407,527	1,421,077,508	1,191,494,858

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015-2017

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Profit or loss:						
Revenues						
Sales	1,074,583,056	1,163,078,502	1,099,470,845	1,010,520,373	1,128,823,138	1,100,870,808
Service income	122,003,469	50,831,882	45,577,873	20,081,029	942,353	2,871,012
Other income						
Dividend income	1,120,000	800,000	800,000	1,120,000	800,000	800,000
Others	14,229,513	19,905,059	17,743,381	16,203,990	22,090,561	18,102,757
Total revenues	1,211,936,038	1,234,615,443	1,163,592,099	1,047,925,392	1,152,656,052	1,122,644,577
Expenses						
Cost of sales	864,419,477	917,665,829	917,440,725	826,961,004	894,504,156	918,840,688
Cost of services	92,304,459	34,990,865	41,801,331	17,745,529	119,648	752,693
Selling expenses	55,879,163	71,689,612	60,818,984	56,136,663	72,020,612	66,238,984
Administrative expenses	77,041,644	65,303,901	48,926,905	56,127,494	48,607,549	44,939,636
Total expenses	1,089,644,743	1,089,650,207	1,068,987,945	956,970,690	1,015,251,965	1,030,772,001
Profit before finance cost and income tax (expenses) income	122,291,295	144,965,236	94,604,154	90,954,702	137,404,087	91,872,576
Finance cost	(23,264,903)	(16,155,403)	(15,712,479)	(16,639,087)	(15,289,338)	(15,638,462)
Profit before income tax expenses	99,026,392	128,809,833	78,891,675	74,315,615	122,114,749	76,234,114
Income tax (expenses) income	(8,765,565)	4,945,455	4,423,966	(4,874,525)	4,859,710	4,448,722
Profit for the year	90,260,827	133,755,288	83,315,641	69,441,090	126,974,459	80,682,836
Other comprehensive income:						
Other comprehensive income not to be reclassified						
to profit or loss in subsequent periods						
Actuarial gain (loss) - net of income tax	-	(240,893)	4,471,017	-	-	4,289,784
Changes in revaluation of assets - net of income tax	-	-	84,648,916	-	-	84,648,916
Other comprehensive income not to be reclassified						
to profit or loss in subsequent periods - net of income tax	-	(240,893)	89,119,933	-	-	88,938,700
Other comprehensive income for the year	-	(240,893)	89,119,933	-	-	88,938,700
Total comprehensive income for the year	90,260,827	133,514,395	172,435,574	69,441,090	126,974,459	169,621,536
Earnings per share						
Basic earnings per share						
Profit attributable to equity holders of the Company	0.24	0.37	0.28	0.19	0.35	0.27
Weighted average number of ordinary shares (shares)	374,938,000	360,675,705	299,938,000	374,938,000	360,675,705	299,938,000

Wiik & Hoeglund Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2015-2017

				(Unit: Baht)		
	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Cash flows from operating activities						
Profit (loss) before tax	99,026,392	128,809,833	78,891,675	74,315,615	122,114,749	76,234,114
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	48,319,916	30,063,249	22,748,294	30,459,695	23,464,265	21,073,675
Doubtful accounts (reversal)	6,940,632	211,932	(697,571)	2,744,180	229,830	(697,571)
Reduction of inventories to net realisable value (reversal)	(8,824,089)	(4,698,235)	11,772,311	(8,824,089)	(4,698,235)	11,772,311
Write-off inventories	570,818	3,387,424	-	570,818	3,387,424	-
Loss (gain) on disposal and write-off of property, plant and equipment	924,622	1,046,472	(3,660)	(713,474)	1,227,335	(176,801)
Gain on cancellation of financial lease agreement	(943,242)	-	-	-	-	-
Loss on impairment of property, plant and equipment	-	2,201,441	1,716,953	-	2,224,359	1,694,034
Write-off withholding tax deducted at source	-	-	65,317	-	-	58,454
Long-term employee benefits expenses	2,324,647	2,873,430	1,770,425	1,854,411	1,643,199	1,586,668
Unrealised gain on exchange	2,158,230	(1,161,400)	(3,853,514)	2,135,481	(1,112,735)	(3,908,545)
Allowance for impairment loss of investment in subsidiary	-	-	-	-	-	650,237
Gain on the deregistration of subsidiary	-	-	-	-	-	(98,589)
Dividend income	(1,120,000)	(800,000)	(800,000)	(1,120,000)	(800,000)	(800,000)
Interest income	(668,807)	(736,300)	(350,779)	(1,878,318)	(3,597,014)	(331,889)
Interest expenses	23,264,903	16,155,403	15,712,479	16,639,087	15,289,338	15,638,462
Profit from operating activities before changes in operating assets and liabilities	171,974,022	177,353,249	126,971,930	116,183,406	159,372,515	122,694,560
Operating assets (increase) decrease						
Trade and other receivables	(32,645,116)	41,551,930	(139,252,536)	1,518,280	57,172,147	(110,225,327)
Inventories	(34,423,156)	(46,197,600)	(22,803,689)	(14,624,045)	(46,330,371)	(22,893,059)
Advance payment to subcontractors	370,537	(635,977)	5,159	-	-	-
Other current assets	(11,058,304)	(9,355,354)	(799,886)	(9,084,857)	1,932,452	(1,004,558)
Other non-current assets	(5,022,998)	1,760,086	(3,809,661)	(4,618,061)	2,770,151	(2,662,075)
Operating liabilities increase (decrease)						
Trade and other payables	11,153,094	(68,440,619)	(17,929,428)	11,153,359	(59,897,374)	(26,816,534)
Advance received from customers	3,598,857	28,081,871	6,002,883	(11,874,173)	23,141,553	3,580,937
Other current liabilities	22,386,092	(1,419,151)	8,860,131	15,461,863	1,676,413	6,944,582
Employee benefit paid during the year	(1,131,060)	-	-	(1,131,060)	-	-
Employee benefit received during the year from transferred employees	-	-	-	2,154,843	-	-
Provision for long-term employee benefits	-	-	(104,832)	-	-	(104,832)
Other non-current liabilities	-	-	(100,000)	-	-	-
Cash from (used in) operating activities	125,201,968	122,698,435	(42,959,929)	105,139,555	139,837,486	(30,486,306)
Cash paid for interest expenses	(22,545,992)	(17,442,675)	(16,211,665)	(15,981,150)	(16,545,607)	(16,178,111)
Cash paid for corporate income tax	(3,368,112)	(1,356,444)	(1,281,707)	(420,811)	(37,463)	(4,584)
Net cash from (used in) operating activities	99,287,864	103,899,316	(60,453,301)	88,737,594	123,254,416	(46,669,001)

Wiik & Hoeglund Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015-2017

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2017	2016	2015	2017	2016	2015
Cash flows from investing activities						
Cash payment for acquisition of subsidiary	-	-	-	(140,400,000)	(31,747,200)	(20,650,237)
Cash payment for short-term loans to related party	-	-	-	(88,400,000)	(189,800,000)	-
Cash receipt from repayment of short-term loans to related party	-	-	-	191,200,000	87,000,000	-
Cash receipt from the deregistration of subsidiary	-	-	-	-	-	98,589
Dividend received from other long-term investment	1,120,000	800,000	800,000	1,120,000	800,000	800,000
Acquisition of property, plant and equipment	(151,719,538)	(100,592,666)	(25,189,856)	(62,712,800)	(58,188,740)	(24,235,328)
Proceeds from sales of property, plant and equipment	2,900	763,169	781,448	3,682,905	575,375	781,448
Acquisition of intangible assets	(841,800)	(110,014,000)	(3,894,880)	(775,800)	(14,000)	(3,894,880)
Increase in cash payment in advance for plant and equipment	(2,076,945)	(46,752,851)	-	(2,076,945)	(4,315,351)	-
Interest income	667,383	732,366	404,492	1,879,643	3,593,541	346,281
Net cash used in investing activities	(152,848,000)	(255,063,982)	(27,098,796)	(96,482,997)	(192,096,375)	(46,754,127)
Cash flows from financing activities						
Increase (decrease) in short-term loans from financial institutions	285,302,151	(296,230,745)	120,735,567	285,302,151	(286,230,745)	110,735,567
Cash receipt from issuance of bills of exchange	-	608,965,768	-	-	608,965,768	-
Repayment of bills of exchange	(238,965,768)	(370,000,000)	-	(238,965,768)	(370,000,000)	-
Cash receipt from increase in share capital	-	225,000,000	-	-	225,000,000	-
Cash receipt from long-term loans	94,000,000	83,474,637	-	-	-	-
Repayment of long-term loans	(10,198,008)	-	-	-	-	-
Payment of liabilities under finance lease agreements	(2,967,689)	(1,010,006)	(1,287,522)	(2,092,440)	(453,376)	(1,287,522)
Dividend paid	(74,873,824)	(41,198,402)	-	(74,873,824)	(41,198,402)	-
Net cash from (used in) financing activities	52,296,862	209,001,252	119,448,045	(30,629,881)	136,083,245	109,448,045
Net increase in cash and cash equivalents	(1,263,274)	57,836,586	31,895,948	(38,375,284)	67,241,286	16,024,917
Unrealised gain on exchange for cash and cash equivalents	(1,801,866)	947,870	4,064,731	(1,779,116)	925,786	4,066,314
Cash and cash equivalents at beginning of year	130,087,140	71,302,684	35,342,005	122,993,553	54,826,481	34,735,250
Cash and cash equivalents at end of year	127,022,000	130,087,140	71,302,684	82,839,153	122,993,553	54,826,481
Supplemental disclosure of cashflow information						
Non-cash transactions						
Surplus on revaluation of land	-	-	105,811,145	-	-	105,811,145
Acquisition of motor vehicle under finance lease agreement	7,599,898	7,517,178	1,871,958	7,242,136	1,736,452	1,871,958
Transferred cash payment in advance for plant and equipment to plant and equipment	46,752,851	-	-	4,315,351	-	-
Transfer advance payment to subcontractors to other current assets	-	28,243,619	-	-	28,243,619	-
Provision for decommissioning of plant and equipment	437,563	-	-	-	-	-

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015-2017

(Unit: Baht)

Consolidated financial statements

	Equity attributable to owners of the Company									
	Other components of equity							Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
	Issued and paid-up share capital		Retained earnings (deficit)		Difference resulting from change in attributable interest in the subsidiary	Surplus on revaluation of assets	Total other components of equity			
Share premium	Appropriated	(Deficit)								
Balance as at 1 January 2015	299,938,000	127,160,000	25,387,773	(19,040,448)	-	-	-	433,445,325	2,550,500	435,995,825
Profit for the year	-	-	-	83,315,641	-	-	-	83,315,641	-	83,315,641
Other comprehensive income for the year	-	-	-	4,471,017	-	84,648,916	84,648,916	89,119,933	-	89,119,933
Total comprehensive income for the year	-	-	-	87,786,658	-	84,648,916	84,648,916	172,435,574	-	172,435,574
Difference resulting from change in attributable interest in the subsidiary	-	-	-	-	2,550,500	-	2,550,500	2,550,500	(2,550,500)	-
Equity attributable interest in the deregistration of subsidiary	-	-	-	2,550,500	(2,550,500)	-	(2,550,500)	-	-	-
Balance as at 31 December 2015	299,938,000	127,160,000	25,387,773	71,296,710	-	84,648,916	84,648,916	608,431,399	-	608,431,399
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	71,296,710	-	84,648,916	84,648,916	608,431,399	-	608,431,399
Profit for the year	-	-	-	133,755,288	-	-	-	133,755,288	-	133,755,288
Other comprehensive income for the year	-	-	-	(240,893)	-	-	-	(240,893)	-	(240,893)
Total comprehensive income for the year	-	-	-	133,514,395	-	-	-	133,514,395	-	133,514,395
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	-	-	225,000,000	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-	-	-	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	153,895,846	-	84,648,916	84,648,916	925,702,614	-	925,702,614

(Unit: Baht)

Consolidated financial statements

Equity attributable to owners of the Company

Other components of equity

Other changes
by the owners

Other comprehensive
income

Difference resulting

from change in
attributable interest
in the subsidiary

Surplus on
revaluation
of assets

Total other
components of
equity

Total equity
attributable to
owners of
the Company

Equity attributable
to non-controlling
interests of
the subsidiary

Total
shareholders'
equity

	Issued and paid-up share capital	Share premium	Retained earnings (deficit)							
			Appropriated	Unappropriated (Deficit)						
Balance as at 1 January 2017	374,938,000	277,160,000	35,059,852	153,895,846	-	84,648,916	84,648,916	925,702,614	-	925,702,614
Profit for the year	-	-	-	90,260,827	-	-	-	90,260,827	-	90,260,827
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	90,260,827	-	-	-	90,260,827	-	90,260,827
Dividend paid (Note 29)	-	-	-	(74,987,600)	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	3,472,055	(3,472,055)	-	-	-	-	-	-
Balance as at 31 December 2017	374,938,000	277,160,000	38,531,907	165,697,018	-	84,648,916	84,648,916	940,975,841	-	940,975,841

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015-2017

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Other components of equity	
			Appropriated	Unappropriated (Deficit)	Other comprehensive income	
					Surplus on revaluation of assets	
Balance as at 1 January 2015	299,938,000	127,160,000	25,387,773	(14,215,709)	-	438,270,064
Profit for the year	-	-	-	80,682,836	-	80,682,836
Other comprehensive income for the year	-	-	-	4,289,784	84,648,916	88,938,700
Total comprehensive income for the year	-	-	-	84,972,620	84,648,916	169,621,536
Balance as at 31 December 2015	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Profit for the year	-	-	-	126,974,459	-	126,974,459
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	126,974,459	-	126,974,459
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	146,816,111	84,648,916	918,622,879

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Other components of equity	
			Appropriated	Unappropriated (Deficit)	Other comprehensive income	
					Surplus on revaluation of assets	
Balance as at 1 January 2017	374,938,000	277,160,000	35,059,852	146,816,111	84,648,916	918,622,879
Profit for the year	-	-	-	69,441,090	-	69,441,090
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	69,441,090	-	69,441,090
Dividend paid (Note 29)	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	3,472,055	(3,472,055)	-	-
Balance as at 31 December 2017	374,938,000	277,160,000	38,531,907	137,797,546	84,648,916	913,076,369

13.2 Financial Ratios

Key Financial Ratios as at 31 December 2015-2017

Financial Ratios		2017	2016	2015
LIQUIDITY RATIO				
Current ratio	(round)	1.42	1.55	1.19
Quick ratio	(round)	0.80	0.92	0.75
Cash flow ratio	(round)	0.18	0.19	(0.11)
Accounts receivable turnover ratio	(round)	3.51	3.48	3.82
Average collection period	(days)	103.99	104.90	95.57
Inventory Turnover ratio	(round)	2.96	3.71	4.21
Average sale period	(days)	123.31	98.34	86.72
Payable turnover ratio	(round)	18.64	12.04	7.84
Repayment period	(days)	19.58	30.32	46.56
Cash Cycle	(days)	207.72	172.92	135.73
PROFITABILITY RATIO				
Gross profit margin	(%)	20.05	21.52	16.23
Operating profit margin	(%)	10.22	11.94	8.60
Other income ratio	(%)	1.27	1.68	1.59
Cash to profitability	(%)	81.19	71.67	(63.90)
Net profit margin	(%)	7.45	10.83	7.16
Return on equity	(%)	9.67	17.44	15.95
EFFICIENCY RATIO				
Return on assets	(%)	5.53	9.66	7.75
Return on fixed assets	(%)	22.68	33.00	26.72
Assets turnover	(round)	0.74	0.89	1.08
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(round)	0.84	0.66	1.02
Interest coverage ratio	(round)	5.55	7.03	3.73
Debt service coverage ratio	(round)	0.39	0.28	1.25
Dividend payout ratio	(%)	55.98	51.06	-

14. Management Discussion and Analysis

14.1 Overview

1) Summary of operations and the factors that result in significant changes

Wiik & Hoeglund Public Company Limited(WIik)

Principally engaged in the manufacture and distribution of High Density Polyethylene (HDPE) pipe and related certain fittings, Low Density Polyethylene (LDPE) pipe, Polypropylene (PP) pipe, Polybutylene (PB) pipe, Weholite Spiro pipe, including technical advising and planning for pipe installation system, and providing High Density Polyethelene (HDPE) pipe installation service.

- ❖ On 3 April 2017, the Annual General Meeting of the Company's shareholders passed resolution approved a decrease in the Company's registered capital from Baht 664,892,534 to Baht 474,917,334 by canceling the 189,975,200 unissued ordinary shares with a par value of Baht 1 each. The Company registered the decrease in its registered capital with the Ministry of Commerce on 7 April 2017.
- ❖ In April 2017, the Company got the orders for selling and welding of HDPE pipes and fittings from the contractor of Provincial Water Works Phetchaburi project, total Baht 242.95 million.
- ❖ In May 2017 the Company transfer all employees and related business assets in welding and installation HDPE pipe business from Wiik Water Company Limited (a subsidiary) to WIik to make the structure of the Group's business clearly in operation.
- ❖ In July 2017, the Company got the order of HDPE pipe and fitting from a mining company in a foreign country total US dollar 2.14 million.

Wiik Water Company Limited (WW)

Principally engaged in water management business such as designs, contract manufacturing, concession, and distribution of fully integrated clean water production system and wastewater treatment system with modern technology and standards.

- ❖ On 8 March 2017, increased the issued and paid-up shares from 50 million Baht to 170 million Baht and allotment to existing shareholders at Baht 117 per share (par value of Baht 100 per share) for subsidiary's liquidity. As at 31 December 2017, it's 100% paid-up.

- ❖ On 5 June 2017, the Company started recognizing revenue from the design, construct and operate a potable water production system for Wellgrow Industrial Estate for a period of 20 years.
- ❖ On 15 September 2017, Wiik Water Company Limited relocated its registered office as follows.

<u>Former</u>	No.90, CW Tower A, 35th Floor, Ratchadaphisek Road, Huaykwang, Bangkok 10310.
<u>New</u>	No.90, CW Tower B, 21st Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310.
- ❖ On 23 November 2017, signed an agreement for construction of Ultrafiltration (UF) water supply and center wastewater treatment system construction of Industrial Estate Project TFD2, total Baht 92.52 million.

Summarized of the Statement of income

Unit : million Baht	Year 2015	Year 2016	Changed (%)	Year 2017	Changed (%)
Sales	1,099.47	1,163.08	5.79	1,074.58	(7.61)
Service income	45.58	50.83	11.52	122.00	140.02
Other income	18.54	20.71	11.68	15.35	(25.88)
Total revenues	1,163.59	1,234.62	6.10	1,211.93	(1.84)
Cost of sales and services	959.24	952.66	(0.69)	956.72	0.43
Selling and administrative expenses	109.74	136.99	24.84	132.92	(2.97)
Finance cost	15.71	16.16	2.85	23.26	43.94
Income tax (expenses) income	4.42	4.95	11.89	(8.77)	(277.17)
Profit for the year	83.32	133.76	60.55	90.26	(32.52)

The operating results of the Company and its subsidiary in year 2017 which have changed over 20% from the previous year with the net profit amount of Baht 90.26 million compared to the year 2016 which had the net profit amount of Baht 133.76 million, the Company had decreased the profit amount of Baht (43.50) million or (32.52)%.

2) Industry and economic conditions that affect the operation

HDPE resin is the main ingredient in HDPE pipe production. Thus the movement of resin prices has a substantial effect on the cost. HDPE resin prices have been fluctuated in accordance with crude oil prices for long time. It is hard to predict and make decision for any manufacturer when to buy HDPE resin for stock. Therefore the Company manages the order of HDPE resin to comply with the pipe purchase order and delivery timing to customers.

Currently oil price situation in global market impact on economy and industry of Thailand. Plastics industry is one that affected from Oil prices directly because Plastics industry is directly linked to petroleum industry and petrochemical industry which is source of raw material for the production of plastic resins. Therefore, the production cost of plastic resin industry was directly changed by the price of petroleum in global market.

The information from Thai Plastic Industries Association stated that in 2017, domestic trading prices of HDPE plastic resin were in the price range of Baht 45-49.50 per kilogram which decreased when compared to the year 2016 which the trading in the price range of 46-50 per kilogram. HDPE resin price decreased mentioned above, that is good for the Company.

However, as the Office of the National Economic and Social Development Board reported that the Thai economy in 2017 is expected that the growth will be 3.9 percent. Export value is expected to expand by 8.6 percent while private consumption and total investment will grow by 3.2 and 2.0 percent respectively. The headline inflation will be averaged at 0.7 percent and the current account is forecasted to register a surplus of 10.4 percent of GDP.

Production side

Construction sector declined following contraction in both public and private construction. In the third quarter of 2017, construction sector declined by 1.7 percent improved from a contraction of 6.2 percent in the previous quarter. The public construction decreased by 2.2 percent, compared to a 12.8 percent decline in the previous quarter. Meanwhile, the private construction decreased by 1.1 percent, compared with 3.1 percent growth in the previous quarter. Construction of residential buildings decreased by 1.6 percent. However, construction of office and commercial buildings grew by 3.4 percent. Construction Materials Price Index increased by 3.0 percent following an expansion in prices of wood and wood product as well as others construction materials, especially metal and metal products which grew by 14.9 percent.

Crude Oil price

The crude oil price in the global market increased. In the third quarter of 2017, the average crude oil price in the 4 major markets (Dubai, Oman, Brent, and WTI) stood at 50.33 USD per barrel, increased from the same period last year by 12.6 percent, and from the previous quarter by 1.4 percent.

The major factors contributed to the increase of global crude oil price included (i) the improvement of global economy that raised demand for crude oil, especially in Europe and China. Meanwhile, the US demand slightly decreased. (ii) The 9-month extension of oil production cut of OPEC and Non-OPEC (until March of 2018). (iii) Hurricanes Harvey and Irma, which disrupted US oil productions in late August and early September 2017.

Public investment

Public investment is expected to grow by 1.8 percent, revised downward from the growth of 8.0 percent in the previous projection. This was owing to the actual value of public investment in the third quarter of 2017, which declined from (i) decreasing capital budget disbursement due to the end period of short-term stimulus packages such as the Water Resource and Road Network Management Project (urgent phase) and measures to boost Small-Scale Public Investment Projects Nationwide. (ii) slow growth of capital budget disbursement under FY2017 annual budget, which partly caused by redundant rainfalls and flood impact. As a result, the disbursement rate in the third quarter of 2017 was slightly lower than the same period of last year. (iii) less disbursement of state-owned enterprises' capital expenditure budget which was the result of the disbursement expedition prior to this quarter. This is confirmed by the growth of state-owned enterprises' investment in the first six months and first nine months of 2017, which were recorded at 21.3 and 12.1 percent, respectively. (iv) the mega investment projects which were partly in the initial phase and some expenditures were not included in gross fixed capital formation (GFCF) under System of National Account (SNA). Thus, as public expenditure of the third quarter of 2017 declined, together with possible delay of fiscal disbursement in the first quarter of FY2018, growth driver from public expenditure is prone to be less than the previous estimation.

From all economic and industrial factors of the above resulting in 2017 the Company's total revenues were Baht 1,211.93 million, decrease by (1.84)% from last year and a net profit of Baht 90.26 million compared to the year 2016 net profit of Baht 133.76 million, decrease from the last year by Baht (43.50) million or (32.52)%. As a result of decreased sales from delayed products receipt of customers which is partly due to rain and flooding that affecting the decreasing capital budget disbursement

under the stimulus package of government. It's make the Company's gross margins narrowed slightly due to the reduction in production capacity and production costs per unit is higher, including increased financial expenses from loans for investment in machinery for water management business.

However, the Company's service revenue increased from the last year by Baht 71.17 million or 140.01% from the water management business which was increase of Baht 22.45 million on tap water production in Wellgrow Industrial Estate.

3) **Change in key accounting policy**

-None-

4) **Non-recurring items**

-None-

5) **Research and development activities of the Company**

The Company focuses on the research and development of products. Both currently existing products and new product development to meet the customer demand and trend of products demand in new forms in currently pipes and fittings market and the future directions together with improvement and development of production process to be more effective. In 2017, the Company has continuously supported and promoted the process improvement activities in many fields seriously under the name "World Class Operation (WCO)". This activity can reduce expenses and cost of production by more than Baht 11.4 million. Current research and development of the Company powered by research and development department (R&D) under the cooperation with personnel from various departments within the Company including agencies and external companies. The seriously together research and development makes the Company can developed products, both pipes and fittings in new form and also developed Injection Mould Fittings such as Injected Tee Fittings that can be produced for commercially available in 2018 onwards. The Company will continue its research and development to provide a wide range of product choices along with quality development to meet the customer demand and to conduct cost reduction activities to enhance business competitiveness.

In the year 2017, the Company has expenditures for research and development totaling Baht 1.58 million and the Company also provided policy support to develop skills and knowledge in research and development of personnel as well as technologies in order to makes the Company can develop products, machinery and equipment efficiently.

The Company is committed to research and development and process improvement in manufacturing continuously to create a competitive advantage for the Company which is an important component of success and sustainable growth of the Company.

14.2 Operating results and profitability

The operating results of the Company and its subsidiary in year 2017 which changed over 20% from the previous year have the net profit amount of Baht 90.26 million compared to the year 2016 which had the net profit amount of Baht 133.76 million, decreased by Baht (43.50) million or (32.52)% by the major reasons as follows;

Revenue

(Baht)	2017	Changed (%)	2016	Changed (%)	2015
Sales	1,074,583,056	(7.61)	1,163,078,502	5.79	1,099,470,845
Service income	122,003,469	140.01	50,831,882	11.53	45,577,873
Sales and service revenues	1,196,586,525	(1.43)	1,213,910,384	6.01	1,145,048,718
Other income	15,349,513	(25.87)	20,705,059	11.66	18,543,381
Dividend income	1,120,000	40.00	800,000	-	800,000
Others	14,229,513	(28.51)	19,905,059	12.18	17,743,381
Total revenues	1,211,936,038	(1.84)	1,234,615,443	6.10	1,163,592,099

1) Sales

Sales in 2017 decreased from the previous year by Baht (88.50) million or (7.61)% because the following reasons.

- Domestic sales decreased from the year 2016 by Baht (114.18) million or (11.52)% from slowdown in goods receive of customer which is partly due to rain and flooding that affecting the decreasing capital budget disbursement under the stimulus package of government.
- Export sales increased from the year 2016 by Baht 25.68 million or 14.90% as in year 2017 the company sold to a major foreign customer who repeatedly purchased pipes in the cycle pattern.

2) Service income

Service income in the year 2017 increased from the year 2016 by Baht 71.17 million or 140.02%. The increase from operate a potable water production system for Wellgrow Industrial Estate amount of Baht 22.45 million and the rest is an increase in the welding and installation of other pipes.

3) Other income

Other income for the year of 2017 decreased by Baht (5.36) million or (25.87)%. The major decreasing came from export delivery income by Baht (5.78) million. The prior year the sale abroad, the customer to the shipping company to reach the destination. While this year, customers pick up their own ship.

Expenses

(Baht)	2017	Changed (%)	2016	Changed (%)	2015
Cost of sales	864,419,477	(5.80)	917,665,829	0.02	917,440,725
Cost of services	92,304,459	163.80	34,990,865	(16.29)	41,801,331
Cost of sales and services	956,723,936	0.43	952,656,694	(0.69)	959,242,056
Selling expenses	55,879,163	(22.05)	71,689,612	17.87	60,818,984
Administrative expenses	77,041,644	17.97	65,303,901	33.47	48,926,905
Total expenses	1,089,644,743	(0.00)	1,089,650,207	1.93	1,068,987,945

4) Cost of sales and services

Cost of sales and services for the year 2017 was 79.95% of sales and service revenue increased from year 2016 that cost of goods sold and services was 78.48 % of sales and services revenue. This is because the customer extend the period of goods receiving which is the results of the Company reduced its production capacity to manage the inventory volume. This effects to the increasing in conversion cost

5) Selling expenses

Selling expenses for the year 2017 decreased in amount of Baht (15.81) million or (22.05)% by the major reason from delivery expenses decreased in amount of Baht (5.85) million and commission and promotion expenses decreased in amount of Baht (6.35) million.

6) Administrative expenses

Administrative expenses for the year 2017 increased in amount of Baht 11.74 million or 17.97% by the reason as follows;

- The Company set up allowance for doubtful accounts for a customer at Baht 3.03 million and at Baht 4.17 million for the subsidiary. This is because the changing in scope of work and it has to revise the contract so the customer delay in submission of work. However it's expected that the customer can revise the contract and submit the work and receive the money from the customer's party by Q1/2018.

- Office rental and utilities expense increased by Baht 1.96 million from increasing in employee to support the expansion of water business. The subsidiary rent the office space by itself.
- Other increasing in amount of 2.58 million Baht due to the increase in other expenses such as audit fee, premiums, legal and tax consultant fee, etc.,

Finance cost and Income tax (expenses) income

(Baht)	2017	Changed (%)	2016	Changed (%)	2015
Finance cost	(23,264,903)	44.01	(16,155,403)	2.82	(15,712,479)
Income tax (expenses) income	(8,765,565)	(277.24)	4,945,455	11.79	4,423,966

7) Finance cost

Finance cost in year 2017 increased from last year in amount of Baht 7.11million or 44.01% the major increasing came from interest expense of subsidiary from the lending to invest in water management project by Baht 5.92 million and the increasing in lending and interest rate for the Company working capital by Baht 1.19 million.

8) Income tax expenses

Income tax expense in the year 2017 amount of Baht (8.77) million compare to 2016 which is tax income amount to Baht 4.95 million which is increasing Baht (13.72) million. Because the subsidiary has income tax expenses increase by Baht (4.04) million. And as at 31 December 2016, the Company had accumulated retained loss for the five-year period in amount of Baht 96.79 million and recognized the accumulated retained loss to deferred tax assets and record tax income in full amount during year 2015-2016.

PROFITABILITY RATIO		2017	2016	2015
Gross profit margin	(%)	20.05	21.52	16.23
Operating profit margin	(%)	10.22	11.94	8.60
Other income ratio	(%)	1.27	1.68	1.59
Cash to profitability	(%)	81.19	71.67	(63.90)
Net profit margin	(%)	7.45	10.83	7.16
Return on equity	(%)	9.67	17.44	15.95

Gross profit margin is 20.05% which decreased slightly from the year 2016 that gross profit margin is 21.52% as result of sales decreased including proportion of cost of sales and services increased slightly compared to 2016 from slowdown in goods receive of customer which is partly due to rain and flooding that affecting the decreasing capital budget disbursement under the stimulus

package of government. Therefore the Company reduced its production capacity to reduce inventory costs so it make production costs per unit is higher and the gross margin decreased.

Operating profit margin is 10.22% which decreased from the year 2016 that operating profit margin is 11.94% as result of gross profit margin decreased because higher production costs per unit.

Cash to profitability is 81.19% increased from 2016 that cash to profitability was 71.67% because operating profit decreased from last year Baht (22.67) million or (15.64)%.

Net profit margin is 7.45% decrease from 2016 that net profit margin was 10.83% and return on equity is 9.67% decrease from 2016 that return on equity was 17.44% as a result, in the year 2017, the Company's profit decreased from the previous year.

14.3 Ability to manage assets

1) Receivables Management

In 2017 the Company had trade and other receivables of Baht 353.39 million increased by Baht 25.35 million or 7.73%. Most of the increase from accounts receivable and accrued income in water management business group divided into trade receivables of Baht 326.37 million and other receivables of Baht 27.02 million. Trade receivables past due over 12 months of Baht 37.04 million increased from the last year by Baht 9.91 million which was the allowance for doubtful accounts amounted of Baht 34.06 million.

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

		(Unit: Thousand Baht)	
		Consolidated financial	Separate financial
		statements	statements
		2017	2016
		2017	2016
<u>Trade receivables - related party (Note 6)</u>			
Aged on the basis of due dates			
Not yet due	-	-	3
Total trade receivables - related party	-	-	3
<u>Trade receivables - unrelated parties</u>			
Aged on the basis of due dates			
Not yet due	171,552	206,185	155,703
Past due			
Up to 3 months	91,466	81,232	70,631

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2017	2016	2017	2016
3 - 6 months	15,137	7,709	10,119	7,655
Over 6 - 12 months	34,317	12,856	31,878	3,032
Over 12 months	37,037	27,123	32,773	27,078
Total	349,509	335,105	301,104	312,105
Less: Allowance for doubtful debts	(34,064)	(27,123)	(29,882)	(27,078)
Total trade receivables - unrelated parties - net	315,445	307,982	271,282	285,027
Retention receivables as per contract	10,926	1,991	7,375	-
Total	326,371	309,973	278,657	285,027
Total trade receivables - net	326,371	309,973	278,660	285,027
<u>Other receivables</u>				
Other receivables - related party (Note 6)	-	-	538	15
Unbilled work performed - related party (Note 6)	-	-	58	-
Accrued income	4,506	2,360	-	-
Unbilled work performed - unrelated parties	22,512	15,709	1,166	-
Total other receivables	27,018	18,069	1,762	15
Total trade and other receivables - net	353,389	328,042	280,422	285,042

Part of the above overdue receivables aged over 90 days are secured by assignment to get payment from the customer, bank guarantees or guaranteed by the customer's directors and the Company is able to collect interest on overdue balances of certain delinquent receivables. Accordingly, the management believes that the allowance is adequate to cover the possible losses that may arise from the uncollectibility of the existing receivables.

Credit risk management

The Company and its subsidiary are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to related party. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiary also have a policy to obtain bank guarantees from its customers to secure the partial amounts of receivable balances and have exercised the letters of guarantee to reduce the overdue receivable balances and has implemented the credit risk insurance for some receivables since July 2014 to reduce more credit risk. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans to related party as stated in the statement of financial position.

2) Key component of other assets

In 2017 the Company had the key component of other assets (excluding trade and other receivables) as consolidated financial statements ended December 31, 2017 as follows.

(Baht)	2017	Changed (%)	2016	Changed (%)	2015
Current assets					
Cash and cash equivalents	127,022,000	(2.36)	130,087,140	82.44	71,302,684
Inventories	313,672,372	15.75	270,995,945	21.26	223,487,534
Advance payment to subcontractors	335,440	(52.49)	705,977	(97.51)	28,313,619
Other current assets	56,432,249	25.54	44,951,711	572.36	6,685,653
Non-current assets					
Restricted bank deposits	16,000,000	-	16,000,000	-	16,000,000
Other long-term investment	21,245,632	-	21,245,632	-	21,245,632
Property, plant and equipment	692,821,565	30.85	529,475,106	17.34	451,225,061
Intangible assets	103,804,752	(5.17)	109,465,114	2,886.24	3,665,647
Deferred tax assets	13,465,007	(27.88)	18,670,226	39.30	13,402,878
Advance payment for plant and equipment	2,076,945	(95.56)	46,752,851	-	-
Other non-current assets	27,587,223	22.26	22,564,225	(7.24)	24,324,311

Current assets

■ Cash and cash equivalents

Cash and cash equivalents are Baht 127.02 million which decreased slightly from the last year by Baht (3.07) million as working capital used in business.

■ Inventories

Inventories are Baht 313.67 million which increased from the last year by Baht 42.68 million with details inventories consisted of

Thousand Baht	2017	Changed %	2016	Changed %	2015
Finished goods	162,465	(12.72)	186,149	53.13	121,563
Work in process	58,982	295.75	14,904	19.62	12,459
Raw materials	83,952	31.91	63,644	(24.69)	84,513
Spare parts and factory supplies	8,273	31.34	6,299	27.18	4,953
Total	313,672	15.75	270,996	21.26	223,488

Most of the increase is raw material and work in process from tap water production system and the preparation of products to be delivered to customers in 2018.

- **Advance payment to subcontractors**

Advance payments to subcontractors are Baht 0.34 million which was decreased Baht (0.37) million or (52.49)%.

- **Other current assets**

Other current assets are Baht 56.43 million which increased from the last year by Baht 11.4838.27 million as result of VAT (a tax credit, as input tax over output tax) on the water supply management right and machinery of its subsidiary.

Non-current assets

- **Restricted bank deposits**

Restricted bank deposits are Baht 16 million which unchanged from the last year as fixed deposits that pledged to secure credit facilities with bank.

- **Other long-term investment**

Other long-term investment is Baht 21.25 million which unchanged from the last year, consisting of investment in Siam City Leasing and Factoring Public Co., Ltd. of Baht 21.25 million and K-Tech Construction Public Co., Ltd. of Baht 0.03 million.

- **Property, plant and equipment**

Property, plant and equipment are Baht 692.82 million which increased from the last year by Baht 163.35 million as result of the investment on water supply system contract in Wellgrow Industrial Estate.

- **Intangible assets**

Intangible assets are Baht 103.80 million which decreased from the last year by Baht (5.66) million by decreased from amortization of right on water supply system management for Siam Eastern Industrial Park.

- **Deferred tax assets**

Deferred tax assets are Baht 13.47 million which decreased from the last year by Baht (5.21) million as result of the exercise of tax loss. In the year 2017, the Company had taxable profits which tax expense is recognized on the basis of the Thai Accounting Standard No. 12 "Income Taxes".

■ Advance payment for plant and equipment

Advance payment for plant and equipment is Baht 2.08 million which decreased from the last year by Baht (44.68) million because in 2017, the Company adjusted the advance payment for plant and equipment account to be the Property, plant and equipment which was mostly investment in property on water production in subsidiary, Acquisition of new machine and improve the efficiency of the existing machine to increase the Company's production capacity.

■ Other non-current assets

Other non-current assets are Baht 27.59 million which increased from the last year by Baht 5.02 million as result of value added tax credit of the Company and withholding tax will be refunded of a subsidiary.

EFFICIENCY RATIO		2017	2016	2015
Return on assets	(%)	5.53	9.66	7.75
Return on fixed assets	(%)	22.68	33.00	26.72
Assets turnover	(round)	0.74	0.89	1.08

Return on assets is 5.53% which decreased from the year 2016 with return on assets 9.66% as result of the Company has the operating results lower than the last year from slowdown in goods receive of customer which is partly due to rain and flooding that affecting the decreasing capital budget disbursement under the stimulus package of government.

Moreover, the Company's total assets increased 12.74%, cash decreased slightly (2.36)%, Trade receivables increased 7.73% from accounts receivable and accrued income in water management business group, Inventories increased 15.75% form tap water production system and the preparation of products to be delivered to customers in 2018 and Property, plant and equipment increased 30.85% mostly from the investment on water supply system contract in Wellgrow Industrial Estate.

Return on fixed assets is 22.68% which decreased from the year 2016 with return on fixed assets 33.00%. Assets turnover is 0.74 rounds decreased from the last year because the Company's total assets increased.

14.4 liquidity and Suitability of Capital Structure

1) Sources and uses of funds

In 2017 the Company's capital structure are cash flows from operating activities and Loans from financial institutions, both short-term and long-term for working capital and source of funds for investments in water management of subsidiary with details of sources and uses of funds for the year 2017 as follows.

Cash flow	2017	Changed (%)	2016	Changed (%)	2015
Net cash from (used in) operating activities	99,287,864	(4.44)	103,899,316	(271.87)	(60,453,301)
Net cash from (used in) investing activities	(152,848,000)	(40.07)	(255,063,982)	841.24	(27,098,796)
Net cash from (used in) financing activities	52,296,862	(74.98)	209,001,252	74.97	119,448,045
Net increase (decrease) in cash and cash equivalents	(1,263,274)	(102.18)	57,836,586	81.33	31,895,948
Unrealised gain on exchange for cash and cash equivalents	(1,801,866)	(290.10)	947,870	(76.68)	4,064,731
Cash and cash equivalents at beginning of year	130,087,140	82.44	71,302,684	101.75	35,342,005
Cash and cash equivalents at end of year	127,022,000	(2.36)	130,087,140	82.44	71,302,684

- Net cash from operating activities is Baht 99.27 million decreased slightly of (4.44)% compared to the year 2016, net cash from operating activities was Baht 103.90 million which was the working capital in the business mostly.
- Net cash used in investing activities is Baht (152.85) million meanwhile in 2016, net cash used in investing activities is Baht (255.06) million, which was investment in property, plant and equipment in the design, construction and operation of water supply system in Wellgrow Industrial Estate.
- Net cash from financing activities is Baht 52.30 million meanwhile in 2016, net cash from financing activities is Baht 209 million. The Company's financing in 2017 was derived from long-term loans from financial institutions of Baht 94 million and short-term loans from financial institutions of Baht 285.30 million, which used in financing activities such as Repayment of bills of exchange of Baht (238.97) million, Repayment of long-term loans of Baht (10.20) million, Payment of liabilities under finance lease agreements of Baht (2.97) million and Dividend paid of Baht (74.87) million.

2) Investment expenditure

In 2017 the Company had investment expenditure of Baht (154.64) million from acquisition of property, plant and equipment of subsidiary for investment on the design, construction and operation contract of water supply system in Wellgrow Industrial Estate.

3) Suitability of Capital Structure

LIQUIDITY RATIO		2017	2016	2015
Current ratio	(round)	1.42	1.55	1.19
Quick ratio	(round)	0.80	0.92	0.75
Cash flow ratio	(round)	0.18	0.19	(0.11)
Accounts receivable turnover ratio	(round)	3.51	3.48	3.82
Average collection period	(days)	103.99	104.90	95.57
Inventory Turnover ratio	(round)	2.96	3.71	4.21
Average sale period	(days)	123.31	98.34	86.72
Payable turnover ratio	(round)	18.64	12.04	7.84
Repayment period	(days)	19.58	30.32	46.56
Cash Cycle	(days)	207.72	172.92	135.73

Current ratio is 1.42 rounds which was slightly lower than the last year that shows the Company's current assets include cash, accounts receivable and inventories over than short-term liabilities. It makes the flexibility for short-term liabilities repayment slightly lower than the year 2016.

Quick ratio is 0.80 round which was slightly lower than the last year and Cash flow ratio is 0.18 rounds slightly decreased from the last year, reflect the actual liquidity that the Company has assets that can be converted into cash including cash from operating activities insufficient to repayment for short-term liabilities of the Company.

Accounts receivable turnover ratio is 3.51 rounds with Average collection period 103.99 days that shows the Company can billing from the sales on credit faster than the year 2016. However, the Company's average collection period is quite long as result of the relaxation on credit to the customers to increase the competitiveness of Company. The Company has made credit insurance to mitigate credit risk.

Inventory Turnover ratio is 2.96 rounds with Average sale period 123.31 days as result of slowdown in goods receive of customer which is partly due to rain and flooding that affecting the decreasing capital budget disbursement under the stimulus package of government. It make the Company's inventories increased by Baht 42.68 million or 15.75% by mostly increased on tap water production system and the preparation of products to be delivered to customers in 2018.

Payable turnover ratio is 18.64 rounds with repayment period 19.58 days that shortened from the year 2016 with repayment period of 30.32 days because of the Company purchased raw materials during the year by the cash term to manage cost of raw materials (formerly credit terms of 60 days).

The year 2017 the Company's cash cycle period (calculated by number of days from the date of payment of raw material until received payment from customers) is relatively long as compared to the previous year because of the Company purchased raw materials during the year by the cash term to manage cost of raw materials (formerly credit terms of 60 days) including a result of slowdown in goods receive of customer which is partly due to rain and flooding that affecting the decreasing capital budget disbursement under the stimulus package of government.

4) Ability to repayment

The Company and its subsidiary had total liabilities in 2017 of Baht 786.88 million, increased Baht 173.62 million or 28.31% from the last year which had total liabilities of Baht 613.25 million. Most of the liabilities were from short-term loans from financial institutions of Baht 375.07 million, Advance received from customers of Baht 86.27 million and Long-term loans from financial institutions to invest in the water management business of subsidiary of Baht 145.66 million. In addition, in the year 2017, the Company had trade and other payables of Baht 57.77 million, increased by Baht 12.91 million or 28.78%, mostly from receivables and pending charges in the water management business group.

The Company's capital structure are cash flows from operating activities and Loans from financial institutions, both short-term and long-term for working capital and source of funds for investments in water management of subsidiary. Based on the past performance, the Company has been able to repay its debts in accordance with conditions and has enough ability to repay.

4.1) Short-term loans from financial institutions

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(percent per annum)		financial statements		Separate	
	2017	2016	2017	2016	2017	2016
Short-term loans from						
financial institutions	3.75 - 3.90	3.50 - 3.75	375,071	89,769	375,071	89,769
Total			375,071	89,769	375,071	89,769

The Company's short-term loans from financial institutions are secured by the mortgage of the Company's land and construction thereon and machinery and the pledge of its fixed deposits at banks. The subsidiary's short-term loans from financial institutions are guaranteed by the Company.

4.2) Long-term loans

(Unit: Thousand Baht)

Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
MLR - 1.75	Monthly installments as from November 2016 - July 2024	74,931	83,475	-	-
MLR - 1.75	Monthly installments as from March 2017 - August 2025	92,346	-	-	-
Total		167,277	83,475	-	-
Less: Current portion		(21,620)	(9,359)	-	-
Long-term loans, net of current portion		145,657	74,116	-	-

The loans of its subsidiary are secured by the Company and the mortgage of the Company's land including the transfer of rights of claim under the agreement granting a license for operate a water supply system and the agreement granting to design, construct and operate a potable water production system that its subsidiary had received from counterparties. Under the loan agreements, its subsidiary is required to follow certain conditions stated in the agreement which, among other things, require the Company to maintain debt-to-equity ratio at the rate prescribed in the agreements.

FINANCIAL POLICY RATIO		2017	2016	2015
Debt to Equity ratio	(round)	0.84	0.66	1.02
Interest coverage ratio	(round)	5.55	7.03	3.73
Debt service coverage ratio	(round)	0.39	0.28	1.25
Dividend payout ratio	(%)	55.98	51.06	-

The Company and its subsidiary manage to ensure that it has appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.84:1 (2016: 0.66:1) and the Company's was 0.63:1 (2016: 0.55:1).

Debt to Equity ratio does not vary in 2014-2015. The Company can maintain D/E ratio in the range of 1-1.5 debts per 1 equity. However, in 2016 the Company has increased its share capital so makes shareholders' equity increased and D/E ratio decreased to 0.66 : 1 and in 2017 D/E ratio increased to 0.84: 1 as a result of total liabilities increased Baht 173.62 million Baht or 28.31% from the last year.

Interest coverage ratio is 5.55 rounds, decreased when compared to the last year at 7.03 that shows the Company had cash flow from operating activities over than interest expense 5.55 rounds. Therefore the Company has the ability to pay interest lower than the last year.

Debt service coverage ratio (cash basis) is 0.39 rounds that shows the Company had cash flow from operating activities over than obligations such as Liabilities repayment, Assets investment expenditure including dividend payment. However, when compared to the previous year, ratio was increased because the year 2017, the Company had total investment expenditure of Baht (154.64) million which was decreased compared to the last year that had total investment expenditure of Baht (257) million.

14.5 Liabilities obligations and off balance sheet liabilities management

The Company had commitments and contingent liabilities which disclose in notes to the financial statements article 30 of the financial statements 2017 as follows.

1) Capital commitments

As at 31 December 2017, the Company and its subsidiary had capital commitments of approximately Baht 23.5 Million and US dollar 0.1 million, relating to the construction of water production system and the acquisition of machinery (2016: Baht 97.1 million and US dollar 0.3 million, relating to the construction of water production system and the acquisition of machinery) (The Company only: Baht 20.5 million and US dollar 0.1 million, relating to the acquisition of machinery (2016: Baht 12.1 million and US dollar 0.3 million, relating to the acquisition of machinery)).

2) Raw material and merchandise inventories purchase commitments

As at 31 December 2017, the Company and its subsidiary had raw material and merchandise inventories purchase commitments amounting to Baht 55.1 million (2016: Baht 244.9 million, relating to purchasing of raw material) (The Company only: Baht 55.1 million, relating to purchasing of raw material (2016: Baht 244.9 million, relating purchasing of raw material)).

3) Operating lease and service agreement commitments

The Company and its subsidiary have entered into several lease and service agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 3 and 5 years.

Future minimum payments required under these non-cancellable operating leases and service contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	3.7	3.9	2.3	3.4
In over 1 and up to 5 years	0.5	1.5	0.3	1.3

4) Long-term service commitment

- (a) The Company entered into Licensing Agreement with Uponor Infra Ltd. for the products under WEHOLITE trademarked for a period of 5 years. The Licensing Agreement is for Licensing Fee and Royalty Fee. For the year ended 31 December 2017, the Licensing Fee and Royalty Fee was approximately Baht 3.2 million (2016: Baht 3.6 million).
- (b) On 17 May 2016, the subsidiary signed an agreement with a company (the Licensor) granting it a license to manage a water supply system, whereby the subsidiary is to manage operation of the water supply distributed to Siam Eastern Industrial Park for a period of 20 years from the first day the water supply system is operational (1 June 2016). The subsidiary has to pay to the Licensor compensation amounting to Baht 110 million and compensation for rental as stipulated in the agreement at Baht 1.2 million per annum for 20 years. The subsidiary is required to maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at its own expense. The Licensor agrees to purchase treated water that the subsidiary produces in a volume sufficient to meet the demand of its users at the price stipulated in the agreement, with minimum guaranteed purchases of 12,000 cubic meters per day and the subsidiary has to purchase raw water only from the licensor at the price stipulated in the agreement. Moreover, the subsidiary is also obliged to comply with certain provisions and conditions stipulated in the agreement.
- (c) On 21 October 2016, the subsidiary signed an agreement with a company (Employer) to design, construct and operate a potable water production system for Wellgrow Industrial Estate for a period of 20 years from the first day the water supply system is operational. Under the agreement, the subsidiary is responsible for the acquisition of machinery and equipment used in the production of potable water, including installation of potable water system and maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at its own expense. Moreover, the subsidiary is also obliged to comply with certain

provisions and conditions stipulated in the agreement. Employer agrees to purchase treated water that the subsidiary produces in a volume to meet the demand of Employer at the price stipulated in the agreement, with minimum guaranteed purchases of 17,500 cubic meters per day. The subsidiary presented income at the minimum offtake quantities under service income in profit or loss for the year ended 31 December 2017.

5) Guarantees

- (a) As at 31 December 2017, the Company has guaranteed bank credit facilities of its subsidiary amounting to US dollar 1 million and Baht 312 million (2016: US dollar 1 million and Baht 188 million).
- (b) As at 31 December 2017 and 2016, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiary. The details of bank guarantees are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Guarantee payment due to suppliers	35.9	35.9	35.8	35.8
Guarantee cash advance received from customer and retention	51.1	60.9	31.0	32.6
Guarantee contractual performance	37.5	19.7	34.3	16.6
Guarantee electricity use	4.9	4.7	4.2	4.2
	<u>129.4</u>	<u>121.2</u>	<u>105.3</u>	<u>89.2</u>

14.6 Factors that affect the operating results in future

Economic outlook for 2018

1) GDP growth trend 4.1%

The National Economic and Social Development Board forecasted that the Thai economy for 2018 will expand in the range of 3.6 – 4.6 percent (the midpoint of 4.1 percent), supported mainly by (i) a favorable growth of the global economy, (ii) an acceleration of public investment which will be supported by the progress of key investment projects and higher capital budget framework, (iii) the improving trend of private investment, (iv) the continual expansion of key production sectors, and (v) the improvement of employment and household income conditions. In all, it is expected that export

value of goods will expand by 5.0 percent, private consumption and total investment will grow by 3.1 and 5.5 percent respectively. The headline inflation will be in the range of 0.9 – 1.9 percent and the current account will register a surplus of 8.1 percent of GDP.

2) Global economic and growth of export

The favorable global economic recovery will sustain the robust growth of export and subsequently support the recovery of manufacturing sector which will thus be able to contribute more to the economic growth. Although the world economic expansion has turned export to an upward trend since early of 2017, the manufacturing sector, accounted for 28 percent of GDP, recovered sluggishly in the first half of the year as the recovery was less broad-based while some producers export the inventories instead of expanding their production. The continual strong and broader growth of export in the third quarter resulted in running down of inventories, and markedly started accelerating manufacturing production. In 2018, the world economy is likely to stay on the upward trend which will support a continual robust in export of goods, tourism and other related-services, as well as accelerate manufacture productions and thus achieve higher economic growth.

3) Public investment expansion tends to accelerate

Public investment expansion tends to accelerate following a further progress of key infrastructure projects and the larger 2018 annual capital budget framework. The infrastructure projects under the Transportation Action Plans have made a continual progress. However, the public investment in the third quarter manifested a decrease and lower than previously estimated. The key reasons are as follows: (i) decrease in capital budget disbursement after the completion of short-term stimulus packages such as the water resource and road network management project (urgent phase), measures to boost small-scale public investment projects nationwide, and living standard promotion measure at district level project; (ii) a slow growth of capital budget disbursement under FY2017 annual budget, which partly caused by redundant rainfalls and flooding impact. As a result, the disbursement rate in the third quarter of 2017 was slightly lower than the same period of last year; (iii) the mega investment projects which were partly in the initial phase and some expenditures were not included in gross fixed capital formation (GFCF) under System of National Account (SNA); and (iv) the possibility of a delay in fiscal disbursement in the first quarter of FY2018.

Nonetheless, the public investment in 2018 tends to accelerate and significantly contribute to economic growth, mainly supported by (i) increasing capital budget framework under annual budget and state-owned enterprise's budget by 21.8 and 45.7 percent, respectively; (ii) the progress of key public investment project under the 2016-2017 Transportation Action Plan. The recent data as of 31st

October of 2017 showed that there are 10 projects already under construction, worth 341,104 million baht (8 projects under 2016 Action Plan and 2 projects under 2017 Action Plan). Meanwhile, it is expected that for the remainder of 2017 and throughout the year 2018, there will be more projects to undertake the constructions, and (iii) the growth base of government disbursement growth tends to become normalized after the completion of the short-term stimulus packages such as the Stimulus Package through Water Management and Road System Improvement, Measure to Stimulate Small Investment and Measure to Promote Living Conditions at Sub-district Level.

4) More pronounced recovery of private investment

More pronounced recovery of private investment. Though private investment in 2017 became more stabilized and slowly recovered in the second quarter of 2017, the expansion was low under the constraints of high excess capacity in manufacturing sector in the first half of the year. It is expected that private investment in 2018 will accelerate with these following supporting factors; (i) an increase in capacity utilization rate in the manufacturing sector, which recently increased to 62.0 percent, from 59.1 percent in the previous quarter and 58.5 percent in the same period last year. Evidently, several key industries reached capacity utilization rate of 65-70 percent, namely electronic tubes and electronic components. Some industries even remained over 80 percent of capacity utilization rate, such as components and accessories for motor vehicles and engines, refined petroleum production, meat production and meat processing, and automotive production. The improving capacity utilization, coupled with the continual recovery of the global economy and robust exports would encourage private businesses to start expanding their investment in order to expand production capacity (ii) more progress in public investment projects, which then would both directly and indirectly stimulate private investment. (iii) the improvement in the confidence in economic performance with supporting factors from better political conditions in the country, the recovery of exports and overall economy, several measures and policies implemented by the government to drive domestic economy and enhance further economic growth potential.

5) Risks from fluctuation in global economy and financial market

Risks from fluctuation in global economy and financial market, which might be caused by the progress and direction of the US economic policies, the outturns of NAFTA and BREXIT negotiations, political conditions in Spain and Italy, and the geopolitical tensions around the Korean Peninsula and the Middle East.

6) Gradual increases of the inflation and interest rates in the world markets

Gradual increases of the commodity prices, inflation and interest rates in the world markets, following the global economic recovery trend and the beginning of the monetary policy normalization in major advanced economies. Though this upward trend is expected to be gradual and not hinder economic recovery yet, over the next period there might be some possibilities that it will affect purchasing power of households and some businesses, particularly those sensitive to change in commodity prices and interest rates.

7) Thai Baht against US Dollar appreciated

Thai Baht against US Dollar appreciated. During the third quarter of 2017, an average exchange rate was at 33.37 baht per US dollar, appreciating 2.7 percent relatively to the previous quarter. The appreciation was a result of US dollar depreciation pressured by (i) the uncertain pace of further the Federal Reserve (Fed)'s interest rate hike (ii) concerns over possible delays of the US economic stimulus package caused by a slow progress of President Trump's healthcare reform proposal. In addition, Thai baht was also strengthened by current account surplus as well as net buy of foreign portfolio investment especially in the bond market. However, in the last week of the third quarter, the baht appreciation was slightly weighted down after the US economic indicators showed a clearer sign of economic recovery.

However, the National Economic and Social Development Board forecasted that the average value of Thai baht in 2018 is expected to be in the range of 34.0 to 35.0 baht per US dollar, slightly depreciating from 34.0 baht per US dollar in 2017. This is in line with the continuous Fed rate hike and reduction of the balance sheet, as well as major economies' signals of monetary policy adjustment, which are expected to be more evident in the latter half of 2018. These will result in a gradual increase in world market interest rates and thus pressure on Thai baht depreciation. For the base case scenario, it is expected that the US Fed will adjust its policy rate in December 2017, before continues to hike twice in June and December of 2018, respectively. Moreover, it is possible that European Central Bank (ECB) is going to signal monetary policy change again in the fourth quarter of 2018. Nevertheless, the high surplus of the current account and the recovery of the Thai economy under improving political conditions will curb the depreciation pace of Thai baht to be in a limited range.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ■ WIIK reputation was internationally recognized. ■ WIIK has the potential to receive specialized work. ■ WIIK has experienced personnel. ■ WIIK has lower financial costs than competitors. ■ WIIK is ready for water management business (Business Continuity). 	<ul style="list-style-type: none"> ■ Machinery and equipment have been used for a long time. Therefore, the maintenance budget is high. ■ No products for lower market. ■ Management costs are higher than competitors.
Opportunities	Threats
<ul style="list-style-type: none"> ■ Demand is higher than the year 2017 from public and private investment. ■ Continuous investment in the Eastern Special Economic Zone ■ Demand from private power plants. ■ Continuous demand in the pipeline under the sea. ■ WIIK is accelerated to enforce TIS for fittings ■ TIS for structural wall pipe is in final consideration 	<ul style="list-style-type: none"> ■ More than 10 manufacturers produce mainly low quality pipes. ■ PE resin prices increase. ■ Most contractors have behaviors "Pay over due" ■ Stronger Baht makes the profit from export decreased.

15. Report of Audit Committee

The Audit Committee of Wiik & Hoeglund Public Company Limited consists of 3 independent directors such as Miss Pranee Rattakam is Chairman of Audit Committee, Mr.Theera Phetmalaigul and Mr.Tatchapong Thampuththipong are members of Audit Committee and Miss Chinanut Jariyarudeechai, Chief Financial Controller is Secretary of Audit Committee.

The Audit Committee performed its duties and responsibilities that defined in the Charter of Audit Committee and assigned by the Board of Directors which comply to the requirements of the Securities and Exchange Commission and the Stock Exchange of Thailand. In the year 2017 the Audit Committee held the meeting of all 5 times by meetings with the auditor, the internal auditor and the management that summarized as follows.

1. Reviewed the quarterly financial statements and the annual financial statements 2017.

The Audit Committee reviewed quarterly financial statements and the annual financial statements 2017 of the Company and its subsidiaries including related transactions, transactions that may lead to conflicts of interest with the management and internal auditor. In consideration of quarterly and the annual financial statements, the Company invited the auditor attend meetings 1 times. The Audit Committee questioned the auditor on accuracy and completeness, updating of significant transactions which have an impact on the financial statements, adequacy and appropriateness of accounting methods and the scope of audit, information disclosure accurately and an independent of auditor to ensure that the preparation of financial statements in accordance with legal requirements and accounting standards as generally accepted accounting principles. Reliable, timeliness as well as information disclosure in financial statements sufficiently to be useful to investors and users of financial statements.

- 2. Reviewed the internal control and the internal audit.** The Audit Committee reviewed and revised the internal control system with the internal auditor including monitoring performance, audit results, suggestions and progress of implementation on a quarterly basis. Moreover, the Company assessed the adequacy of internal control system under the framework of international standard (The Committee of Sponsoring Organizations of the Treadway Commission: COSO) to achieve more confidence. Assessment results of Internal Control by the management, internal auditor and the Audit Committee commented that the internal control system of the Company adequate and reasonable.

3. **Reviewed the corporate governance.** The Audit Committee reviewed the performance of defined operational system. The Company's business operation morality and compliance with the Law on the Securities and Exchange, requirements of the Stock Exchange of Thailand as well as other laws related to the business operations of the Company. Especially, the connected transactions, transactions between the group companies to ensure that the Company follow the normal business practices sensibly. Reviewing the complaint and report process for corruption of the Company in order to comply with good corporate governance principles and the business philosophy of the Company as well as pushing for anti-corruption policy. The Audit Committee evaluated the performance of overall audit committee under the best practices of Audit Committee of the Stock Exchange of Thailand.
4. **Appointment of auditor for the year 2018.** The Audit Committee considered and agreed to appoint EY Office Limited as the auditor of the Company and its subsidiaries for the year 2018 and proposed to the Board of Directors for consideration and proposed to the Annual General Meeting of Shareholders 2018 for approval the appointment of auditor and determined audit fee.

The Audit Committee performed its duties and responsibilities that defined in the Charter of Audit Committee which was approved by the Board of Directors. By using knowledge, skill, careful, thoughtful and an independent sufficiently for benefit of all stakeholders equally. The Audit Committee commented that the Company's financial reporting is accurate and reliable in accordance with generally accepted accounting standards. The Company has sufficiently risk management with internal control system and internal audit appropriate and effective. The operations in accordance with good corporate governance systems comply with laws requirements and obligations related to the business operations.



(Miss Pranee Rattakam)

Chairman of the Audit Committee

February 27, 2018

16. Report of Executive Committee

The Executive Committee of Wiik & Hoeglund Public Company Limited consists of 5 executives such as (1) Mr.Wiboon Sangwithayanon as Chief Executive Officer (2) Miss Rewadee Whanchid (3) Miss Chinanut Jariyarudeechai (4) Mr. Peerapon Thantranon and (5) Mr. Karn Siriphatras as members of Executive Committee and Mr. Wittaya Janta-ummao is secretary of Executive Committee.

The Executive Committee has performed its duties and responsibilities as defined in the Charter and as assigned by the Board of Directors. During the year 2017, the Executive Committee held 10 meetings, summarized as follows.

- (1) Approve loans and guarantee to subsidiaries in the amount of not exceeding Baht 20 million per company.
- (2) Approve the sales under normal transactions of the Company in the absence of guarantees or collateral or not protect or exceed credit limit by insurance in excess amount of Baht 20 million (total amount per client).
- (3) Approve raw materials purchasing to produce in all items which excess from authority of the management.
- (4) Appointment, removal, transferring, considering meritorious service as well as determine compensation and benefits for employees in various levels including other working group to perform various activities in management of the Company.
- (5) Approve the procurement and investment in fixed assets that beyond the budget, in the part excess of 500,000 Baht, not more than Baht 2 million per time, total not over Baht 5 million per year.
- (6) Authorized to perform in financial transaction with financial institution in account opening with bank, financial institution and request guarantee from bank, financial institution of not exceeding Baht 50 million.
- (7) Approve the investment in water management business and provide financial assistance in the amount not exceeding Baht 80 million in accordance with the investment policy of the Company.

In summary, the Executive Board has complied with the duties and responsibilities defined in the Charter which approved by the Board of Directors by using the knowledge and caution careful adequately to benefit equally the stakeholders.



(Mr.Wiboon Sangwithayanon)

Chief Executive Officer

February 27, 2018

17. Report of Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Wiik & Hoeglund Public Company Limited consists of 3 independent directors such as Miss Pranee Rattakam as Chairman of the Nomination and Remuneration Committee, Mr. Theera Phetmalaigul and Mr. Tatchapong Thamputhipong as members of the Nomination and Remuneration Committee and Mr. Wittaya Janta-ummao is secretary of Nomination and Remuneration Committee.

The Nomination and Remuneration Committee has performed its duties and responsibilities as defined in the Charter and as assigned by the Board of Directors. During the year 2017, the Executive Committee held 2 meetings, summarized as follows.

- (1) Consider the term of office of directors and approve the nomination of new directors to propose to the Board of Directors for approval.
- (2) To approve the remuneration of the Board of Directors for the year 2017 to propose to the Board of Directors for approval.
- (3) To approve the appointment of member of the Executive Committee to propose to the Board of Directors for approval.
- (4) To approve bonus of directors for the year 2017 to propose to the Chairman of the Board for approval.

The Nomination and Remuneration Committee served for nominating candidates to replace Directors and Executives in the case of completed their terms resign or other. In order to comply with the corporate governance guidelines of the Stock Exchange of Thailand and Articles of Association, the Board of Directors and executives of the Company must be fully qualified by the Public Companies Act BE 2535 and the Securities and Exchange Act BE 2535 and proposed to the Board of Directors for approval.



(Miss Pranee Rattakam)

Chairman of the Nomination and Remuneration Committee

February 27, 2018

18. Report of the Board of Directors' Responsibility in Financial Statement

The Company's Board of Directors is responsible for financial statements of Wiik & Hoeglund Public Company Limited and its subsidiaries, including the financial information that appears within their annual reports. The financial statements have been prepared according to generally accepted accounting standards. An appropriate accounting policy has been selected, applied and consistently adhered to under cautious consideration. In addition, an effective internal control system has been set up. Material information has been adequately disclosed in the Notes to the Financial Statements. These are implemented for benefits of shareholders and investors, with an aim to create confidence in the Company's financial statements, to take care and keep good maintenance of the Company's assets, and to prevent dishonest acts or any irregular operations of material substance.

The financial statements of the Company and its subsidiaries have been audited by Ms.Thipawan Nananuwat the Certified Public Accountant from EY Office Limited who has been certified by the Securities and Exchange Commission. The Company has provided information and various documents to the auditor to enable him to conduct the audit and express his opinion in accordance with generally accepted auditing standards. The auditor's opinion appears in the Report of the Certified Public Accountant within the Annual Report.

The Company's Board of Directors appointed the Audit Committee to be responsible for reviewing the Company's accounting policies, quality of financial reports, internal control system, internal audit system and risk management system. The opinion of the Audit Committee on this matter appears in the Audit Committee's Report within the Annual Report.

The Company's Board of Directors believes that the Company's overall internal control system is at satisfactory level. Financial statements of Wiik & Hoeglund Public Company Limited and its subsidiaries as at 31 December 2017 substantially portray the Company's financial position, operating performance and cash flow in an accurate and reasonable manner and comply with generally accepted accounting principles and related laws and regulations.



(Mr.Wiboon Sangwithayanon)

Director



(Miss Rewadee Whanchid)

Director

19. Independent Auditor's Report

To the Shareholders of Wiik & Hoeglund Public Company Limited

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks

of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Recognition of revenue from sales

Revenue from sales of the Group forms a significant portion of the Group's total revenues and the Group has both local and oversea sales transactions, with various conditions of revenue recognition. There are therefore risks with respect to the amount and the timing of revenue recognition.

I have examined the recognition of revenue from sales of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue from sales cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls, with special consideration given to expanding the scope of the testing of the internal controls which respond to the above risks.
- Applying a sampling method to select sales transactions to assess whether the revenue recognition was consistent with the conditions stipulated in the sales documents and in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Inventories

Estimating the net realisable value of inventories, as disclosed in Note 5 and 9 to the financial statements, is an area of significant management judgement, particularly with regard to the estimation of provision for diminution in the value of slow moving or damage inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventories.

I assessed and tested the Group's internal controls relevant to the determination of provision for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by the management in determining such provision. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the provision for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific provisions.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing net proceeds from sales transactions occurring after the date of the financial statements with the cost of inventories by product line.

Property, plant and equipment

As at 31 December 2017 the assets related to the potable water system under the agreement between the subsidiary and a company (Employer) to design, construct and operate a potable water production system amounting to Baht 139.1 million, were recorded under the caption "Property, plant and equipment" in the statement of financial position. The management determined that the agreement contains components of a lease and the subsidiary retains the risks and rewards of ownership of the assets. This determination as to whether the agreement contains components of a lease and the risks and rewards of ownership of the assets have been transferred to the Employer required management to exercise judgement. I gave particular consideration to the recording of these assets.

I audited this matter by reviewing the arrangement under the agreement to design, construct and operate a potable water production system, inquiring with the responsible management, gaining an understanding of the basis applied in determining that the agreement contains components of a lease and that the subsidiary retains the risks and rewards of ownership of the assets related to the potable water system. I also reviewed the estimated useful life of the assets, examined supporting documents for asset additions and tested the calculation of depreciation expenses for the year.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's

report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

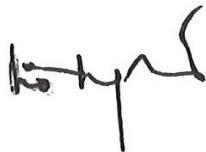
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting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

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

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

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

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



Thipawan Nananuwat

Certified Public Accountant (Thailand) No. 3459

EY Office Limited

Bangkok: 27 February 2018

20. Financial Statements and Notes

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	127,022,000	130,087,140	82,839,153	122,993,553
Trade and other receivables	8	353,389,258	328,041,645	280,422,380	285,041,710
Inventories	9	313,672,372	270,995,945	293,009,154	270,131,838
Short-term loans to related party	6	-	-	-	102,800,000
Advance payment to subcontractors		335,440	705,977	-	-
Other current assets		56,432,249	44,951,711	40,536,689	31,032,346
Total current assets		850,851,319	774,782,418	696,807,376	811,999,447
Non-current assets					
Restricted bank deposits	10	16,000,000	16,000,000	16,000,000	16,000,000
Investments in subsidiary	11	-	-	192,147,200	51,747,200
Other long-term investments	12	21,245,632	21,245,632	21,245,632	21,245,632
Property, plant and equipment	13	692,821,565	529,475,106	521,995,617	480,149,766
Intangible assets	14	103,804,752	109,465,114	2,458,674	2,687,564
Deferred tax assets	24	13,465,007	18,670,226	13,072,005	17,946,531
Advance payment for plant and equipment		2,076,945	46,752,851	2,076,945	4,315,351
Other non-current assets		27,587,223	22,564,225	19,604,078	14,986,017
Total non-current assets		877,001,124	764,173,154	788,600,151	609,078,061
Total assets		1,727,852,443	1,538,955,572	1,485,407,527	1,421,077,508

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	15	375,071,406	89,769,255	375,071,406	89,769,255
Bills of exchange	16	-	238,965,768	-	238,965,768
Trade and other payables	17	57,774,684	44,864,152	53,861,334	40,950,537
Current portion of long-term loans	18	21,619,987	9,359,102	-	-
Current portion of liabilities under finance lease agreements	19	2,456,542	1,953,631	1,691,917	738,412
Advance received from customers		86,266,625	82,667,768	62,867,151	74,741,324
Other current liabilities		55,937,999	31,540,955	40,540,783	24,307,207
Total current liabilities		599,127,243	499,120,631	534,032,591	469,472,503
Non-current liabilities					
Long-term loans, net of current portion	18	145,656,644	74,115,535	-	-
Liabilities under finance lease agreements, net of current portion	19	6,220,633	5,796,938	4,226,308	1,788,061
Provision for long-term employee benefits	20	14,251,212	13,057,625	12,910,030	10,031,836
Deferred tax liabilities	24	21,162,229	21,162,229	21,162,229	21,162,229
Provision for decommissioning		458,641	-	-	-
Total non-current liabilities		187,749,359	114,132,327	38,298,567	32,982,126
Total liabilities		786,876,602	613,252,958	572,331,158	502,454,629

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
474,917,334 ordinary shares of Baht 1 each					
(2016: 664,892,534 ordinary shares					
of Baht 1 each)	21	474,917,334	664,892,534	474,917,334	664,892,534
Issued and fully paid up					
374,938,000 ordinary shares of Baht 1 each	21	374,938,000	374,938,000	374,938,000	374,938,000
Share premium		277,160,000	277,160,000	277,160,000	277,160,000
Retained earnings					
Appropriated - statutory reserve	22	38,531,907	35,059,852	38,531,907	35,059,852
Unappropriated		165,697,018	153,895,846	137,797,546	146,816,111
Other components of shareholders' equity		84,648,916	84,648,916	84,648,916	84,648,916
Total shareholders' equity		940,975,841	925,702,614	913,076,369	918,622,879
Total liabilities and shareholders' equity		1,727,852,443	1,538,955,572	1,485,407,527	1,421,077,508

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2017

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales	25	1,074,583,056	1,163,078,502	1,010,520,373	1,128,823,138
Service income	25	122,003,469	50,831,882	20,081,029	942,353
Other income					
Dividend income	12	1,120,000	800,000	1,120,000	800,000
Others		14,229,513	19,905,059	16,203,990	22,090,561
Total revenues		1,211,936,038	1,234,615,443	1,047,925,392	1,152,656,052
Expenses					
Cost of sales		864,419,477	917,665,829	826,961,004	894,504,156
Cost of services		92,304,459	34,990,865	17,745,529	119,648
Selling expenses		55,879,163	71,689,612	56,136,663	72,020,612
Administrative expenses		77,041,644	65,303,901	56,127,494	48,607,549
Total expenses		1,089,644,743	1,089,650,207	956,970,690	1,015,251,965
Profit before finance cost and income tax income (expenses)		122,291,295	144,965,236	90,954,702	137,404,087
Finance cost		(23,264,903)	(16,155,403)	(16,639,087)	(15,289,338)
Profit before income tax income (expenses)		99,026,392	128,809,833	74,315,615	122,114,749
income tax income (expenses)	24	(8,765,565)	4,945,455	(4,874,525)	4,859,710
Profit for the year		90,260,827	133,755,288	69,441,090	126,974,459
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss - net of income tax		-	(240,893)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(240,893)	-	-
Other comprehensive income for the year		-	(240,893)	-	-
Total comprehensive income for the year		90,260,827	133,514,395	69,441,090	126,974,459
Earnings per share					
26					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.24	0.37	0.19	0.35
Weighted average number of ordinary shares (shares)		374,938,000	360,675,705	374,938,000	360,675,705

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	99,026,392	128,809,833	74,315,615	122,114,749
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	48,319,916	30,063,249	30,459,695	23,464,265
Doubtful accounts (reversal)	6,940,632	211,932	2,744,180	229,830
Reversal of reduction of inventories to net realisable value	(8,824,089)	(4,698,235)	(8,824,089)	(4,698,235)
Write-off inventories	570,818	3,387,424	570,818	3,387,424
Loss (gain) on disposal and write-off of property, plant and equipment	924,622	1,046,472	(713,474)	1,227,335
Gain on cancellation of financial lease agreement	(943,242)	-	-	-
Loss on impairment of property, plant and equipment	-	2,201,441	-	2,224,359
Long-term employee benefits expenses	2,324,647	2,873,430	1,854,411	1,643,199
Unrealised loss (gain) on exchange	2,158,230	(1,161,400)	2,135,481	(1,112,735)
Dividend income	(1,120,000)	(800,000)	(1,120,000)	(800,000)
Interest income	(668,807)	(736,300)	(1,878,318)	(3,597,014)
Interest expenses	23,264,903	16,155,403	16,639,087	15,289,338
Profit from operating activities before changes in operating assets and liabilities	171,974,022	177,353,249	116,183,406	159,372,515
Operating assets (increase) decrease				
Trade and other receivables	(32,645,116)	41,551,930	1,518,280	57,172,147
Inventories	(34,423,156)	(46,197,600)	(14,624,045)	(46,330,371)
Advance payment to subcontractors	370,537	(635,977)	-	-
Other current assets	(11,058,304)	(9,355,354)	(9,084,857)	1,932,452
Other non-current assets	(5,022,998)	1,760,086	(4,618,061)	2,770,151
Operating liabilities increase (decrease)				
Trade and other payables	11,153,094	(68,440,619)	11,153,359	(59,897,374)
Advance received from customers	3,598,857	28,081,871	(11,874,173)	23,141,553
Other current liabilities	22,386,092	(1,419,151)	15,461,863	1,676,413
Employee benefit paid during the year	(1,131,060)	-	(1,131,060)	-
Employee benefit received during the year from transferred employees	-	-	2,154,843	-
Cash from operating activities	125,201,968	122,698,435	105,139,555	139,837,486
Cash paid for interest expenses	(22,545,992)	(17,442,675)	(15,981,150)	(16,545,607)
Cash paid for corporate income tax	(3,368,112)	(1,356,444)	(420,811)	(37,463)
Net cash from operating activities	99,287,864	103,899,316	88,737,594	123,254,416

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Cash payment for acquisition of subsidiary	-	-	(140,400,000)	(31,747,200)
Cash payment for short-term loans to related party	-	-	(88,400,000)	(189,800,000)
Cash receipt from repayment of short-term loans to related party	-	-	191,200,000	87,000,000
Dividend received from other long-term investment	1,120,000	800,000	1,120,000	800,000
Acquisition of property, plant and equipment	(151,719,538)	(100,592,666)	(62,712,800)	(58,188,740)
Proceeds from sales of property, plant and equipment	2,900	763,169	3,682,905	575,375
Acquisition of intangible assets	(841,800)	(110,014,000)	(775,800)	(14,000)
Increase in cash payment in advance for plant and equipment	(2,076,945)	(46,752,851)	(2,076,945)	(4,315,351)
Interest income	667,383	732,366	1,879,643	3,593,541
Net cash used in investing activities	(152,848,000)	(255,063,982)	(96,482,997)	(192,096,375)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	285,302,151	(296,230,745)	285,302,151	(286,230,745)
Cash receipt from issuance of bills of exchange	-	608,965,768	-	608,965,768
Repayment of bills of exchange	(238,965,768)	(370,000,000)	(238,965,768)	(370,000,000)
Cash receipt from increase in share capital	-	225,000,000	-	225,000,000
Cash receipt from long-term loans	94,000,000	83,474,637	-	-
Repayment of long-term loans	(10,198,008)	-	-	-
Payment of liabilities under finance lease agreements	(2,967,689)	(1,010,006)	(2,092,440)	(453,376)
Dividend paid	(74,873,824)	(41,198,402)	(74,873,824)	(41,198,402)
Net cash from (used in) financing activities	52,296,862	209,001,252	(30,629,881)	136,083,245
Net increase (decrease) in cash and cash equivalents	(1,263,274)	57,836,586	(38,375,284)	67,241,286
Unrealised loss (gain) on exchange for cash and cash equivalents	(1,801,866)	947,870	(1,779,116)	925,786
Cash and cash equivalents at beginning of year	130,087,140	71,302,684	122,993,553	54,826,481
Cash and cash equivalents at end of year	127,022,000	130,087,140	82,839,153	122,993,553
Supplemental disclosure of cashflow information				
Non-cash transactions				
Acquisition of motor vehicle under finance lease agreements	7,599,898	7,517,178	7,242,136	1,736,452
Transferred cash payment in advance for plant and equipment to plant and equipment	46,752,851	-	4,315,351	-
Transfer advance payment to subcontractors to other current assets	-	28,243,619	-	28,243,619
Provision for decommissioning of plant and equipment	437,563	-	-	-

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' equity
					Other comprehensive income	
					Surplus on revaluation of assets	
			Appropriated	Unappropriated		
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	71,296,710	84,648,916	608,431,399
Profit for the year	-	-	-	133,755,288	-	133,755,288
Other comprehensive income for the year	-	-	-	(240,893)	-	(240,893)
Total comprehensive income for the year	-	-	-	133,514,395	-	133,514,395
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	153,895,846	84,648,916	925,702,614
Balance as at 1 January 2017	374,938,000	277,160,000	35,059,852	153,895,846	84,648,916	925,702,614
Profit for the year	-	-	-	90,260,827	-	90,260,827
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	90,260,827	-	90,260,827
Dividend paid (Note 29)	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	3,472,055	(3,472,055)	-	-
Balance as at 31 December 2017	374,938,000	277,160,000	38,531,907	165,697,018	84,648,916	940,975,841

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	
			Appropriated	Unappropriated	Other comprehensive income	
					Surplus on revaluation of assets	
Balance as at 1 January 2016	299,938,000	127,160,000	25,387,773	70,756,911	84,648,916	607,891,600
Profit for the year	-	-	-	126,974,459	-	126,974,459
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	126,974,459	-	126,974,459
Increased shares capital (Note 21)	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid (Note 29)	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	9,672,079	(9,672,079)	-	-
Balance as at 31 December 2016	374,938,000	277,160,000	35,059,852	146,816,111	84,648,916	918,622,879
Balance as at 1 January 2017	374,938,000	277,160,000	35,059,852	146,816,111	84,648,916	918,622,879
Profit for the year	-	-	-	69,441,090	-	69,441,090
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	69,441,090	-	69,441,090
Dividend paid (Note 29)	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve (Note 22)	-	-	3,472,055	(3,472,055)	-	-
Balance as at 31 December 2017	374,938,000	277,160,000	38,531,907	137,797,546	84,648,916	913,076,369

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

Wiik & Hoeglund Public Company Limited and its subsidiary

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

Wiik & Hoeglund Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of High Density Polyethylene (HDPE) pipe and related certain fittings, Low Density Polyethylene (LDPE) pipe, Polypropylene (PP) pipe, Polybutylene (PB) pipe and Weholite Spiro pipe. The registered office of the Company is as follow:

Factory:	7/214 Moo 6 Amata City Industrial Estate, Tambol Mabyangporn, Amphur Pluakdaeng, Rayong 21140
Head Office:	90 CW Tower A 35 th Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310
Branch:	Suits 302 Henrys Building #80 Ortigas Avenue, Greenhills West, City of San Juan, Metro Manila, Republic of the Philippines

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Wiik & Hoeglund Public Company Limited (“the Company”) and the following subsidiary company (“the subsidiary”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u>	<u>2016</u>
			Percent	Percent
<u>Investments in subsidiary</u>				
(held by the Company)				
Wiik Water Company Limited	Pipe installation services and water management	Thailand	100.00	100.00

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary company have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investments in subsidiary under the cost method.

3. New financial reporting standards

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

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

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

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

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

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

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

Dividends income

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

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- b) Investments in subsidiary are accounted for in the separate financial statements using the cost method.

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

4.6 Property, plant and equipment/Depreciation

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

Lands are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

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

Land improvements	-	5 years
Building and improvements	-	5 - 40 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 years
Motor vehicles	-	5 years
Leasehold improvements	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

4.7 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any provision for impairment losses (if any).

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

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

	<u>Useful lives</u>	
Computer software	5	years
License for the products under WEHOLITE trademark	5	years
License for use of water supply system	20	years

4.8 Related party transactions

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

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

4.9 Long-term leases

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

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiary performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.13 Provisions

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

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.15 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income or loss.

4.16 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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

Allowance for diminution in value of inventories

In determining an allowance for diminution in the value of inventories, the management is required to make estimates of the loss on damage and slow moving stock, and the net realisable value of inventories based on the amount the inventories are expected to realise.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value 194ummarized in the statement of financial position and disclosures of fair value hierarchy.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land. The valuation involves certain assumptions and estimates as described in Note 13.

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

Deferred tax assets

Deferred tax assets are 194ummarized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be 194ummariz. Significant management judgement is required to determine the amount of deferred tax assets that can be 194ummarized, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

	Consolidated		Separate		(Unit: Million Baht)
	financial statements		financial statements		Transfer Pricing
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	Policy
Transactions with subsidiary company					
(eliminated from the consolidated financial statements)					
Sales	-	-	22	1	Market price
Service Income	-	-	1	-	Agreed price
Interest income	-	-	1	3	3.9 to 4.1 percent per annum (2016: 4.1 to 5.5 percent per annum)
Welding and other service charge	-	-	1	1	Market price
Sales of equipment	-	-	4	-	Agreed price
Purchases of equipment	-	-	4	-	Agreed price

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		Separate		(Unit: Thousand Baht)
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
Trade and other receivables - related party (Note 8)					
Trade receivables					
Subsidiary	-	-	3	-	
Total trade receivables - related party	-	-	3	-	

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Other receivables				
Subsidiary	-	-	596	15
Total other receivables - related party	-	-	596	15
Total trade and other receivables - related party	-	-	599	15

Trade and other payables - related party (Note 17)

Other payables

Subsidiary	-	-	32	359
Total other payables - related party	-	-	32	359
Total trade and other payables - related party	-	-	32	359

Short-term loans to related party

As at 31 December 2017 and 2016, the balances of short-term loans between the Company and its subsidiary and the movements are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
Short-term loans	1 January 2017	during the year	during the year	31 December 2017
Subsidiary				
Wiik Water Company Limited	102,800	88,400	(191,200)	-
Total	102,800	88,400	(191,200)	-

Short-term loans from related party

As at 31 December 2017 and 2016, the balances of short-term loans between the Company and its subsidiary and the movements are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
Short-term loans	1 January 2017	during the year	during the year	31 December 2017
Subsidiary				
Wiik Water Company Limited	-	25,000	(25,000)	-
Total	-	25,000	(25,000)	-

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiary had short-term employee benefits and post-employment benefits expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	27,717	31,486	22,471	26,185
Post-employment benefits	1,034	1,302	894	791
Total directors and managements remuneration	<u>28,751</u>	<u>32,788</u>	<u>23,365</u>	<u>26,976</u>

Guarantee obligations with related parties

The Company had outstanding guarantee obligations with its subsidiary, as described in Note 30.5 to the financial statements. No guaranteed fee was charged for those guarantees. In addition, the Company has mortgaged its land and construction thereon with net book value of Baht 89 million (2016: Baht 88 million) as collateral against long-term loan of its subsidiary.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	115	115	95	80
Bank deposits	126,907	129,972	82,744	122,914
Total	<u>127,022</u>	<u>130,087</u>	<u>82,839</u>	<u>122,994</u>

As at 31 December 2017, bank deposits in saving and current accounts carried interests between 0.10 and 1.00 percent per annum (2016: between 0.10 and 1.00 percent per annum).

8. Trade and other receivables

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2017	2016	2017	2016
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	3	-
Total trade receivables - related party	-	-	3	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	171,552	206,185	155,703	198,232
Past due				
Up to 3 months	91,466	81,232	70,631	76,108
3 - 6 months	15,137	7,709	10,119	7,655
Over 6 - 12 months	34,317	12,856	31,878	3,032
Over 12 months	37,037	27,123	32,773	27,078
Total	349,509	335,105	301,104	312,105
Less: Allowance for doubtful debts	(34,064)	(27,123)	(29,882)	(27,078)
Total trade receivables - unrelated parties - net	315,445	307,982	271,282	285,027
Retention receivables as per contract	10,926	1,991	7,375	-
Total	326,371	309,973	278,657	285,027
Total trade receivables - net	326,371	309,973	278,660	285,027
<u>Other receivables</u>				
Other receivables - related party (Note 6)	-	-	538	15
Unbilled work performed - related party (Note 6)				
	-	-	58	-
Accrued income	4,506	2,360	-	-
Unbilled work performed - unrelated parties	22,512	15,709	1,166	-
Total other receivables	27,018	18,069	1,762	15
Total trade and other receivables - net	353,389	328,042	280,422	285,042

Part of the above overdue receivables aged over 90 days are secured by assignment to get payment from the customer, bank guarantees or guaranteed by the customer's directors and the Company is able to collect interest on overdue balances of certain delinquent receivables. Accordingly, the management believes that the allowance is adequate to cover the possible losses that may arise from the uncollectibility of the existing receivables.

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	183,021	215,472	(20,556)	(29,323)	162,465	186,149
Work in process	58,982	14,904	-	-	58,982	14,904
Raw materials	84,016	63,765	(64)	(121)	83,952	63,644
Spare parts and factory supplies	8,273	6,299	-	-	8,273	6,299
Total	334,292	300,440	(20,620)	(29,444)	313,672	270,996

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	183,021	215,472	(20,556)	(29,323)	162,465	186,149
Work in process	39,653	14,904	-	-	39,653	14,904
Raw materials	84,016	63,765	(64)	(121)	83,952	63,644
Spare parts and factory supplies	6,939	5,435	-	-	6,939	5,435
Total	313,629	299,576	(20,620)	(29,444)	293,009	270,132

During the current year, the Company and its subsidiary reversed the write-down of cost of inventories by Baht 9 million (2016: Baht 5 million) (The Company only: Baht 9 million 2016: Baht 5 million), and reduced the amount of inventories recognised as expense during the year.

10. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

11. Investments in subsidiary

Details of investments in subsidiary as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017 (%)	2016 (%)	2017	2016	2017	2016
Wiik Water Co., Ltd.	170,000	50,000	100.00	100.00	199,662	59,262	-	-
Total					199,662	59,262	-	-
Less: Allowance for impairment loss					(7,515)	(7,515)		
Total investments in subsidiary - net					192,147	51,747		

On 8 March 2017, the Annual General Meeting of Wiik Water Company Limited, the subsidiary, passed a resolution for approval an increase of Baht 120 million in the registered capital, from Baht 50 million to Baht 170 million, by issuing 1,200,000 new ordinary shares with a par value of Baht 100 per share to the existing shareholders at a price of Baht 117 per share, or for a total of Baht 140.40 million. The shares are required the first capital paid-up 25 percent of the new registered capital and the remaining will be requested upon the subsidiary's necessity.

The Company made additional payment for the shares in proportion to its shareholding, amounting to Baht 35,100,000 in March 2017, Baht 70,200,000 in April 2017 and Baht 35,100,000 in May 2017. The subsidiary registered the increase in its registered and paid-in capital with the Ministry of Commerce on 1 June 2017.

12. Other Long-term Investments

Details of other long-term investments as presented in consolidated and separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Consolidated and Separate financial statements							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2017	2016	2017 (%)	2016 (%)	2017	2016	2017	2016
Nakhonluang Capital Public Co., Ltd. (Formerly known as "Siam City Leasing and Factoring Public Co., Ltd.")	455,000	455,000	3.52	3.52	21,246	21,246	1,120	800
K-Tech Construction Public Co., Ltd.	3,927,157	3,915,213	-	-	30	30	-	-
Total					21,276	21,276	1,120	800
Less: Allowance for impairment loss					(30)	(30)		
Total other long-term investments - net					21,246	21,246		

13. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Revaluation basis	Cost basis								
		Land	Building and	Leasehold	Machinery and	Motor	Furniture, fixtures	Assets under	Building under	
	Land	improvement	improvements	improvement	equipment	vehicles	and office equipment	installation	construction	Total
Cost/Revaluation										
1 January 2016	240,941	6,739	231,364	5,123	458,684	15,520	17,483	8,191	-	984,045
Additions	-	448	803	8	86,402	7,579	3,412	9,457	-	108,109
Disposals and write-off	-	-	-	-	(31,061)	(3,336)	(777)	-	-	(35,174)
Transfer in (out)	-	-	-	-	8,191	-	-	(8,191)	-	-
31 December 2016	240,941	7,187	232,167	5,131	522,216	19,763	20,118	9,457	-	1,056,980
Additions	-	2,470	1,811	20	34,768	9,864	4,708	140,509	12,360	206,510
Disposals and write-off	-	-	-	-	-	(2,124)	-	-	-	(2,124)
Capitalised interest	-	-	-	-	-	-	-	586	-	586
Transfer in (out)	-	-	9,500	-	130,177	-	-	(139,677)	-	-
31 December 2017	240,941	9,657	243,478	5,151	687,161	27,503	24,826	10,875	12,360	1,261,952
Accumulated depreciation										
1 January 2016	-	5,864	115,600	4,962	378,748	11,263	14,666	-	-	531,103
Depreciation for the year	-	325	4,360	128	17,640	2,219	1,176	-	-	25,848
Depreciation on disposals and write-off	-	-	-	-	(29,270)	(3,335)	(759)	-	-	(33,364)
31 December 2016	-	6,189	119,960	5,090	367,118	10,147	15,083	-	-	523,587
Depreciation for the year	-	698	4,870	36	31,129	3,128	1,957	-	-	41,818
Depreciation on disposals and write-off	-	-	-	-	-	(192)	-	-	-	(192)
31 December 2017	-	6,887	124,830	5,126	398,247	13,083	17,040	-	-	565,213

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation	Cost basis							
	basis								
		Land	Building and	Leasehold	Machinery	Motor	Furniture, fixtures	Assets under	Building
	Land	improvement	improvements	improvement	and	vehicles	and office	installation	under
					equipment		equipment		construction
									Total
Allowance for diminution in value									
1 January 2016	-	-	-	-	1,708	1	8	-	-
Increase during the year	-	-	-	-	3,911	-	7	-	-
Decrease during the year	-	-	-	-	(1,708)	(1)	(8)	-	-
31 December 2016	-	-	-	-	3,911	-	7	-	-
31 December 2017	-	-	-	-	3,911	-	7	-	-
Net book value									
31 December 2016	240,941	998	112,207	41	151,187	9,616	5,028	9,457	-
31 December 2017	240,941	2,770	118,648	25	285,003	14,420	7,779	10,875	12,360
Depreciation for the year									
2016 (Baht 24 million included in manufacturing cost, and the balance in selling and administrative expenses)									25,848
2017 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)									41,818

(Unit: Thousand Baht)

Separate financial statements

	Revaluation									
	basis	Cost basis								
					Machinery		Furniture, fixtures		Building	
	Land	Land	Building and	Leasehold	and	Motor	and office	Assets under	under	Total
		improvement	improvements	improvement	equipment	vehicles	equipment	installation	construction	
Cost/Revaluation										
1 January 2016	240,941	6,739	231,364	4,615	432,722	7,462	16,859	8,191	-	948,893
Additions	-	448	803	8	54,151	1,758	2,757	-	-	59,925
Disposals and write-off	-	-	-	-	(26,699)	(2,504)	(762)	-	-	(29,965)
Transfers in (out)	-	-	-	-	8,191	-	-	(8,191)	-	-
31 December 2016	240,941	7,187	232,167	4,623	468,365	6,716	18,854	-	-	978,853
Additions	-	780	1,526	-	35,057	11,289	3,435	9,823	12,360	74,270
Disposals and write-off	-	-	-	-	(3,505)	(3)	-	-	-	(3,508)
31 December 2017	240,941	7,967	233,693	4,623	499,917	18,002	22,289	9,823	12,360	1,049,615
Accumulated depreciation										
1 January 2016	-	5,864	115,600	4,455	354,689	5,719	14,148	-	-	500,475
Depreciation for the year	-	325	4,360	128	16,109	494	1,056	-	-	22,472
Depreciation on disposals and write-off	-	-	-	-	(24,913)	(2,504)	(745)	-	-	(28,162)
31 December 2016	-	6,189	119,960	4,583	345,885	3,709	14,459	-	-	494,785
Depreciation for the year	-	475	4,591	35	21,264	1,427	1,663	-	-	29,455
Depreciation on disposals and write-off	-	-	-	-	(536)	(2)	-	-	-	(538)
31 December 2017	-	6,664	124,551	4,618	366,613	5,134	16,122	-	-	523,702

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis								
		Land	Building and	Leasehold	Machinery	Motor	Furniture, fixtures	Assets under	Building	
	Land	improvement	improvements	improvement	and equipment	vehicles	and office equipment	installation	under construction	Total
Allowance for diminution in value										
1 January 2016	-	-	-	-	1,687	-	7	-	-	1,694
Increase during the year	-	-	-	-	3,911	-	7	-	-	3,918
Decrease during the year	-	-	-	-	(1,687)	-	(7)	-	-	(1,694)
31 December 2016	-	-	-	-	3,911	-	7	-	-	3,918
31 December 2017	-	-	-	-	3,911	-	7	-	-	3,918
Net book value										
31 December 2016	240,941	998	112,207	40	118,569	3,007	4,388	-	-	480,150
31 December 2017	240,941	1,303	109,142	5	129,393	12,868	6,160	9,823	12,360	521,995
Depreciation for the year										
2016 (Baht 21 million included in manufacturing cost, and the balance in selling and administrative expenses)										22,472
2017 (Baht 28 million included in manufacturing cost, and the balance in selling and administrative expenses)										29,455

The Company arranged for an independent professional valuer to appraise the value of its land in 2015 by using the market approach.

Key assumptions used in the valuation are summarised below:

	Consolidated and Separate financial statements	Result to fair value where as an increase in assumption value
Price per rai (Baht)	2,900,000	Increase in fair value

Had the land been carried in the financial statements on historical cost basis, its net book value as of 31 December 2017 and 2016 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	2017	2016
Land	135,310	135,310

As at 31 December 2017, the Company and its subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 11 million (2016: Baht 8 million) (The Company only: Baht 8 million 2016: Baht 3 million).

As at 31 December 2017, the Company and its subsidiary certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 285 million (2016: Baht 292 million) (The Company only: Baht 283 million 2016: Baht 271 million).

The Company has mortgaged its land and construction thereon and machinery with net book value as at 31 December 2017 of Baht 356 million (2016: Baht 360 million) as collateral against the Company and its subsidiary' credit facilities received from financial institutions.

14. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements				Separate financial statements		
	License for use of water supply system	License for the products under WEHOLITE Trademark	Computer software	Total	License for the products under WEHOLITE trademark	Computer software	Total
As at 31 December 2017							
Cost	110,000	3,720	14,271	127,991	3,720	14,205	17,925
<u>Less</u> Accumulated amortisation	(8,719)	(2,123)	(13,344)	(24,186)	(2,123)	(13,343)	(15,466)
Net book value	101,281	1,597	927	103,805	1,597	862	2,459
As at 31 December 2016							
Cost	110,000	3,720	13,429	127,149	3,720	13,429	17,149
<u>Less</u> Accumulated amortisation	(3,223)	(1,379)	(13,082)	(17,684)	(1,379)	(13,082)	(14,461)
Net book value	106,777	2,341	347	109,465	2,341	347	2,688

A reconciliation of the net book value of intangible assets for the years ended 31 December 2017 and 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	109,465	3,666	2,688	3,666
Acquisition of computer software	842	14	776	14
Acquisition of license for use of water supply system	-	110,000	-	-
Amortisation for the year	(6,502)	(4,215)	(1,005)	(992)
Net book value at end of year	103,805	109,465	2,459	2,688

License for use of water supply system of Baht 110 million is the compensation which the subsidiary has to pay to a company, whereby the subsidiary is granted to manage operation of the water supply to Siam Eastern Industrial Park for 20 years from the first day the water supply is operational (1 June 2016) as described in Note 30.4 to the financial statements and are amortised on a straight-line basis over the useful life of 20 years.

15. Short-term loans from financial institutions

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(percent per annum)		financial statements		Separate	
	2017	2016	2017	2016	2017	2016
Short-term loans from						
financial institutions	3.75 - 3.90	3.50 - 3.75	375,071	89,769	375,071	89,769
Total			375,071	89,769	375,071	89,769

The Company's short-term loans from financial institutions are secured by the mortgage of the Company's land and construction thereon and machinery and the pledge of its fixed deposits at banks. The subsidiary's short-term loans from financial institutions are guaranteed by the Company.

16. Bills of exchange

	(Unit: Thousand Baht)
	Consolidated and Separate financial statements
Balance as at 1 January 2017	238,966
Add: Issuance bills of exchange	(238,966)
Balance as at 31 December 2017	-

On 16 May 2016, the Board of Directors of the Company passed a resolution approving the issue of bills of exchange, with the credit limit at any one time shall not exceeding Baht 600 million (at any one time, upon the redemption of the short-term bills of exchange, the Company is able to offer to sell the bills of exchange again but the value of which shall not exceed Baht 600 million) to be offered to investors under a general sale offering or by private placement to financial institutions or major investors, in order to facilitate the working capital of the Company. The bills of exchange are unsecured, bear interest at a rate of 4 percent per annum and mature in March 2017.

As at 31 December 2017, the Company had repayment for redeemed its bills of exchange in full amount.

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - unrelated parties	47,379	29,373	44,772	29,106
Other payables - related party (Note 6)	-	-	32	359
Other payables - unrelated parties	10,396	15,491	9,057	11,486
Total trade and other payables	57,775	44,864	53,861	40,951

18. Long-term loans

(Unit: Thouse

		Consolidated financial statements		Separate financial statements	
Interest rate (%)	Repayment schedule	2017	2016	2017	2016
MLR - 1.75	Monthly installments as from November 2016 - July 2024	74,931	83,475	-	-
MLR - 1.75	Monthly installments as from March 2017 - August 2025	92,346	-	-	-
Total		167,277	83,475	-	-
Less: Current portion		(21,620)	(9,359)	-	-
Long-term loans, net of current portion		145,657	74,116	-	-

The loans of its subsidiary are secured by the Company and the mortgage of the Company's land including the transfer of rights of claim under the agreement granting a license for operate a water supply system and the agreement granting to design, construct and operate a potable water production system that its subsidiary had received from counterparties. Under the loan agreements, its subsidiary is required to follow certain conditions stated in the agreement which, among other things, require the Company to maintain debt-to-equity ratio at the rate prescribed in the agreements.

19. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	10,505	8,087	7,671	2,611
Less: Deferred interest expenses	(1,828)	(336)	(1,753)	(85)
Total	8,677	7,751	5,918	2,526
Less: Portion due within one year	(2,456)	(1,954)	(1,692)	(738)
Liabilities under finance lease agreements - net of current portion	6,221	5,797	4,226	1,788

The Company and its subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December					
	Consolidated financial statements					
	Less than 1 year		1-5 years		Total	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	3,313	2,100	7,192	5,987	10,505	8,087
Deferred interest expenses	(857)	(146)	(971)	(190)	(1,828)	(336)
Present value of future minimum lease payment	2,456	1,954	6,221	5,797	8,677	7,751

(Unit: Thousand Baht)

	As at 31 December					
	Separate financial statements					
	Less than 1 year		1-5 years		Total	
	2017	2016	2017	2016	2017	2016
Future minimum lease payments	2,509	783	5,162	1,828	7,671	2,611
Deferred interest expenses	(817)	(45)	(936)	(40)	(1,753)	(85)
Present value of future minimum lease payments	1,692	738	4,226	1,788	5,918	2,526

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Provision for long-term employee benefits at beginning of year	13,058	9,883	10,032	8,389
Included in profit or loss:				
Current service cost	2,039	1,858	1,623	1,466
Interest cost	285	214	231	177
Transferred	-	801	-	-
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	-	214	-	-
Financial assumptions changes	-	178	-	-
Experience adjustments	-	(90)	-	-
Benefits paid during the year	(1,131)	-	(1,131)	-
Benefit received during the year from transferred employees	-	-	2,155	-
Provision for long-term employee benefits at end of year	14,251	13,058	12,910	10,032

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Cost of sales	932	693	787	638
Selling and administrative expenses	1,392	2,180	1,067	1,005
Total expenses recognised in profit or loss	2,324	2,873	1,854	1,643

The Company and its subsidiary expect to pay of long-term employee benefits during the next year by Baht 0.8 million (Separate financial statements: Baht 0.8 million) (2016: Nil, separate financial statements: Nil).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 7.22 -7.79 years (Separate financial statements: 7.22 years) (2016: 7.22 - 7.79 years, separate financial statements: 7.22 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.3 - 2.6	2.3 - 2.6	2.3	2.3
Future salary increase rate	4.0 - 5.0	4.0 - 5.0	4.0	4.0
Staff turnover rate	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(0.9)	1.1	(0.7)	0.8
Salary increase rate	1.3	(1.3)	1.0	(1.0)
Turnover rate	(1.0)	0.2	(0.7)	0.1

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(0.9)	0.9	(0.6)	0.7
Salary increase rate	1.0	(0.9)	0.8	(0.7)
Turnover rate	(0.9)	0.1	(0.7)	0.1

21. Share capital/Warrant

The warrants to buy ordinary shares of the Company No.1 ("WIHK-W1") ("Warrant") of not exceeding 99,979,334 units had been allocated to the existing shareholders, free of charge in a ratio of 1 warrant for every 3 existing ordinary shares. The warrants are to have an exercise price Baht 5 per share and a term of up to 3 years from the date they are issued and offered (The first exercise date is on 30 December 2015 and the last exercise date is on 15 June 2018).

The trading of the warrants to buy ordinary shares of the Company No.1 ("WIHK-W1") on the Stock Exchange of Thailand was approved on 30 June 2015.

As at 31 December 2017, the outstanding warrants to buy ordinary shares of the Company No.1 ("WIHK-W1") which did not exercise 99,963,136 units (2016: 99,963,136 units).

During March 2016, the Company received payment for the 75,000,000 additional ordinary shares with a par value of Baht 1 per share that were sold at a price of Baht 3 per share to two investors through private placements, or a total of Baht 225,000,000. The Company registered the increase in its paid-in capital with the Ministry of Commerce on 15 March 2016.

On 3 April 2017, the Annual General Meeting of the Company's shareholders passed resolution approved a decrease in the Company's registered capital from Baht 664,892,534 to Baht 474,917,334 by canceling the 189,975,200 unissued ordinary shares with a par value of Baht 1 each. The Company registered the decrease in its registered capital with the Ministry of Commerce on 7 April 2017.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

During the 2016, the Company set aside of Baht 3.32 million of the 2015 net profit to the statutory reserve.

As at 31 December 2016, the Company set aside of Baht 6.35 million of the 2016 net profit to the statutory reserve.

As at 31 December 2017, the Company set aside of Baht 3.47 million of the 2017 net profit to the statutory reserve.

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Salaries and wages and other employee benefits	125,428	123,862	107,732	99,427
Depreciation and amortization	48,320	30,063	30,460	23,464
Rental expenses from operating lease agreements	14,090	11,559	9,764	6,211
Raw materials and consumables used	667,629	787,072	665,869	787,072
Changes in inventories of finished goods and work in progress	(11,627)	(62,391)	7,702	(62,391)

24. Income tax

Income tax expenses (income) for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	3,561	262	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>5,205</u>	<u>(5,207)</u>	<u>4,875</u>	<u>(4,860)</u>
Income tax expenses (income) reported in the statement of comprehensive income	<u>8,766</u>	<u>(4,945)</u>	<u>4,875</u>	<u>(4,860)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax on actuarial gain (loss)	-	(60)	-	-
Total	<u>-</u>	<u>(60)</u>	<u>-</u>	<u>-</u>

The reconciliation between accounting profit and income tax expense is shown below.

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accounting profit before tax	99,026	128,810	74,316	122,115
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	19,805	25,762	14,863	24,423
Reversal (set up) of temporary differences on deferred tax for the year	507	(4,553)	76	(4,553)
Effects of:				
Promotional privileges (Note 25)	(11,460)	(23,523)	(10,569)	(23,593)
Dividends received are excluded from taxable profit	(224)	(160)	(224)	(160)
Non-deductible expenses	1,748	897	883	778
Additional expense deductions allowed	(1,610)	(3,368)	(154)	(1,755)
Total	(11,546)	(26,154)	(10,064)	(24,730)
Income tax expenses (income) reported in the statement of comprehensive income	8,766	(4,945)	4,875	(4,860)

The components of deferred tax assets are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful accounts	59	52	44	43
Allowance for diminution in value of inventories	4,124	2,944	4,124	2,944
Allowance for asset impairment	784	784	784	784
Provision for long-term employee benefits	2,850	2,611	2,582	2,006
Other provision	120	109	10	-
Unused tax loss	5,528	12,170	5,531	12,170
Total	13,465	18,670	13,072	17,947
Deferred tax liabilities				
Revaluation surplus of land	21,162	21,162	21,162	21,162
Total	21,162	21,162	21,162	21,162

25. Promotional privileges

The Company and its subsidiary have received promotional privileges from the Board of Investment. Subject to certain conditions, the significant privileges are as follow:

Details	Promotional certificate no.	
	7005(2)/ยพ./2546	60-0780-1-00-1-0
1. Promotional privileges for the manufacture of	Plastic or moulding with plastic (PE, PP and PB pipe and fittings)	Water supply for industry type 7.1.2 Industrial water supply/stream business
2. Promotional privileges		
2.1 Exemption of corporate income tax for net earnings from promotional activities of not exceeding 100% of investment, exclusive of land and working capital, and exemption of income tax on dividends paid from the profit of the operations throughout the period in which the corporate income tax is exempted.	8 years from the date the promoted operations commenced generating revenues (For corporate income tax which not exceed Baht 191,092,277)	6 years from the date the promoted operations commenced generating (For corporate income tax which not exceed Baht 53,500,000)
2.2 A fifty percent reduction of the normal rate of corporate income tax on net earnings derived from the promoted activity for a period of five years after the expiration of the above corporate income tax exemption period.	Granted	Granted
2.3 Two times deduction of transportation, electricity and water supply for corporate income tax purpose for a period of ten years commencing as from the date of earning operating income	Granted (expired)	Not granted
2.4 A twenty five percent deduction on investment in installation or construction of facilities, apart from normal depreciation deduction	Granted (expired)	Not granted
2.5 Permission to bring skilled or expert foreign workers into the Kingdom of Thailand for a period of time deemed appropriate by the BOI, together with their spouses and dependents.	Not granted	Granted

Details	Promotional certificate no.	
	7005(2)/ขย./2546	60-0780-1-00-1-0
2.6 Permission to allow the skilled or expert foreign workers permitted to enter Thailand under Section 25 to work, specifically in the positions approved by the BOI, for the period of time they are permitted to remain in the Kingdom of Thailand	Not granted	Granted
2.7 Exemption from import duties on machinery as permitted by the BOI	Not granted	Granted
3. Date of first earning operating income	12 November 2004	23 June 2017

The Company and its subsidiary' operating revenues for the years ended 31 December 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Sales and service income						
Domestic sales and service income	738,668	927,528	251,183	28,923	989,851	956,451
Export sales and service income	177,449	167,033	29,286	6,281	206,735	173,314
Total sales and service income	916,117	1,094,561	280,469	35,204	1,196,586	1,129,765

(Unit: Thousand Baht)

	Statements of financial position					
	Promoted operations		Non-promoted operations		Total	
	2017	2016	2017	2016	2017	2016
Sales and service income						
Domestic sales and service income	717,854	927,528	106,012	28,923	823,866	956,451
Export sales and service income	177,449	167,033	29,286	6,281	206,735	173,314
Total sales and service income	895,303	1,094,561	135,298	35,204	1,030,601	1,129,765

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

There is no calculation of diluted earnings per share for consolidated and separate financial statements for the year ended 31 December 2017 and 2016 since the exercise price of warrant exceeded the weighted average fair value during the year of the Company's ordinary shares.

27. 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.

For management purposes, the Company and its subsidiary are organised into business units based on its products and services and have two reportable segments as follows:

- The production distribution and pipe installation services segment is a part manufacture distribution and provide welding services for the product of high density polyethylene pipe and fittings, Low Density Polyethylene pipe, Polypropylene pipe, Polybutylene pipe, and Weholite Spiro pipe.
- The water management segment is a part which is water management, water distribution and water supply system, design construction and operation of water supply system.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiary' operating segments for the year ended 31 December 2017 and 2016 as follow.

(Unit: Thousand Baht)

For the year ended 31 December 2017	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
Revenue from external customers	1,092,315	104,272	1,196,587	-	1,196,587
Revenue between segments	23,369	-	23,369	(23,369)	-
Other income	17,399	75	17,474	(2,793)	14,681
Interest income	2,010	-	2,010	(1,341)	669
Total Revenue	1,135,093	104,347	1,239,440	(27,503)	1,211,937
Cost of sale and service	(878,972)	(56,243)	(935,215)	23,154	(912,061)
Selling expenses	(56,138)	-	(56,138)	258	(55,880)
Administrative expenses	(65,596)	(7,802)	(73,398)	13	(73,385)
Income tax expenses	(7,241)	(1,524)	(8,765)	-	(8,765)
Interest paid	(16,865)	(7,133)	(23,998)	733	(23,265)
Depreciation and amortisation	(31,961)	(15,851)	(47,812)	(508)	(48,320)
Total expenses	(1,056,773)	(88,553)	(1,145,326)	23,650	(1,121,676)
Segment profit	78,320	15,794	94,114	(3,853)	90,261

(Unit: Thousand Baht)

For the year ended 31 December 2016	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
Revenue from external customers	1,179,926	33,985	1,213,911	-	1,213,911
Revenue between segments	1,002	-	1,002	(1,002)	-
Other income	20,443	-	20,443	(474)	19,969
Interest income	3,619	-	3,619	(2,883)	736
Total Revenue	1,204,990	33,985	1,238,975	(4,359)	1,234,616
Cost of sale and service	(907,718)	(19,123)	(926,841)	1,110	(925,731)
Selling expenses	(72,021)	-	(72,021)	331	(71,690)
Administrative expenses	(56,216)	(4,036)	(60,252)	309	(59,943)
Income tax income	5,005	-	5,005	(60)	4,945
Interest paid	(15,517)	(3,500)	(19,017)	2,862	(16,155)
Depreciation and amortisation	(25,581)	(4,482)	(30,063)	-	(30,063)
Loss on impairment of assets	(2,224)	-	(2,224)	-	(2,224)
Total expenses	(1,074,272)	(31,141)	(1,105,413)	4,552	(1,100,861)
Segment profit	130,718	2,844	133,562	193	133,755

Major customers

For the year 2017, the Company and its subsidiary have revenue from 2 major customers in amount of Baht 235 million and Baht 136 million, arising from sales by the producing plastic pipes and fittings and providing related piping system design, welding and installation services. (For the year 2016, the Company and its subsidiary have revenue from two major customers in amount of Baht 151 million and Baht 88 million, arising from sales by the producing plastic pipes and fittings and providing related piping system design, welding and installation services.)

28. Provident fund

The Company and its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiary and their employees contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by BBL Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 3 million (2016: Baht 3 million) (The Company only: Baht 3 million 2016: Baht 2 million) to the fund.

29. Dividend payment

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2015	Annual General Meeting of the shareholders on 21 April 2016	41.24	0.11
Total for 2016		41.24	0.11
Final dividends for 2016	Annual General Meeting of the shareholders on 3 April 2017	74.99	0.20
Total for 2017		74.99	0.20

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2017, the Company and its subsidiary had capital commitments of approximately Baht 23.5 Million and US dollar 0.1 million, relating to the construction of water production system and the acquisition of machinery (2016: Baht 97.1 million and US dollar 0.3 million, relating to the construction of water production system and the acquisition of machinery) (The Company only: Baht 20.5 million and US dollar 0.1 million, relating to the acquisition of machinery (2016: Baht 12.1 million and US dollar 0.3 million, relating to the acquisition of machinery)).

30.2 Raw material and merchandise inventories purchase commitments

As at 31 December 2017, the Company and its subsidiary had raw material and merchandise inventories purchase commitments amounting to Baht 55.1 million (2016: Baht 244.9 million, relating to purchasing of raw material) (The Company only: Baht 55.1 million, relating to purchasing of raw material (2016: Baht 244.9 million, relating purchasing of raw material)).

30.3 Operating lease and service agreement commitments

The Company and its subsidiary have entered into several lease and service agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 3 and 5 years.

Future minimum payments required under these non-cancellable operating leases and service contracts were as follows.

(Unit: Million Baht)				
As at 31 December				
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	3.7	3.9	2.3	3.4
In over 1 and up to 5 years	0.5	1.5	0.3	1.3

30.4 Long-term service commitment

- (a) The Company entered into Licensing Agreement with Uponor Infra Ltd. for the products under WEHOLITE trademarked for a period of 5 years. The Licensing Agreement is for Licensing Fee and Royalty Fee. For the year ended 31 December 2017, the Licensing Fee and Royalty Fee was approximately Baht 3.2 million (2016: Baht 3.6 million).
- (b) On 17 May 2016, the subsidiary signed an agreement with a company (the Licensor) granting it a license to manage a water supply system, whereby the subsidiary is to manage operation of the water supply distributed to Siam Eastern Industrial Park for a period of 20 years from the first day the water supply system is operational (1 June 2016). The subsidiary has to pay to the Licensor compensation amounting to Baht 110 million and compensation for rental as stipulated in the agreement at Baht 1.2 million per annum for 20 years. The subsidiary is required to maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at its own expense. The Licensor agrees to purchase treated water that the subsidiary produces in a volume sufficient to meet the demand of its users at the price stipulated in the agreement, with minimum guaranteed purchases of 12,000 cubic meters per day and the subsidiary has to purchase raw water only from the licensor at the price stipulated in the agreement. Moreover, the subsidiary is also obliged to comply with certain provisions and conditions stipulated in the agreement.
- (c) On 21 October 2016, the subsidiary signed an agreement with a company (Employer) to design, construct and operate a potable water production system for Wellgrow Industrial Estate for a period of 20 years from the first day the water supply system is operational. Under the agreement, the subsidiary is responsible for the acquisition of machinery and equipment used in the production of potable water, including installation of potable water system and maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at its own expense. Moreover, the subsidiary is also obliged to comply with certain provisions and conditions stipulated in the agreement. Employer agrees to purchase treated water that the subsidiary produces in a volume to meet the demand of Employer at the price stipulated in the agreement, with minimum guaranteed purchases of 17,500 cubic meters per day. The subsidiary presented income at the minimum offtake quantities under service income in profit or loss for the year ended 31 December 2017.

30.5 Guarantees

- (a) As at 31 December 2017, the Company has guaranteed bank credit facilities of its subsidiary amounting to US dollar 1 million and Baht 312 million (2016: US dollar 1 million and Baht 188 million).
- (b) As at 31 December 2017 and 2016, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiary in respect of certain performance bonds as required in the normal course of business of the Company and its subsidiary. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Guarantee payment due to suppliers	35.9	35.9	35.8	35.8
Guarantee cash advance received from customer and retention	51.1	60.9	31.0	32.6
Guarantee contractual performance	37.5	19.7	34.3	16.6
Guarantee electricity use	4.9	4.7	4.2	4.2
	<u>129.4</u>	<u>121.2</u>	<u>105.3</u>	<u>89.2</u>

31. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiary had the asset that was measured at fair value, as follows:

(Unit: Thousand Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Financial assets measured at fair value				
Land (level 3)	105,811	105,811	105,811	105,811

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiary' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans to related party, deposits at bank with restrictions, other long-term investment, short-term loans, bills of exchange, trade and other payables, long-term loans and liabilities under finance lease

agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to related party. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiary also have a policy to obtain bank guarantees from its customers to secure the partial amounts of receivable balances and have exercised the letters of guarantee to reduce the overdue receivable balances and has implemented the credit risk insurance for some receivables since July 2014 to reduce more credit risk. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and short-term loans to related party as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiary' exposure to interest rate risk relates primarily to their cash at banks, bill of exchange and short-term and long-term loans. However, since most of the Company and its subsidiary' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December											
	Consolidated financial statements											
	Fixed interest rates				Floating		Non-interest		Total		Effective	
	Within 1 year		1 - 5 years		interest rate		bearing				interest rate	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(% per annum)											
Financial Assets												
Cash and cash equivalents	-	40	-	-	127	90	-	-	127	130	0.10 to 1.00	0.10 to 1.00
Trade and other receivables	-	-	-	-	-	-	361	328	361	328	-	-
Deposits at bank with restrictions	-	-	-	-	16	16	-	-	16	16	1.00	0.88
Other long-term investment	-	-	-	-	-	-	21	21	21	21	-	-
	-	40	-	-	143	106	382	348	525	494		
Financial liabilities												
Short-term loans	375	90	-	-	-	-	-	-	375	90	3.75 to 3.90	3.50 to 3.75
Bills of exchange	-	239	-	-	-	-	-	-	-	239	-	4.00
Trade and other payables	-	-	-	-	-	-	58	45	58	45	-	-
Long-term loans	-	-	-	-	167	83	-	-	167	83	4.85	4.85
Liabilities under finance lease agreements	3	2	6	6	-	-	-	-	9	8	0.21 to 20.35	0.21 to 4.66
	378	331	6	6	167	83	58	45	609	465		

(Unit: Million Baht)

	As at 31 December											
	Separate financial statements											
	Fixed interest rates				Floating		Non-interest				Effective	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(% per annum)											
Financial Assets												
Cash and cash equivalents	-	40	-	-	83	83	-	-	83	123	0.10 to 1.00	0.10 to 1.00
Trade and other receivables	-	-	-	-	-	-	283	285	283	285	-	-
Short-term loans to related party	-	103	-	-	-	-	-	-	-	103	-	4.10
Deposits at bank with restrictions	-	-	-	-	16	16	-	-	16	16	1.00	0.88
Other long-term investment	-	-	-	-	-	-	21	21	21	21	-	-
	-	143	-	-	99	99	304	306	403	548		
Financial liabilities												
Short-term loans	375	90	-	-	-	-	-	-	375	90	3.75 to 3.90	3.50 to 3.75
Bills of exchange	-	239	-	-	-	-	-	-	-	239	-	4.00
Trade and other payables	-	-	-	-	-	-	54	41	54	41	-	-
Liabilities under finance lease agreements	2	1	4	2	-	-	-	-	6	3	0.75 to 20.35	0.75 to 4.66
	377	330	4	2	-	-	54	41	435	373		

Foreign currency risk

The Company and its subsidiary' exposures to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.8	0.9	-	-	32.5146	35.6588
Philippine peso	1.1	-	1.1	-	0.6555	-

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.8	0.9	-	-	32.5146	35.6588
Philippine peso	1.1	-	1.1	-	0.6555	-

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

33. Capital management

The primary objective of the Company's capital management are to ensure that it has appropriate capital structure in order to support their businesses and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.84:1 (2016: 0.66:1) and the Company's was 0.63:1 (2016: 0.55:1).

34. Events after the reporting period

On 27 February 2018, a meeting of the Company's Board of Directors passed the following resolutions. These resolutions will be proposed for approval by the General Meeting of the Company's Shareholders.

- 1) Approved the appropriation of Baht 3.5 million of the 2017 net profit to the statutory reserve and the payment of a dividend of Baht 0.11 per share, or a total of Baht 41.2 million.
- 2) Approved the increase of the Company's registered capital from Baht 474,917,334 to be Baht 624,892,534 by issuing 149,975,200 new ordinary shares at par value of Baht 1 each to reserve the allocation of the newly issued ordinary shares offered via General Mandate and approved the allocation of not exceeding 149,975,200 new ordinary shares. The allocation details are as follows:

2.1 The allotment of not exceeding 112,481,400 ordinary shares to existing shareholders entitled to participate in right offering in proportion to their shareholding, or

2.2 The allotment of not exceeding 37,493,800 ordinary shares to specific investors under a Private Placement scheme.

After the allotment of new ordinary shares according to 2.1 and/or 2.2 the paid-up share of the Company shall totally increase not exceeding 30% of paid-up capital as of the date that the Company a Board of Directors approved the capital increase (not exceeding 112,481,400 shares). In the event that there is an allotment of newly issued shares to specific investors under a Private Placement scheme as detail in 2.2, the Company's paid-up shares shall increase not exceeding 10% of paid-up capital as of the date that the Company's Board of Director approved the capital increase (not exceeding 37,493,800 shares).

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2018.