



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

รายงานประจำปี 2561

ANNUAL REPORT 2018



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Message from the Board of Directors

The year 2018 was the year of change from external and internal factors which significantly impacted the Company's business operation. Pipeline installation business was adversely affected by delay in tendering processes of big pipe laying projects; bidding, contract signing, and pending to start the work after contract signing. Therefore, the revenue growth in this year did not meet the Company's expectation. Besides, cost of HDPE resin in 1st quarter – 3rd quarter increased due to high demand of HDPE resin in China. This led to increasing of the production cost of the Company.

The Company carefully considered all impacts when offering 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 2018, the Company was carefully dealing with this situation. It was shown from the backlog of HDPE pipe business at the end of 2018 which decreased by 21.02% 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 and expected high growth of demand of water from agricultural sector and industrial sector. 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 2018, revenue from this business increased by Baht 97.03 million or 92.99% from the previous year. This was from long-term (20 years) contracts to produce high quality water for 2 industrial estates and construction of tap water treatment plant and wastewater treatment plant for TFD 2 industrial estate, Bangpakong District, Chachoengsao Province. This is a related business which supports the core business and be able to generate stable long-term return.

In addition, on 4 January 2019 the WIHK group invested in WOG ITR Water Solution Company Limited ("WOG ITR") by purchasing ordinary shares of 48,571 shares with a par value of Baht 100 per share, representing 100% of the paid-up capital from the existing shareholders with the objective to get the right of providing service in accordance with the agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012, period of 30 years including ownership of the water treatment plant and other assets used in the business of WOG ITR. At present, such agreement remains 24 years which corresponds to the core business operation of the Company both in the short and long term and will support the subsidiary to be a leader in the water business as well as being the main strategy for expanding the recycled water

market. The company has successful experience in managing the similar technology in big capacity which makes the company differentiate from others.

This project is in a water shortage area due to the geographic problem. Therefore, the compensation per unit of water volume is quite high compared to other areas. Raw water sources in the area are quite rare and limited. Besides this project has been scrutinized and approved by the relevant government agencies. Therefore, the Board of Directors agreed that this is a suitable investment in accordance with the Company's investment policy which will promote and support the core business of the company to have sustainable growth.

In the year 2018, the WIHK group's total revenue is Baht 1,221.64 million, increased by 0.80% from the previous year. The net profit is Baht 12.30 million, decreased by Baht 77.96 million or 86.37% from the year 2017 which got Baht 90.26 million net profit. This is mainly from the decrease in PE pipe production and installation business as mentioned above.

In 2019, the Board of Directors and the Management considered that the backlog for HDPE pipe and fittings business of Baht 598.69 million and the water management business of Baht 169.78 million, the total value of backlog of Baht 768.47 million is 62% of total revenue in 2018. This can support the WIHK 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 and the Company was approved as a member of the Private Sector Collective Action Coalition against Corruption (CAC) on 5 November 2018. The certificate will be valid for 3 years from the date of approval. The company reviewed the good corporate governance policy, and improved quality and safety along with taking care of social, environment, and stakeholders in all sectors. We encouraged 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 supported long-term CSR activities such as joining the "Sports Field for Anti-Narcotics" project organized by the group of companies in Amata City Industrial Estate, Rayong province. We organized a fitness program for employees by being a member of a fitness club in the headquarter building, and organized sports events such as football and petanque etc. to encourage all employees to aware the benefit of exercise and joining a long-term healthy activity. Besides the company promoted good relationships within the organization by organizing activity "Wear sarong eat papaya salad" which promoted a healthy workplace (Happy Workplace) by making employees happy at work and preserving 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 Week & 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 who are working hard together for the Company. And hopefully in 2019, everyone will trust in us and together cooperate to create the growth of the Company.



Dr.Vichit Yamboonruang

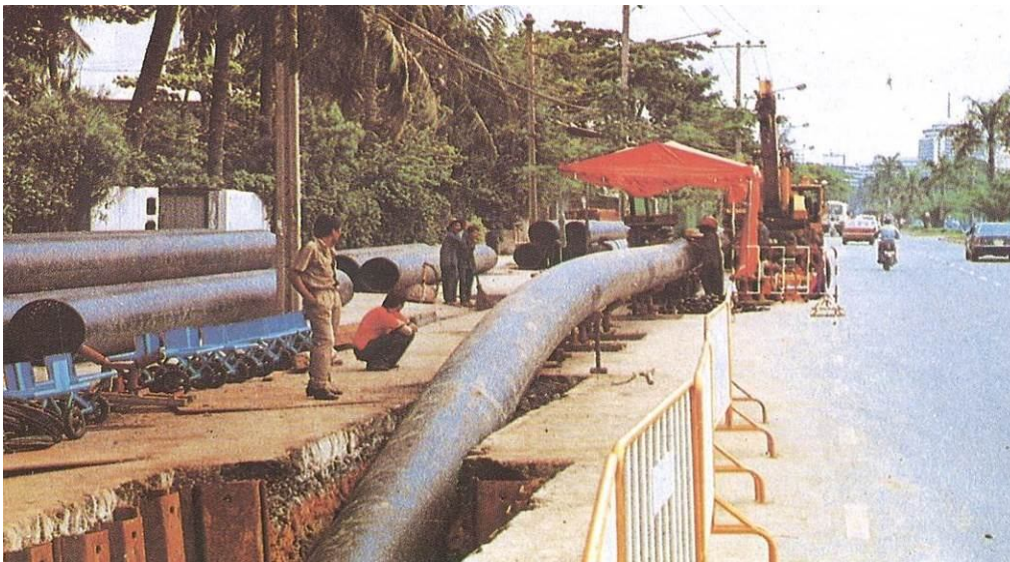
Chairman of the Board of Directors

Week & 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.
- Early 2019, Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary, invested in WOG ITR Water Solution Company Limited (“WOG ITR”) with the objective of acquiring the right to be a service provider in accordance with the agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012, period of 30 years including ownership of the water treatment plant and other assets used in the business of WOG ITR. At present, such agreement remains 24 years.

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.

Wiik Water Company Limited (WW) currently operates the water supply system for 3 Industrial Estate / government agencies such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province, (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province, and (3) Patong Municipality, Kathu District, Phuket Province. Including distribution of water supply system and integrated waste water treatment systems with modern technology and standard.

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 22, 2019, the Board of Directors' Meeting No. 2/2019 reviewed the Company's vision and mission as follows.

Vision

"Committed to continuous and sustainable growth in the PE pipe manufacturing and installation business including comprehensive water resource management"

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 ("WIJK-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 ("WIJK-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.

Year 2018

- ❖ On 27 April 2018, the Annual General Meeting of Shareholders 2018 approved the capital increase as general mandate of Baht 149,975,200 by issuing and allocating not more than 149,975,200 new ordinary shares with a par value of Baht 1 per share by the General Mandate as follows.
 - (1) Not exceeding 112,481,400 newly issued ordinary shares will be allocated to existing shareholders of the Company in proportion to their shareholding (Right Offering: RO)

- (2) Not exceeding 37,493,800 newly issued ordinary shares will be allocated to specific investors under a Private Placement scheme (Private Placement: PP)

The Company registered the capital increase with the Ministry of Commerce on 24 May 2018.

- ❖ On 15 June 2018, the last exercise date, 533 WIIG-W1 warrants were exercised to 533 ordinary shares by 2 warrant holders at a price of Baht 5 per share. On 29 June 2018, the Company registered the increase in its paid up share capital with the Ministry of Commerce.

Following such last exercise date of the WIIG-W1 warrants was 15 June 2018, and as result the 99,962,603 unexercised WIIG-W1 warrants still outstanding lost their status as securities listed on the Stock Exchange of Thailand, effective from 16 June 2018, and can no longer be exercised.

- ❖ On 13 December 2018, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions.

- Approved the cancellation of allocation of the newly issued ordinary shares offered via General Mandate not exceeding 149,975,200 new ordinary shares. Because the Company currently has sufficient funds to expand its business, so there is no need to raise capital by issuing and offering of such newly issued ordinary shares
- Approved the decrease in the Company's registered capital from Baht 624,892,534 to be Baht 374,938,533 by canceling the ordinary shares which had not been issued amounting to 249,954,001 shares at a par value of Baht 1 each as follows.

- (1) Ordinary shares reserved for the allocation of new ordinary shares by the General Mandate of 149,975,200 shares from the cancellation of the capital increase.
- (2) Ordinary shares reserved for the exercise of WIIG-W1 99,978,801 shares which was expired on June 16, 2018.

The Company registered the decrease in its registered capital with the Ministry of Commerce on 25 December 2018.

- Approved the issuance and allocation of warrants to buy ordinary shares of the Company No.2 ("WIIG-W2") ("Warrant") in the amount of not exceeding 124,979,511 units for free to the existing shareholders by determining the list of shareholders

entitled to receive the warrants on 21 December 2018 (Record date) at the ratio of 3 existing ordinary share for 1 unit of warrant. 1 unit of warrant can purchase 1 new ordinary share at a price of 5.00 Baht per share.

- Approved the increase of the Company's registered capital from Baht 374,938,533 to be Baht 499,918,044 by issuing 124,979,511 new ordinary shares at par value of Baht 1 each to reserve the exercise of the warrants to buy the ordinary shares of the Company No.2 ("WIHK-W2") in the amount of 124,979,511 shares. The Company registered the increase in its registered capital with the Ministry of Commerce on 28 December 2018.

2) Changes of debt issuance

Year 2016

- ❖ 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 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
Authorization	: 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.

The Company issued and sold short-term Bill of Exchange without collateral at the interest rate of 4% per year. As at December 31, 2018 the Company repaid to redeem the Company's bill of exchange in whole amount.

Year 2018

- ❖ On 14 June 2018, the Company issued and offered 150,000 units of unsecured debentures with a face value of 1,000 baht, a total value of 150 million baht with fixed interest rate of 6.0% per year by offering to a high-net-worth individual (HNWI) with 1 year period, matured on June 13, 2019. The objectives of using funds as (1) to be the Company's working capital and liquidity management or (2) to be source of funds for the water management project of Wiik Water Company Limited (WW), a 100% shareholding subsidiary.

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
WIik	<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.

Year 2019

❖ On 4 January 2019, Wiik Water Company Limited (WW), a 100% shareholding subsidiary purchased ordinary shares of WOG ITR Water Solution Company Limited (“WOG ITR”) of 48,571 shares with a par value of Baht 100 per share, representing 100% of the paid-up

capital from the existing shareholders amount of Baht 35 million and provide financial assistance to WOG ITR of Baht 265 million (after becoming a subsidiary) to pay the following:

- (1) To repay loans and interest from WOG Technologies (Thailand) Company Limited ("WOG THAI") (The Existing shareholder) amount of Baht 42 million.
- (2) To repay creditors arising from the purchase of assets used in WOG ITR's business operations to WOG Technologies (Thailand) Company Limited ("WOG THAI") at a total price of Baht 223 million (VAT included).

❖ On 23 January 2019, the Extraordinary General Meeting of Shareholders No.1/2019 of WOG ITR Water Solution Company Limited (WOG ITR) (a Subsidiary), approved the following.

- (1) Approved an increase of Baht 55,750,000 in the registered capital, from Baht 4,857,100 to Baht 60,607,100, by issuing 557,500 new ordinary shares at a par value of Baht 100 per share to comply with the conditions of the Board of Investment including making a strong capital base and enhancing the liquidity of future business of that company. The shares are required the first capital paid-up 50 percent of the new registered capital and the payment for the remainder will be requested by the Board of Director upon the necessity.
- (2) Approved the amendment of the head office as follows:

Former 75/87 Ocean Tower 2, 33rd Floor, Soi Sukhumvit 19 (Wattana), Sukhumvit Road, Khlong Toei Nuea, Wattana, Bangkok 10110.

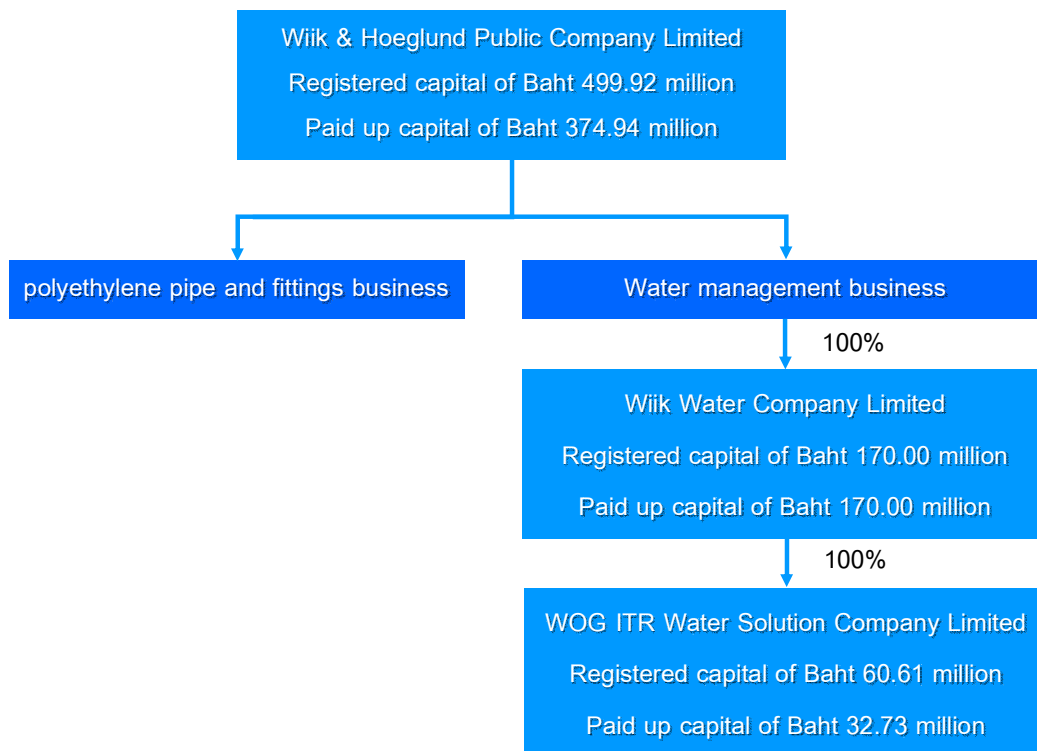
New 90 CW Tower B, 21st Floor, Ratchadapisek Rd., Huaykwang, Huaykwang, Bangkok 10310.

1.5 Shareholding Structure of the Group

As at 1 March 2019, 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 subsidiaries

(1) 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	2018	2017	2016	2015
Total assets	634.59	439.12	272.84	58.74
Total liabilities	386.63	215.18	213.97	38.20
Shareholders' Equity	247.96	223.94	58.87	20.54
Debt to equity ratio	1.56	0.96	3.63	1.86
Total revenue	202.90	191.51	86.32	52.57
Net profit	24.01	24.67	6.59	2.28
Earnings per share	14.12	14.51	13.17	12.52

(2) WOG ITR Water Solution Company Limited

❖ Shareholding

Wiik Water Company Limited (WW) is a major shareholder in 100% shareholding.

❖ Nature of Business

Operates tap water production business with ultra filtration and reverse osmosis systems.

❖ Financial Highlights

Million Baht	2018 (Management statement)	2017 (Audited)
Total assets	264.09	36.08
Total liabilities	268.55	42.86
Shareholders' Equity	(4.46)	(6.78)
Total revenue	16.88	7.58
Net profit	0.99	(0.27)
Earnings per share	20.38	(5.55)

2. Type of Business

2.1 Revenue Structure

Revenue from business operations of the Company and subsidiaries during the year 2016 – 2018 could be classified by business segment as follows.

Product line / Business Group	Operated by	%	Revenue (Million Baht)					
			2018	%	2017	%	2016	%
1. Revenue from pipe production and distribution business	WIik	-						
1.1 Sales	WIik WATER	100%	915.67	74.95	1,016.25	83.85	1,129.09	91.45
1.2 Installation income			112.77	9.23	76.07	6.28	50.83	4.12
1.3 Transportation services income			11.23	0.92	8.23	0.68	15.67	1.27
Total			1,039.67	85.10	1,100.55	90.81	1,195.59	96.84
2. Revenue from water management business	WIik WATER	100%						
2.1 Revenue from production and distribution of tap water			97.75	8.00	80.71	6.66	33.99	2.75
2.2 Revenue from sale and installation of tap water production system			76.73	6.28	23.56	1.94	-	0.00
Total			174.48	14.28	104.27	8.60	33.99	2.75
3. Other income of the WIik Group	WIik	-						
3.1 Dividend income	WIik WATER	100%	1.66	0.14	1.12	0.09	0.80	0.06
3.2 Interest income			1.77	0.14	0.67	0.06	0.74	0.06
3.3 Others			4.06	0.33	5.33	0.44	3.50	0.28
Total			7.49	0.61	7.12	0.59	5.04	0.40
Grand total			1,221.64	100.00	1,211.94	100.00	1,234.62	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="190 268 683 300">(2) Structured Wall HDPE pipe (Weholite)</p>    	<p data-bbox="772 268 1422 1236">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="772 1276 1176 1300">Internal diameter 300 mm - 3500 mm.</p>	<ul data-bbox="1456 271 1825 726" 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 Polyethylene (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 ● Retention 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 protective sheath for covering cables,</p>	<p>High Density Polyethylene pipe for Phone Cable and Cable Conduit.</p>

Products & Services	Qualification	The usage
<p>(5) HDPE Pipe Welding Service; inclusive of pipeline installation service</p> 	<p>telephone lines and cables Fiber Optic.</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 R&D department will develop HDPE pipes and fittings from normal standard type to special type which is suitable for each type of use. It also increases the potential to compete with competitors in the same industry and increase the opportunity to sell to replace other materials such as steel pipe, concrete pipe, and GRP pipe.

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 companies who have 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 2018

In 2018, 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 19 customers. The average score of customer satisfaction was 4.4 as follows.

Customer Requirement			Satisfaction Mean
Personnel	1	Salespersons have the knowledge, understanding, answer questions about pipe products and equipment.	4.6
	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.	4.4
	8	Delivery department coordinate delivery of products efficiently.	4.4
	9	Delivery is complete and accurate, no damage was found during transportation	4.4
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.	4.2

Note Satisfaction score has a maximum score of 5 each.

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		2018				2017				2016			
		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	14,457.80	59.08	3.92	24,470.00	13,912.65	56.86	(13.53)	23,350.00	16,089.90	68.91	10.61
WEHOLITE PIPE	(ton)	4,030.00	557.06	13.82	(24.15)	4,030.00	734.43	18.22	(39.30)	4,030.00	1,209.99	30.02	12.33
HDPE BEND	(piece)	5,400.00	2,877.00	53.28	(11.12)	5,400.00	3,237.00	59.94	(3.29)	5,400.00	3,347.00	61.98	18.10
HDPE TEE	(piece)	3,600.00	1,252.00	34.78	9.44	3,600.00	1,144.00	31.78	(64.17)	3,600.00	3,193.00	88.69	69.03
STUBEND	(piece)	13,500.00	8,746.00	64.79	(11.41)	13,500.00	9,872.00	73.13	(22.10)	13,500.00	12,672.00	93.87	17.93
REDUCER	(piece)	2,000.00	527.00	26.35	(4.87)	2,000.00	554.00	27.70	(33.25)	2,000.00	830.00	41.50	93.02
WEHOTANK	(tank)	96.00	24.00	25.00	(25.00)	96.00	32.00	33.33	18.52	96.00	27.00	28.13	237.50
SPECIAL FITTINGS	(piece)	15,000.00	6,009.00	40.06	(9.58)	15,000.00	6,646.00	44.31	(13.21)	15,000.00	7,658.00	51.05	(39.29)

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 2018, a 97% 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.

Wiik Water Company Limited (WW) currently operates the water supply system for 3 Industrial Estate / Government Agencies such as (1) Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province, (2) Wellgrow Industrial Estate Homsil Sub-district, Bangpakong District, Chachoengsao Province, and (3) Patong Municipality, Kathu District, Phuket 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>

Customers	Products and Services	system
<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>On October 1, 2018, the minimum volume of water was revised to 17,000 cubic meters per day.</p> <p><u>Start of commercial operation</u> 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>
<p>(3) Patong Municipality Kathu District, Phuket Province</p> 	<p>The agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012, period of 30 years.</p>	<p>Ultra Filtration /Reverse Osmosis Membrane system</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.
- Patong Municipality, Kathu District, Phuket Province with the agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012, period of 30 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, 2018.

(Million Baht)	Dec 31, 2018	Dec 31, 2017
Sales and installation of the pipeline business group	598.69	758.07
Water management business group (Only amount to be recognized in year 2019)		
▪ Sales and service of water supply	144.22	97.55
▪ Installation of water production systems and construction of turnkey water treatment systems	25.56	64.90
Total	768.47	920.52

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 WIIK-W2

On 13 December 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 approved the issuance of Warrant to Purchase Ordinary Share of the Company No. 2 (WIIK-W2) of not exceeding 124,979,511 units to the Company's existing shareholders which can allocated WIIK-W2 total of 124,971,656 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, 2019 and the last exercise date is January 2, 2022) and allowed to make a trading in the Stock Exchange of Thailand on 21 January 2019.

However, on 22 February 2019, the Board of Directors Meeting No. 2/2019 approved to propose to the General Meeting of Shareholders to approve the allocation of profit to be statutory reserve amount of Baht 3,880,943 and Baht 0.197 per share of dividend payment from retained earnings by paying dividends in the form of cash and stock dividends to the Company's shareholders. The number of ordinary shares that are entitled to receive dividends, is total of 374,938,533 shares with details of dividend payment as follows:

- (1) Paying in cash at a rate of Baht 0.03 per share, total of Baht 11,248,156.
- (2) Paying as stock dividend to the Company's existing shareholders at the rate of 6 existing shares per 1 stock dividend by total stock dividend of 62,489,756 shares with a par value of 1 Baht each, total of Baht 62,489,756 representing the stock dividend payment at the rate of Baht 0.167 per share. In the event that any shareholder has the fraction of the existing shares after the allocation of the stock dividend, determined to pay cash dividend instead of paying stock dividend at the rate of Baht 0.167 per share.

And approved the designation of May 2, 2019 as the day of the rights of shareholders ("Record Date") to receive dividends, such dividend payments will be paid to shareholders on May 22, 2019. *(The Company determined the record date for the right to receive dividend in advance. However such*

rights of the Company are uncertainty because of it need to be approved by the meeting of shareholders.)

The approval of the dividend payment mentioned above affects the right adjustment of the warrants to purchase ordinary shares of the Company No. 2 (WIik-W2) in accordance with the requirements of clause 4.2 (d), page 15; the Company pays dividends, in whole or in part, in form of ordinary shares to shareholders of the Company and clause 4.2 (e), page 16; the Company pays dividends in excess of 60% of its net profit according the separate financial statements after tax in any accounting period during the tenor of the Warrants, whether it is paid from the net profit or retained earnings.

Terms and conditions require the Company to adjust the exercise price and the exercise ratio of the warrants to protect the rights of warrant holders (WIik-W2). The adjustment of the Exercise Price and the Exercise Ratio shall have an immediate effect from the first day that the subscribers of the ordinary shares do not have the right to receive dividends (the first day that the SET posts an “XD” signage or April 30, 2019). The Company shall notify the results of the adjustment to Warrant Holders through the Stock Exchange of Thailand electronic information system within 9:00 am of the date the rate and exercise price are effective (April 30, 2019).

If all WIik-W2 holders do not exercise or partial exercise, it may impact to the Company's working capital. However the last exercise date is January 2, 2022, the Company expects that is a period which we can create the performance with growing steadily and reflect on the price of ordinary shares which trade on the SET timely with decision to exercise of the WIik-W2.

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	: WIik
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
Branch Location	: Benitez Apartments, National Road, Poblacion, Danao City, Cebu, Republic of the Philippines 6004

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	: 499,918,044 Baht
Paid up Capital	: 374,938,533 Baht
Number of paid up shares	: 374,938,533 shares
Par value	: 1.00 Baht
Accounting period	: 1 January - 31 December

2) General information of Subsidiaries

(1) Name	: Wiik Water Company Limited
Head office	: 90 CW Tower B, 21st Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310
Branch location 1	: 60/129 Moo 3 Mab Yang Porn Sub-district, Pluak Daeng District, Rayong Province 21140
Branch location 2	: 371 Soi Bangna-Trad 12, Bangna Sub-district, Bang Na District, Bangkok 10260
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 02-398-9031 Fax 02-398-9031 Ext 7
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</u> named WH Pipe (Thailand) Company Limited
(2) Name	:	WOG ITR Water Solution Company Limited
Head office	:	90 CW Tower B, 21st Floor, Ratchadapisek Road, Huaykwang, Bangkok 10310
Nature of Business	:	Production of tap water with ultra filtration and reverse osmosis systems.
Contact numbers	:	Telephone 02-398-9031 Fax 02-398-9031 Ext 7
Registered Capital	:	60,607,100 Baht
Paid up Capital	:	32,732,100 Baht
Number of paid up shares	:	606,071 shares
Par value	:	100 Baht
Shareholding	:	100% by Wiik Water Company Limited
Related status	:	Subsidiary
Note	:	<u>Formerly</u> named ITR Water Solution 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	:	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 0777,+66 2661 9190 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, 2018 as follows.

- Registered capital 499,918,044 Baht divided into
Ordinary shares of 499,918,044 shares
Par value of Baht 1.00 per share
- Paid-up capital 374,938,533 Baht divided into
Ordinary shares of 374,938,533 shares
Par value of Baht 1.00 per share

5.2 Shareholders

As at 21 December 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	60,923,300	16.25
2.	Mr. Palit Chuankajompong	Thai	35,000,000	9.33
3.	Thai NVDR Co., Ltd.	Thai	23,390,695	6.24
4.	Mrs. Methinee Boonyaworamethee	Thai	8,000,000	2.13
5.	Mr. Anuchit Jirasetthapattana	Thai	7,760,600	2.07
6.	Mr. Wirote Jiratthitjarern	Thai	6,960,000	1.86
7.	Mr. Anurak Boonsawang	Thai	6,465,000	1.72
8.	Mr. Vichian Srimuninnimit	Thai	4,906,400	1.31
9.	Mrs. Mondhira Padungrat	Thai	4,500,000	1.20
10.	Mr. Kiat Srijomkhwan	Thai	4,329,900	1.15
	Total		162,235,895	43.27

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 21 December 2018, the Company has distribution of shares as follows.

Distribution of shares by nationality

Shareholder	Number of Shareholder	Total number of shares	%
Thai shareholders	3,231	373,790,233	99.69
Foreign shareholders	14	1,148,300	0.31
Total	3,245	374,938,533	100.00

Distribution of shares by proportion of holding

Shareholder	Number of Shareholder	Total number of shares	%
Shareholders holding more than 0.5%	27	209,112,695	55.77
Shareholders holding not more than 0.5% but not less than one trading unit	3,088	165,825,093	44.23
Shareholders holding less than one trading unit.	130	745	0.00
Total	3,245	374,938,533	100.00

Note 1 Trading Unit = 100 shares

5.3 Other Securities

1) Warrant to Purchase Ordinary Share of the Company 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.

On 15 June 2018, the last exercise date, 533 WIIG-W1 warrants were exercised to 533 ordinary shares by 2 warrant holders at a price of Baht 5 per share. On 29 June 2018, the Company registered the increase in its paid up share capital with the Ministry of Commerce.

Following such last exercise date of the WIIG-W1 warrants was 15 June 2018, and as result the 99,962,603 unexercised WIIG-W1 warrants still outstanding lost their status as securities listed on the Stock Exchange of Thailand, effective from 16 June 2018, and can no longer be exercised.

2) Warrant to Purchase Ordinary Share of the Company No. 2 (WIIG-W2)

On 13 December 2018, the Extraordinary General Meeting of Shareholders No. 1/2018 approved the issuance of Warrant to Purchase Ordinary Share of the Company No. 2 (WIIG-W2) in the amount of not exceeding 124,979,511 units without charge to the existing shareholders of the Company whose names appear in the registration book of shareholders as at 21 December 2018 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. 2 (WIIG-W2) to the existing shareholders of the Company total of 124,971,656 units and allowed to make a trading in the Stock Exchange of Thailand on 21 January 2019. The remaining 7,855 units were 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, 2019 and the last exercise date is January 2, 2022). 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.

However, on 22 February 2019, the Board of Directors Meeting No. 2/2019 approved to propose to the General Meeting of Shareholders to approve the allocation of profit to be statutory reserve amount of Baht 3,880,943 and Baht 0.197 per share of dividend payment from retained earnings by paying dividends in the form of cash and stock dividends to the Company's shareholders. The number

of ordinary shares that are entitled to receive dividends, is total of 374,938,533 shares with details of dividend payment as follows:

- (1) Paying in cash at a rate of Baht 0.03 per share, total of Baht 11,248,156.
- (2) Paying as stock dividend to the Company's existing shareholders at the rate of 6 existing shares per 1 stock dividend by total stock dividend of 62,489,756 shares with a par value of 1 Baht each, total of Baht 62,489,756 representing the stock dividend payment at the rate of Baht 0.167 per share. In the event that any shareholder has the fraction of the existing shares after the allocation of the stock dividend, determined to pay cash dividend instead of paying stock dividend at the rate of Baht 0.167 per share.

And approved the designation of May 2, 2019 as the day of the rights of shareholders ("Record Date") to receive dividends, such dividend payments will be paid to shareholders on May 22, 2019. *(The Company determined the record date for the right to receive dividend in advance. However such rights of the Company are uncertainty because of it need to be approved by the meeting of shareholders.)*

The approval of the dividend payment mentioned above affects the right adjustment of the warrants to purchase ordinary shares of the Company No. 2 (WIHK-W2) in accordance with the requirements of clause 4.2 (d), page 15; the Company pays dividends, in whole or in part, in form of ordinary shares to shareholders of the Company and clause 4.2 (e), page 16; the Company pays dividends in excess of 60% of its net profit according the separate financial statements after tax in any accounting period during the tenor of the Warrants, whether it is paid from the net profit or retained earnings.

Terms and conditions require the Company to adjust the exercise price and the exercise ratio of the warrants to protect the rights of warrant holders (WIHK-W2). The adjustment of the Exercise Price and the Exercise Ratio shall have an immediate effect from the first day that the subscribers of the ordinary shares do not have the right to receive dividends (the first day that the SET posts an "XD" signage or April 30, 2019). The Company shall notify the results of the adjustment to Warrant Holders through the Stock Exchange of Thailand electronic information system within 9:00 am of the date the rate and exercise price are effective (April 30, 2019).

As at 21 January 2019 the remaining Warrant to Purchase Ordinary Share of the Company No. 2 (WIHK-W2) which is not exercise is 124,971,656 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	2017	2016	2015	2014-2011
Earnings per share	0.19	0.34	0.22	loss
Dividend per share	0.11	0.20	0.11	omitted
Dividend to earnings ratio (%)	59.39	59.06	51.12	N/A

Dividend Policy of subsidiaries

1) Wiik Water Company Limited

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.

2) WOG ITR Water Solution Company Limited

As articles of association of WOG ITR Water Solution 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, 2018 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.Vichien Tangudtaisuk	Director
4.	Miss Rewadee Whanchid	Director
5.	Mr. Karn Siriphatras	Director
6.	Miss Pranee Rattakam	Independent Director
7.	Mr.Theera Phetmalaigul	Independent Director
8.	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, 2018, the Company had total of 8 directors which consists of 3 Executives Directors, 2 outside director who are not employee of the Company and 3 independent Directors which is 37.50% 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 2018, the Company provided the Board of Directors meeting of 6 times, the Audit Committee meeting of 4 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		Note
		Number of meeting	Number of attending	
Dr. Vichit Yamboonruang	Board of Directors	6	6	-
Mr. Wiboon Sangwithayanon	Board of Directors	6	6	-
	Executive Committee	10	10	-
Miss Rewadee Whanchid	Board of Directors	6	6	-
	Executive Committee	10	10	-
Mr. Vichien Tangudtaisuk	Board of Directors	6	6	-
Mr. Karn Siriphatras	Board of Directors	2	2	Appointed 10 Aug 2018
	Executive Committee	10	10	-
Miss Pranee Rattakam	Board of Directors	6	5	Leave a meeting on 10 Aug 2018 because of another mission.
	Audit Committee	4	3	
	Nomination and Remuneration Committee	2	1	
Mr. Theera Phetmalaigul	Board of Directors	6	4	Leave for the meeting 27 Feb 2018 and 12 Oct 2018 because the others mission.
	Audit Committee	4	3	Leave a meeting on 27 Feb 2018 because of another mission.
	Nomination and Remuneration Committee	2	1	
Mr. Tatchapong Thamputhipong	Board of Directors	6	6	-
	Audit Committee	4	4	-
	Nomination and Remuneration Committee	2	2	-
Mr. Burin Kunatippapong	Board of Directors	3	3	Resigned 1 June 2018
Asst.Prof.Dr. Pakdee Manaves	Board of Directors	6	6	Resigned 16 Nov 2018

7.2 Executives

As at December 31, 2018 management team of Wiik & Hoeglund Public Company Limited has 10 executives as follows.

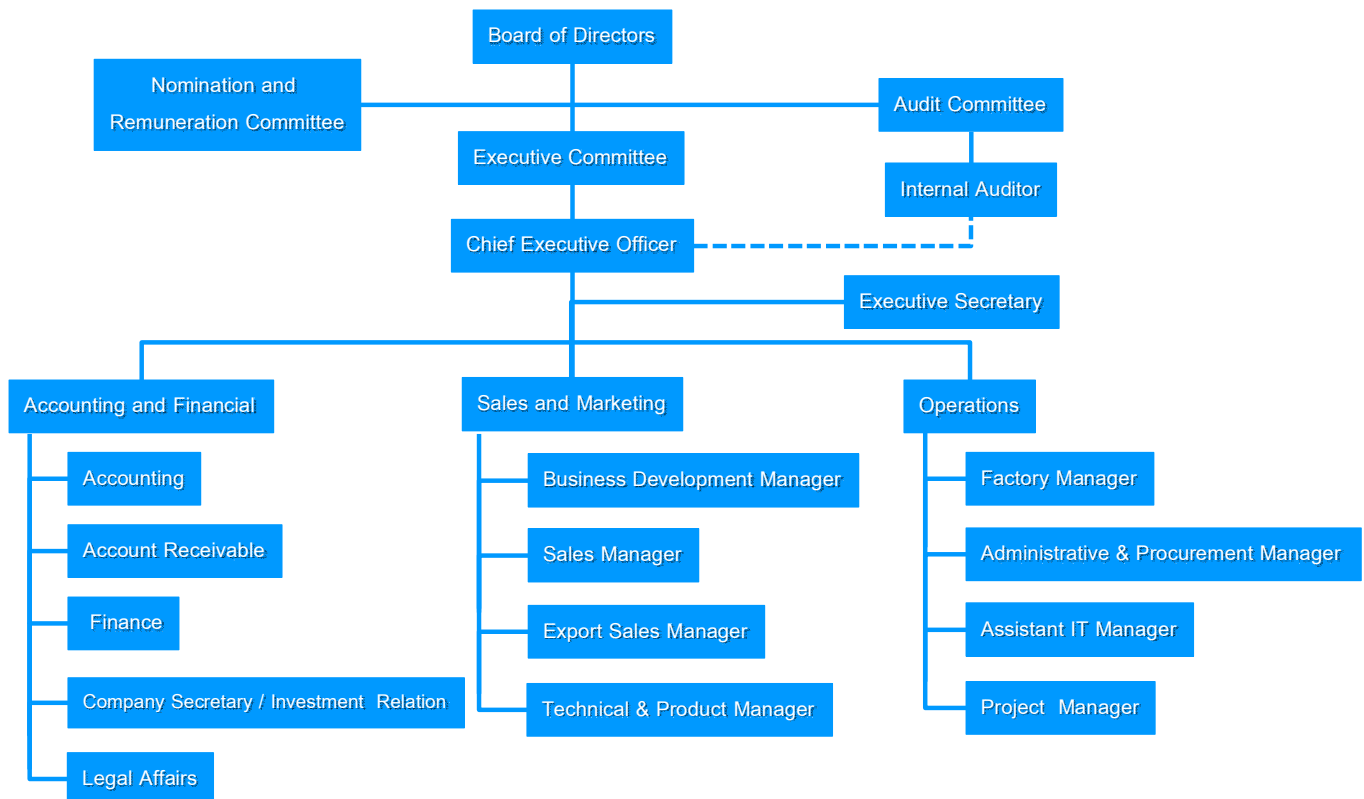
List of Executives	Position
1. Mr. Wiboon Sangwithayanon	Chief Executive Officer
2. Miss Rewadee Whanchid	Executive Committee
3. Miss Chinanut Jariyarudeechai	Chief Financial Controller
4. Mr. Peerapon Thantranon	Sales Manager
5. Mrs. Sasiwimon Wirojchewan	Administrative & Procurement Manager
6. Miss Jarunee Anansuksakun	Technical & Product Manager
7. Mr. Arom Petchmanee	Factory Manager

List of Executives	Position
8. Mr. Krisnat Busapavanij	Export Sales Manager
9. Miss Parichart Wongwiwat	Business Development Manager
10. Mr. Panao Intrapphan	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, 2018



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 2018 on April 27, 2018 approved the Directors' remuneration for the year 2018 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	120,000	200,000	680,000
Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	-	-	-	-
Miss Rewadee Whanchid	Director / Executive Committee	-	-	-	-
Mr. Karn Siriphatras	Director / Executive Committee	-	-	-	-

List of Directors	Position	Remuneration (Baht)			
		monthly remuneration	attendance fee	Bonus	Total
Mr.Vichien Tangudtaisuk	Director	300,000	90,000	150,000	540,000
Miss Pranee Rattakam	Independent Director / Chairman of the Audit Committee	360,000	75,000	170,000	605,000
Mr.Theera Phetmalaigul	Independent Director / Audit Committee	300,000	60,000	150,000	510,000
Mr.Tatchapong Thamputhipong	Independent Director / Audit Committee	300,000	90,000	150,000	540,000
Mr.Burin Kunatippapong *	Director	125,000	45,000	-	170,000
Asst.Prof.Dr. Pakdee Manaves **	Independent Director	275,000	90,000	-	365,000
Total		2,020,000	570,000	820,000	3,410,000

Note * Mr.Burin Kunatippapong resigned from Director on 1 June 2018

** Asst.Prof.Dr. Pakdee Manaves resigned from Independent Director on 16 November 2018

(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 2018, the Board of Directors approved the budget and target for the year 2018 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 22,217,557.00 as follows.

Executives remuneration	Fiscal year 2018		Fiscal year 2017		Fiscal year 2016	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Salary	10	17,553,907.00	10	16,480,808.00	9	14,813,554.44
Bonus	10	2,762,202.00	10	4,048,103.00	9	5,766,810.00
Provident Fund	10	772,512.00	10	724,896.00	9	649,724.00

Executives remuneration	Fiscal year 2018		Fiscal year 2017		Fiscal year 2016	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Social Security Fund	10	81,000.00	10	78,000.00	9	72,000.00
Post-employment benefits	10	1,047,936.00	10	893,587.33	9	790,903.00
Total	10	22,217,557.00	10	22,225,394.33	9	22,092,991.44

2) Other remuneration

In 2018, the Company paid other remuneration consisted of executive cars, driver, and petrol expenses to 8 executives totaling Baht 2,157,292.78 as follows.

Other remuneration	Fiscal year 2018		Fiscal year 2017		Fiscal year 2016	
	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)	Number of Executives	Amount (Baht)
Executive Cars	5	1,158,463.55	3	676,863.55	2	438,463.55
Driver	1	337,584.00	1	317,891	1	358,394
Petrol expenses	8	661,245.23	8	614,981.85	7	493,748.36
Total	8	2,157,292.78	8	1,609,736.40	7	1,290,605.91

7.5 Personnel

1) Number of employees

As at December 31, 2018 the Company and its subsidiaries had total staff (excluding Executives) of 275 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 117.03 million.

Primary line	Number of employees (person)		
	The Company	Wiik Water Co.,Ltd. (Subsidiary)	WOG ITR Water Solution Co.,Ltd. (Subsidiary)
Administrative & Procurement	16	12	-
Accounting	16	6	-
Domestic Sales	15	-	-
Business Development	3	6	-
Export Sales	2	-	-
Engineering and Maintenance	11	9	-
Pipe Production	45	-	-
Fitting Production	32	-	-
Store	18	-	-
Quality Control	13	2	-

Primary line	Number of employees (person)		
	The Company	WEEK Water Co.,Ltd. (Subsidiary)	WOG ITR Water Solution Co.,Ltd. (Subsidiary)
Research and development	3	-	-
Technical and Product	1	6	-
Information technology	2	-	-
Welding & Installation	46	-	-
Water Production	-	11	-
Total	223	52	-
Employees remuneration (Million Baht)	94.37	22.66	-

Note WOG ITR Water Solution Co.,Ltd. has no regular staff because using temporary staff from the outsource.

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 2018, the Company organized training / seminars to develop the knowledge and skills of employees as follows.

No.	Course	Number of participants	Place	Expenses (Baht)
1	Impressive phone use	1	external	2,600.00
2	Creating safety awareness with 5S or activities	101	internal	8,692.00
3	Reading and analyzing financial statements	1	external	3,600.00
4	Happy Workplace Forum Innovation for creating happiness year 3	1	external	-
5	Insights into purchasing / hiring contracts	1	external	3,900.00
6	Letter of Receivables and Checks	1	external	5,140.19
7	Safety consciousness	11	internal	1,838.97
8	Presentation Skill	1	external	5,500.00

No.	Course	Number of participants	Place	Expenses (Baht)
9	TFRS Year 2019	3	external	15,420.97
10	Safety consciousness	10	internal	3,483.97
11	Techniques for conquering B2B sales	3	external	9,585.00
12	Create sales over the target, adjust the compensation to motivate sales team	1	external	27,285.00
13	Preparation of effective employee orientation program, Class 35	1	external	3,500.00
14	Adjust HR and Training according to ISO 9001: 2015 and ISO 14001: 2015	1	external	3,500.00
15	TFRS 16 Lease Agreement	1	external	5,140.19
16	Financial operations and internal control of financial and cashier jobs	1	external	4,000.00
Total		139		103,186.29

- (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 Company Secretary or 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. The Central Labor Court made an appointment on 28 March 2018 and the Subsidiary withdraw the lawsuit against the defendant because the defendant had mediation and the case can be agreed.

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 2018 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 2018 corporate governance assessment conducted by the Thai Institute of Directors Association (IOD), the Company's overall score was 86% ("Very good"), up from last year's score of 79%, higher than the average level of 81% based on the survey of 657 listed companies.

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 2018, 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 2018, the Company held the Annual General Meeting of Shareholders 2018 on April 27, 2018 and during the year had the Extraordinary General Meeting of Shareholders No.1/2018 on December 13, 2018. The Company has complied with the good corporate governance principles as follows:

The Annual General Meeting of Shareholders 2018**(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 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 2018 (2) Form for proposing agenda for the Annual General Meeting of Shareholders 2018 (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.

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 27, 2018 to informed the Shareholders 58 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 2017
- Annual Report and Financial Statements for the year 2017 (CD-ROM)
- Information of the directors retiring by rotation and proposed to be re-elected
- Capital increase report form (F53-4)
- 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 15 days since April 12, 2018 and also advertised in newspapers 3 consecutive days before the meeting from 9-11 April 2018 as well as published the notice of the Annual General Meeting of Shareholders 2018 with supporting documents on the Company's website www.wiik-hoeglund.com since March 23, 2018.

(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 2018 on April 27, 2018. There were 7 directors attended the meeting as follows:

- | | |
|----------------------------------|--|
| 1) Dr. Vichit Yamboonruang | Chairman of the Board of Directors |
| 2) Miss Pranee Rattakam | Independent Director / Chairman of the Audit Committee |
| 3) Mr. Theera Phetmalaigul | Independent Director / member of the Audit Committee |
| 4) Mr. Tatchapong Thamputthipong | Independent Director / member of the Audit Committee |
| 5) Mr. Vichien Tangudtaisuk | Director |
| 6) Miss Rewadee Whanchid | Director and member of the Executive Committee |
| 7) Mr. Wiboon Sangwithayanon | Director and Chief Executive Officer |

In addition, Chief Financial Controller, 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 2018.

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 2018 to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of

Business Development, Ministry of Commerce on May 9, 2018 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 Minority shareholders (Free Float) in accordance with the requirements of the Stock Exchange of Thailand. That was, as at March 13, 2018, on which the shareholders register book was closed to determine entitlements to attend the 2018 shareholders meeting, the Company's shares held by Minority shareholders (Free Float) accounted for 74.50%.

The Extraordinary General Meeting of Shareholders No.1/2018

(1) Before the 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 November 9, 2018 to informed the Shareholders 33 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 2018
- Preliminary Details of the Warrants to Purchase Ordinary Shares of Wiik & Hoeglund Public Company Limited No.2 (WIHK-W2)
- Capital increase report form (F53-4)
- 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 13 days since 30 November 2018 and also advertised in newspapers 3 consecutive days before the meeting from 28-30 November 2018 as well as published the notice of the Extraordinary General Meeting of Shareholders No.1/2018 with supporting documents on the Company's website www.wiik-hoeglund.com since 22 November 2018.

(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 Extraordinary General Meeting of Shareholders No.1/2018 on 13 December 2018. There were 7 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. Vichien Tangudtaisuk | Director |
| 5) | Mr. Karn Siriphatras | Director and member of the Executive Committee |
| 6) | Miss Rewadee Whanchid | Director and member of the Executive Committee |
| 7) | Mr. Wiboon Sangwithayanon | Director and Chief Executive Officer |

In addition, Company Secretary, and representative from JP Tip Audit Company Limited, the Company's internal auditor 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 Extraordinary General Meeting of Shareholders No.1/2018.

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 Extraordinary General Meeting of Shareholders No.1/2018 to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of Business Development, Ministry of Commerce on 26 December 2018 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.

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 2018, 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 2019 which is scheduled in April 2019. The submitting period is from 25 December 2018 until 31 January 2019.

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 2019 (2) Form for proposing agenda for the Annual General Meeting of Shareholders 2019 (Form A) and (3) Form for proposing candidates to be elected as directors in the Annual General Meeting of Shareholders 2019 (Form B and Form C) via the Company's website at www.wiik-hoeglund.com since 25 December 2018.

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 WIIG 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 WIIG 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 2018, Directors' and Managements' have any changes in relation to shares transaction as follows.

List of Directors and Executives	Securities holder	Securities	Securities held at the beginning of the year	Securities acquired (disposed)	Securities held at January 21, 2019	
					Number	%
1) Dr.Vichit Yamboonruang Chairman of the Board of Directors	Self	WIik WIik-W2	200,000 shares -	- 66,666 units	200,000 shares 66,666 units	0.05 0.05
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
2) Mr.Wiboon Sangwithayanon Director / Chief Executive Officer	Self	WIik WIik-W2	- -	180,000 shares 60,000 units	180,000 shares 60,000 units	0.05 0.05
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
3) Miss Rewadee Whanchid Director / Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
4) Mr. Karn Siriphatras Director / Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
5) Mr.Vichien Tangudtaisuk Director	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
6) Miss Pranee Rattakam Independent Director / Chairman of the Audit Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
7) Mr.Theera Phetmalaigul Independent Director / Audit Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
8) Mr.Tatchapong Thamputhipong Independent Director / Audit Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
9) Miss Chinanut Jariyarudeechai Chief Financial Controller / Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
10) Mr. Peerapon Thantranon Sales Manager / Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
11) Mrs. Sasiwimon Wirojchewan Administrative & Procurement Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
12) Miss Jarunee Anansuksakun Technical & Product Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-

List of Directors and Executives	Securities holder	Securities	Securities held at the beginning of the year	Securities acquired (disposed)	Securities held at January 21, 2019	
					Number	%
	Underage children	-	-	-	-	-
13) Mr. Arom Petchmanee Factory Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
14) Mr. Krisnat Busapavanij Export Sales Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
15) Miss Parichart Wongwiwat Business Development Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
16) Mr. Panao Intraphan Project Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
Total		WIHK	200,000 shares	180,000 shares	380,000 shares	0.10
		WIHK-W2	-	126,666 units	126,666 units	0.10

Note The Company issued and allocated warrants WIHK-W2 to the Company's existing shareholders at the ratio of 3 ordinary shares per 1 unit of warrant, which were allowed to trade on the SET on 21 January 2019.

❖ [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 2018, the Company constantly communicated and provided information to analysts, investors, shareholders, and media in various forms as follows:

- 1) Attending the seminar in the event efin stock spy "Outstanding stock ... gain from EEC" at Thai Summit Tower, 8th Floor, Wiwattanachai Room on 28 April 2018.



- 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 2009-2018 totaling 10 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 2018, 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 2018, the Board of Directors reviewed the 2017 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 8 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 3 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, 2018, the Board of Directors consisted of 8 members.

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

3 independent Directors which is 37.50% 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 2018, 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 2015-2018, 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 3 executive directors and 2 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 2018, 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 2018 to propose to the Board of Directors for approval.
- To approve the appointment of director to replace the resigned director to propose to the Board of Directors for approval.
- To approve bonus of directors for the year 2018 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 2018, 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, 2018, 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	<ul style="list-style-type: none"> ▪ Director Accreditation Program (DAP) 2004 ▪ Director Certification Program (DCP) 2004

No.	List of Directors	Position	Training Course from Thai Institute of Directors Association (IOD)
			<ul style="list-style-type: none"> ■ The Role of Chairman Program (RCP) 2004 ■ Audit Committee Program (ACP) 2004 ■ Chartered Director Class (CDC) 2007 ■ Board that Make a Difference (BMD) 2017
2.	Mr.Wiboon Sangwithayanon	Director	Director Accreditation Program (DAP) class 120/2015
3.	Mr.Vichien Tangudtaisuk	Director	-
4.	Miss Rewadee Whanchid	Director	Director Accreditation Program (DAP) class 79/2009
5.	Mr. Karn Siriphatras	Director	Director Accreditation Program (DAP) class 156/2019
6.	Miss Pranee Rattakam	Independent Director	Director Accreditation Program (DAP) class 79/2009
7.	Mr.Theera Phetmalaigul	Independent Director	Director Accreditation Program (DAP) class 120/2015
8.	Mr.Tatchapong Thamputhipong	Independent Director	Director Certification Program (DCP129)

Development and Training of Directors in 2018

List of Directors	Position	Training Courses
Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	<ul style="list-style-type: none"> ■ ProTalk@SET: "Economic outlook for the second half of 2018" ■ Compensation & Benefits Design, OMEGAWORLDCLASS Research Institute ■ Designing & Implementing Incentive Program, OMEGAWORLDCLASS Research Institute ■ Joint Ventures Contract, OMEGAWORLDCLASS Research Institute

(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 2018 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 2018, one meeting among all independent directors was held in February. 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, 2018 the Board of Directors consisted of 8 directors as follows.

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

No.	List of Directors	Position	Note
4.	Miss Rewadee Whanchid	Director	-
5.	Mr. Karn Siriphatras	Director	Appointed on 10 August 2018
6.	Miss Pranee Rattakam	Independent Director	-
7.	Mr.Theera Phetmalaigul	Independent Director	-
8.	Mr.Tatchapong Thamputhipong	Independent Director	-
9.	Mr.Burin Kunatippapong	Director	Resigned on 1 June 2018
10.	Asst.Prof.Dr. Pakdee Manaves	Independent Director	Resigned on 16 November 2018

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, 2018, the Company had total of 8 directors which consists of 3 Executives Directors, 2 outside directors who are not employee of the Company and 3 independent Directors which is 37.50% 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, 2018 the Audit Committee consisted of 3 members as follows.

No.	List of Audit Committee	Position	Note
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) Review the Company's internal control systems to be implements efficiently.
- (21) Review or audit as appropriate and report on the anti-corruption measures that the Board of Directors assigned to the Audit Committee to supervise the Company's anti-corruption policy.
- (22) Perform any other duties as assigned by the Board of Directors.

3) Executive Committee

As at December 31, 2018 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	-

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, 2018 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 is 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 Auditor Fee

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 2018 on April 27, 2018 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 of E Y office Company Limited as the auditor of the Company with auditor fee not exceeding 1,310,000 Baht for the year ended December 31, 2018 including authorized the Board of Directors to approve the audit fee that may occur during the year.

EY office Company Limited was an auditor of the Company since 2009 - 2018, total of 10 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)	2018	2017	2016	2015
Annual audit	820,000	780,000	700,000	700,000
Review of quarterly financial statements (3 quarter)	390,000	360,000	345,000	345,000
Review of annual reports	100,000	100,000	-	-
Subsidiaries audit	615,000	580,000	465,000	465,000
Total	1,925,000	1,820,000	1,510,000	1,510,000

(2) Non-audit fee

In 2018 the Company paid non-audit fee which includes the Auditor's travel expenses of Baht 13,677.42 and review of BOI certificate expenses of Baht 100,000, representing total of Baht 113,677.42.

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 4 January 2019.

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	77	<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 Director Accreditation Program (DAP) 2004 Director Certification Program (DCP) 2004 The Role of Chairman Program (RCP) 2004 Audit Committee Program (ACP) 2004 Chartered Director Class (CDC) 2007 Board that Make a Difference (BMD) 2017 	0.05 (200,000 shares)	None	2016 – present 2014 – present 2012 – present 2011 – present 2008 - 2014 2005 – present 1999 – present	Director Independent Director / Chairman of the Audit Committee Independent Director / Chairman of the Audit Committee Independent Director / Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Independent Director / Chairman of the Audit Committee	V C K Solutions Co., Ltd. BMP Energy PLC Sherwood Corporation (Thailand) PLC Ekarat Engineering PLC Thai Premier League Co., Ltd. Wiik & Hoeglund PLC Jasmine International PLC
2. Mr.Wiboon Sangwithayanon Director / Chief Executive Officer (Authorized signatory) Appointed on 3 Jun 2015	54	<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 	0.05 (180,000 shares)	None	Jan 2019 – present Jun 2015 – present Jun 2015 – present 2012 – May 2015 2007 – 2012 2005 – 2007 2002 – 2005 1989 – 2002	Director Chief Executive Officer Director Vice President – Sales & Marketing Business Development Manager / Project Manager Managing Director Business Development Manager Marketing Manager	WOG ITR Water Solution Co.,Ltd. Wiik & Hoeglund PLC Wiik Water Co.,Ltd. Wiik & Hoeglund PLC Vi-Va Limited Partnership Phetsiam PE Pipe Co., Ltd. Matech International Limited Partnership 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
3. Mr.Vichien Tangudtaisuk Director (Authorized signatory) Appointed on 26 Feb 2015	61	<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 Mar 2015 – present Feb 2015 – present 2011 – present 2010 – present 1998 – present 1998 – present	Director Director Director Director Director Director	Mekha Real Estate Co., Ltd. Wiik Water Co.,Ltd. Wiik & Hoeglund PLC Siam Solar Co., Ltd. Multibax PLC Thai Housing Development Co., Ltd. Yawawong Holding Co., Ltd.
4. Miss Rewadee Whanchid Director / Executive Committee (Authorized signatory) Appointed on 24 Feb 2015	48	<ul style="list-style-type: none"> Master of Business Administration, Kasetsart University Bachelor of Business Administration, Ramkhamhaeng University Director Accreditation Program (DAP) class 79/2009 	None	None	Jan 2019 – present Feb 2015 – present Feb 2015 – present 2014- present 2012- present 2008- present 1994- present	Director Director Director Director Director Director Assistant Managing Director	WOG ITR Water Solution Co.,Ltd. Wiik & Hoeglund PLC Wiik Water Co.,Ltd. Thai Consumer Distribution Centre Co., Ltd. Mantra Assets Co., Ltd. Aqua Ad PLC Aqua Corporation PLC
5. Mr. Karn Siriphatras Director / Executive Committee Appointed on 10 Aug 2018	51	<ul style="list-style-type: none"> Western Michigan University, Kalamazoo, Michigan, Bachelor of Science (IE) major in Industrial Engineering King Monkut Institute of Technology, Bangkok, Thailand Vocational Certificate in Apprentice Auto Mechanic Director Accreditation Program (DAP) class 156/2019 	None	None	Jan 2019 – present Aug 2018 - present Feb 2016 – present Oct 2014 – Feb 2016 Apr 2007 – Oct 2014	Director Director / Executive Committee Managing Director Managing Director Managing Director	WOG ITR Water Solution Co.,Ltd. Wiik & Hoeglund PLC Wiik Water Co.,Ltd. Clear Water Solutions Co., Ltd. PPS Energy and Marine Co., Ltd.
6. Miss Pranee Rattakam Independent Director / Chairman of the Audit Committee Appointed on 21 Apr 2016	54	<ul style="list-style-type: none"> Master of Business Administration, Chulalongkorn University Certified Public Accountant (CPA) Bachelor of Accounting, Chulalongkorn University 	None	None	April 2016 – present 2010 – present 2003 – present	Independent Director / Chairman of the Audit Committee Independent Director / Audit Committee Assistant Chief Executive Officer	Wiik & Hoeglund PLC Aqua Corporation PLC Krung Thai Card 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
		<ul style="list-style-type: none"> Director Accreditation Program (DAP) class 79/2009 					
7. Mr.Theera Phetmalaigul Independent Director / Audit Committee Appointed on 24 Feb 2015	46	<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
8. Mr.Tatchapong Thamputhipong Independent Director / Audit Committee Appointed on 24 Feb 2015	54	<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 Jan 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.
9. Miss Chinanut Jariyarudeechai Executive Committee / Chief financial controller/ Secretary of the Audit Committee Appointed on 12 May 2015	41	<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.
10. Mr. Peerapon Thantranon Executive Committee / Domestic Sales Manager	51	<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
11. Mrs. Sasiwimon Wirojchewan Administrative & Procurement Manager	52	<ul style="list-style-type: none"> Master of arts in Economic Law, Faculty of Law, Chulalongkorn University Bachelor of Science in Social Psychology, Faculty 	None	None	2005 - present	Administrative & Procurement 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
		of Education, Ramkhamhaeng university					
12. Miss Jarunee Anansuksakun Technical & Product Manager	45	<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
13. Mr. Arom Petchmanee Factory Manager	54	<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 Patronage) 	None	None	2007 – present	Factory Manager	Wiik & Hoeglund PLC
14. Mr. Krisnat Busapavanij Export Sales Manager	48	<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

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
15. Miss Parichart Wongwiwat Business Development Manager	49	<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
16. Mr. Panao Intraphan Project Manager	56	<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.
17. Mr. Wittaya Janta-ummao Company Secretary Appointed on 12 May 2015	34	<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, 2018.

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 the Audit Committee Sherwood Corporation (Thailand) PLC (2) Independent Director / Chairman of the Board of Directors Ekarat Engineering PLC (3) Independent Director / Chairman of the Audit Committee Jasmine International PLC	(1) Director V C K Solutions Co., Ltd. (2) Independent Director / Chairman of the Audit Committee BMP Energy PLC	-None-
2.	Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	-None-	-None-	-None-
3.	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-

No.	List of Directors	Position	Listed companies	Non-listed companies	Other business that cause conflict of Interest
4.	Miss Rewadee Whanchid	Director / Executive Committee	(1) Assistant Managing Director Aqua Corporation PLC	(1) Director Aqua Ad PLC (2) Director Thai Consumer Distribution Centre (3) Director Mantra Assets Co., Ltd.	-None-
5.	Mr. Karn Siriphatras	Director / Executive Committee	-None-	-None-	-None-
6.	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-
7.	Mr.Theera Phetmalaigul	Independent Director / Audit Committee	-None-	(1) Chairman of the Board of Directors Global Success Partner Co., Ltd.	-None-
8.	Mr.Tatchapong Thamputthipong	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, 2018.

No.	List of Directors	The Company	Subsidiaries		Associates (None)	Related Companies (None)
			Wiik Water Co., Ltd.	WOG ITR Water Solution Co.,Ltd.		
1.	Dr.Vichit Yamboonruang	X				
2.	Mr.Wiboon Sangwithayanon	//	/	/		
3.	Mr.Vichien Tangudtaisuk	/	/			
4.	Miss Rewadee Whanchid	//	/	/		
5.	Mr. Karn Siriphatras	//	/	/		
6.	Miss Pranee Rattakam	/				
7.	Mr.Theera Phetmalaigul	/				
8.	Mr.Tatchapong Thamputthipong	/				

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 law and the Company's anti-corruption policy.

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 Company expressed its intention to join with the Private Sector Collective Action Coalition against Corruption (CAC) by joining ratification to acknowledge an agreement on August 2, 2018 and submitted an application for approval to the Action Coalition Committee on 12 September 2018. The Action Coalition Committee approved Wiik & Hoeglund Public Company Limited as a member of the Private Sector Collective Action Coalition against Corruption (CAC) on 5 November 2018. The certificate will be valid for 3 years from the date of approval.

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 Anti-Corruption Policy

The Company expressed its intention to join with the Private Sector Collective Action Coalition against Corruption (CAC) by joining ratification to acknowledge an agreement on August 2, 2018 and submitted an application for approval to the Action Coalition Committee on 12 September 2018. The Action Coalition Committee approved Wiik & Hoeglund Public Company Limited as a member of the Private Sector Collective Action Coalition against Corruption (CAC) on 5 November 2018. The certificate will be valid for 3 years from the date of approval.



The Board of Directors' Meeting No. 8/2015 on August 11, 2015 approved the Company's Anti-Corruption Policy (Revised by the Board of Directors Meeting No.7/2016 on November 11, 2016) 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 law and the Company's anti-corruption policy.

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. All employees of WIIG group must perform duties with caution in giving or receiving Gifts and/or Hospitality and/or Others to / from any person.

The practice of receiving and giving gifts or other benefits

The Company and its subsidiaries have a policy to refrain from receiving gifts or other benefits, unless traditional festivals are to be treated as follows.

- (1) Receiving gifts or other benefits define price or value not exceeding Baht 5,000.
- (2) Giving gifts or other benefits define price or value not exceeding Baht 5,000.
- (3) WIIG Group allow managers the Managers can receive gifts or fast rotten objects such as snacks, food or fruit, provided that such gifts or objects must not exceed Baht 1,000.

By the above giving or receiving gifts or other benefits, must be consistent with all of the following conditions:

- 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.

In case the WIHK group cannot refuse and have to receive gifts or other benefits that the price or value in excess of Baht 5,000. Employees on behalf of the WIHK group must notify the supervisor by use the gifts receiving form and send the gift to the Secretary of Chief Executive Officer to be rewarded to employees or donate to charity as appropriate.

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@krc.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. The company has issued the anti-

corruption policy and also created the channel 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 process 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 2018, the Company conducted 4 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. 2/2019 on February 22, 2019 by an independent director and audit committee includes 3 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, Mr. Khitsada Lerdwana Auditor License No. 4958 of EY Office Limited, who is the auditor of quarterly and year ended 2018 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 2018, 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 2018, 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. 5/2017 on December 15, 2017 has assigned JP Tip Audit Limited to perform the internal auditor of the Company since January 1, 2018 until December 31, 2018. 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 9 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
			2018	2017	
Wiik Water Co., Ltd.	A 100% holding subsidiary	<ul style="list-style-type: none"> Sales 	1.88	22.37	Selling pipe and fittings
		<ul style="list-style-type: none"> Service income 	0.28	0.74	Welding and engineering services income
		<ul style="list-style-type: none"> Interest income 	6.09	1.28	Loans maturity on demand
		<ul style="list-style-type: none"> Other income 	0.03	1.13	Transport income and gain on sales of water machine
		<ul style="list-style-type: none"> Equipment sales 	-	3.68	Selling equipment from new organizational structure.
		<ul style="list-style-type: none"> Cost of sales 	-	0.44	Cost of welding and other services
		<ul style="list-style-type: none"> Selling and administrative expenses 	-	0.26	Engineering and transport fees
		<ul style="list-style-type: none"> Interest paid 	-	0.06	Loans maturity on demand
		<ul style="list-style-type: none"> Purchase equipment 	-	4.15	Purchase equipment from new organizational structure
		<ul style="list-style-type: none"> Trade receivables 	0.07	-	
		<ul style="list-style-type: none"> Other receivables 	0.75	0.60	
		<ul style="list-style-type: none"> Other payables 	-	0.03	
		<ul style="list-style-type: none"> Investments in subsidiary 	192.15	192.15	
		<ul style="list-style-type: none"> Short-term loans 	190.00	-	Interest rates are 4.3% to 7.8% 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 2016 - 2018

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2018	2017	2016	2018	2017	2016
Assets						
Current assets						
Cash and cash equivalents	186,107,694	127,022,000	130,087,140	40,748,989	82,839,153	122,993,553
Trade and other receivables	423,846,745	353,389,258	328,041,645	310,430,044	280,422,380	285,041,710
Inventories	381,813,243	313,672,372	270,995,945	350,597,526	293,009,154	270,131,838
Short-term loans to related party	-	-	-	190,000,000	-	102,800,000
Advance payment to subcontractors	19,430,452	335,440	705,977	9,955,441	-	-
Other current assets	45,243,987	56,432,249	44,951,711	27,860,812	40,536,689	31,032,346
Total current assets	1,056,442,121	850,851,319	774,782,418	929,592,812	696,807,376	811,999,447
Non-current assets						
Restricted bank deposits	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Advance payment for purchase of shares	30,000,000	-	-	-	-	-
Investments in subsidiaries	-	-	-	192,147,200	192,147,200	51,747,200
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	685,653,857	692,821,565	529,475,106	520,094,878	521,995,617	480,149,766
Intangible assets	109,760,766	103,804,752	109,465,114	1,461,713	2,458,674	2,687,564
Deferred tax assets	16,755,253	13,465,007	18,670,226	16,352,645	13,072,005	17,946,531
Advance payment for machinery	726,000	2,076,945	46,752,851	231,000	2,076,945	4,315,351
Other non-current assets	38,177,649	27,587,223	22,564,225	29,769,119	19,604,078	14,986,017
Total non-current assets	918,319,157	877,001,124	764,173,154	797,302,187	788,600,151	609,078,061
Total assets	1,974,761,278	1,727,852,443	1,538,955,572	1,726,894,999	1,485,407,527	1,421,077,508

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016 - 2018

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2018	2017	2016	2018	2017	2016
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans						
from financial institutions	550,741,203	375,071,406	89,769,255	550,741,203	375,071,406	89,769,255
Bills of exchange	-	-	238,965,768	-	-	238,965,768
Trade and other payables	35,684,435	57,774,684	44,864,152	28,564,544	53,861,334	40,950,537
Short-term debenture	148,888,619	-	-	148,888,619	-	-
Current portion of long-term loans	22,705,702	21,619,987	9,359,102	-	-	-
Current portion of liabilities under						
finance lease agreement	3,018,041	2,456,542	1,953,631	2,275,532	1,691,917	738,412
Advance received from customers	50,970,260	86,266,625	82,667,768	49,082,787	62,867,151	74,741,324
Other current liabilities	82,305,981	55,937,999	31,540,955	47,549,954	40,540,783	24,307,207
Total current liabilities	894,314,241	599,127,243	499,120,631	827,102,639	534,032,591	469,472,503
Non-current liabilities						
Long-term loans, net of current portion	124,646,458	145,656,644	74,115,535	-	-	-
Liabilities under finance lease agreement,						
net of current portion	5,700,446	6,220,633	5,796,938	3,617,173	4,226,308	1,788,061
Provision for long-term employee benefits	15,945,114	14,251,212	13,057,625	14,574,246	12,910,030	10,031,836
Deferred tax liabilities	21,285,704	21,162,229	21,162,229	21,162,229	21,162,229	21,162,229
Provision for decommissioning	495,513	458,641	-	-	-	-
Total non-current liabilities	168,073,235	187,749,359	114,132,327	39,353,648	38,298,567	32,982,126
Total liabilities	1,062,387,476	786,876,602	613,252,958	866,456,287	572,331,158	502,454,629

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016 - 2018

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2018	2017	2016	2018	2017	2016
Shareholders' equity						
Share capital						
Registered						
499,918,044 ordinary shares of Baht 1 each						
(2017: 474,917,334 ordinary shares of Baht 1 each)						
(2016: 664,892,534 ordinary shares of Baht 1 each)	499,918,044	474,917,334	664,892,534	499,918,044	474,917,334	664,892,534
Issued and fully paid up						
374,938,533 ordinary shares of Baht 1 each						
(2016-2017 : 374,938,000 ordinary shares of Baht 1 each)	374,938,533	374,938,000	374,938,000	374,938,533	374,938,000	374,938,000
Share premium	277,162,132	277,160,000	277,160,000	277,162,132	277,160,000	277,160,000
Retained earnings						
Appropriated - statutory reserve	38,531,907	38,531,907	35,059,852	38,531,907	38,531,907	35,059,852
Unappropriated	137,092,314	165,697,018	153,895,846	85,157,224	137,797,546	146,816,111
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	912,373,802	940,975,841	925,702,614	860,438,712	913,076,369	918,622,879
Total liabilities and shareholders' equity	1,974,761,278	1,727,852,443	1,538,955,572	1,726,894,999	1,485,407,527	1,421,077,508

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016 - 2018

				(Unit: Baht)		
	Consolidated financial statements			Separate financial statements		
	2018	2017	2016	2018	2017	2016
Profit or loss:						
Revenues						
Sales	973,771,744	1,074,583,056	1,163,078,502	892,264,970	1,010,520,373	1,128,823,138
Service income	229,138,483	122,003,469	50,831,882	110,897,077	20,081,029	942,353
Other income						
Dividend income	1,664,000	1,120,000	800,000	1,664,000	1,120,000	800,000
Others	17,063,100	14,229,513	19,905,059	22,191,957	16,203,990	22,090,561
Total revenues	1,221,637,327	1,211,936,038	1,234,615,443	1,027,018,004	1,047,925,392	1,152,656,052
Expenses						
Cost of sales	868,170,730	864,419,477	917,665,829	807,340,015	826,961,004	894,504,156
Cost of services	183,954,545	92,304,459	34,990,865	101,673,834	17,745,529	119,648
Selling expenses	52,879,159	55,879,163	71,689,612	52,879,159	56,136,663	72,020,612
Administrative expenses	73,377,169	77,041,644	65,303,901	53,030,537	56,127,494	48,607,549
Total expenses	1,178,381,603	1,089,644,743	1,089,650,207	1,014,923,545	956,970,690	1,015,251,965
Profit before finance cost and income tax income (expenses)	43,255,724	122,291,295	144,965,236	12,094,459	90,954,702	137,404,087
Finance cost	(34,204,449)	(23,264,903)	(16,155,403)	(26,499,900)	(16,639,087)	(15,289,338)
Profit (loss) before income tax income (expenses)	9,051,275	99,026,392	128,809,833	(14,405,441)	74,315,615	122,114,749
Income tax income (expenses)	3,250,842	(8,765,565)	4,945,455	3,226,156	(4,874,525)	4,859,710
Profit (loss) for the year	12,302,117	90,260,827	133,755,288	(11,179,285)	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 gain (loss) - net of income tax	336,282	-	(240,893)	(217,934)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>	336,282	-	(240,893)	(217,934)	-	-
Other comprehensive income for the year	336,282	-	(240,893)	(217,934)	-	-
Total comprehensive income for the year	12,638,399	90,260,827	133,514,395	(11,397,219)	69,441,090	126,974,459
Earnings (loss) per share						
Basic earnings (loss) per share						
Profit (loss) attributable to equity holders of the Company	0.03	0.24	0.37	(0.03)	0.19	0.35
Weighted average number of ordinary shares (shares)	374,938,305	374,938,000	360,675,705	374,938,305	374,938,000	360,675,705

Wiik & Hoeglund Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016 - 2018

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2018	2017	2016	2018	2017	2016
Cash flows from operating activities						
Profit (loss) before tax	9,051,275	99,026,392	128,809,833	(14,405,441)	74,315,615	122,114,749
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:						
Depreciation and amortisation	57,701,944	48,319,916	30,063,249	35,640,407	30,459,695	23,464,265
Doubtful accounts (reversal)	(6,904,266)	6,940,632	211,932	(2,666,319)	2,744,180	229,830
Reduction of inventories to net realisable value (reversal)	2,797,564	(8,824,089)	(4,698,235)	2,797,564	(8,824,089)	(4,698,235)
Write-off inventories	2,029,395	570,818	3,387,424	2,029,395	570,818	3,387,424
Loss (gain) on disposal and write-off of property, plant and equipment	(605,012)	924,622	1,046,472	(605,012)	(713,474)	1,227,335
Write-off withholding tax deducted at source	1,567,605	-	-	367,605	-	-
Gain on cancellation of financial lease agreement	(39,548)	(943,242)	-	-	-	-
Loss on impairment of property, plant and equipment	-	-	2,201,441	-	-	2,224,359
Long-term employee benefits expenses	2,848,654	2,324,647	2,873,430	2,126,199	1,854,411	1,643,199
Unrealised loss (gain) on exchange	440,929	2,158,230	(1,161,400)	439,049	2,135,481	(1,112,735)
Dividend income	(1,664,000)	(1,120,000)	(800,000)	(1,664,000)	(1,120,000)	(800,000)
Interest income	(1,773,486)	(668,807)	(736,300)	(6,954,898)	(1,878,318)	(3,597,014)
Interest expenses	34,204,449	23,264,903	16,155,403	26,499,900	16,639,087	15,289,338
Profit from operating activities before changes in operating assets and liabilities	99,655,503	171,974,022	177,353,249	43,604,449	116,183,406	159,372,515
Operating assets (increase) decrease						
Trade and other receivables	(64,064,600)	(32,645,116)	41,551,930	(27,287,460)	1,518,280	57,172,147
Inventories	(72,967,830)	(34,423,156)	(46,197,600)	(62,415,331)	(14,624,045)	(46,330,371)
Advance payment to subcontractors	(19,095,012)	370,537	(635,977)	(9,955,441)	-	-
Other current assets	12,748,985	(11,058,304)	(9,355,354)	14,210,867	(9,084,857)	1,932,452
Other non-current assets	(10,590,426)	(5,022,998)	1,760,086	(10,165,041)	(4,618,061)	2,770,151
Operating liabilities increase (decrease)						
Trade and other payables	(24,165,519)	11,153,094	(68,440,619)	(27,372,060)	11,153,359	(59,897,374)
Advance received from customers	(35,296,365)	3,598,857	28,081,871	(13,784,364)	(11,874,173)	23,141,553
Other current liabilities	25,248,896	22,386,092	(1,419,151)	5,812,122	15,461,863	1,676,413
Employee benefit paid during the year	(734,400)	(1,131,060)	-	(734,400)	(1,131,060)	-
Employee benefit received during the year from transferred employees	-	-	-	-	2,154,843	-
Cash from (used in) operating activities	(89,260,768)	125,201,968	122,698,435	(88,086,659)	105,139,555	139,837,486
Cash paid for interest expenses	(34,241,891)	(22,545,992)	(17,442,675)	(26,459,376)	(15,981,150)	(16,545,607)
Cash paid for corporate income tax	(3,006,380)	(3,368,112)	(1,356,444)	(1,777,664)	(420,811)	(37,463)
Net cash from (used in) operating activities	(126,509,039)	99,287,864	103,899,316	(116,323,699)	88,737,594	123,254,416

Wiik & Hoeglund Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016 - 2018

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2018	2017	2016	2018	2017	2016
Cash flows from investing activities						
Cash payment for acquisition of subsidiary	-	-	-	-	(140,400,000)	(31,747,200)
Cash payment in advance for purchase of shares	(30,000,000)	-	-	-	-	-
Cash payment for short-term loans to related party	-	-	-	(190,000,000)	(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	1,664,000	1,120,000	800,000	1,664,000	1,120,000	800,000
Acquisition of property, plant and equipment	(37,008,396)	(151,719,538)	(100,592,666)	(26,667,707)	(62,712,800)	(58,188,740)
Proceeds from sales of property, plant and equipment	612,850	2,900	763,169	612,850	3,682,905	575,375
Acquisition of intangible assets	(12,498,943)	(841,800)	(110,014,000)	-	(775,800)	(14,000)
Increase in cash payment in advance for plant and equipment	(726,000)	(2,076,945)	(46,752,851)	(231,000)	(2,076,945)	(4,315,351)
Interest income	1,781,077	667,383	732,366	6,394,240	1,879,643	3,593,541
Net cash used in investing activities	(76,175,412)	(152,848,000)	(255,063,982)	(208,227,617)	(96,482,997)	(192,096,375)
Cash flows from financing activities						
Increase (decrease) in short-term loans from financial institutions	175,669,797	285,302,151	(296,230,745)	175,669,797	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	(19,924,470)	(10,198,008)	-	-	-	-
Cash receipt from issuance of debentures	150,000,000	-	-	150,000,000	-	-
Cash receipt from exercise of warrants	2,665	-	-	2,665	-	-
Payment of liabilities under finance lease agreements	(2,715,227)	(2,967,689)	(1,010,006)	(1,950,570)	(2,092,440)	(453,376)
Dividend paid	(41,197,900)	(74,873,824)	(41,198,402)	(41,197,900)	(74,873,824)	(41,198,402)
Net cash from (used in) financing activities	261,834,865	52,296,862	209,001,252	282,523,992	(30,629,881)	136,083,245
Net increase (decrease) in cash and cash equivalents	59,150,414	(1,263,274)	57,836,586	(42,027,324)	(38,375,284)	67,241,286
Unrealised loss on exchange for cash and cash equivalents	(64,720)	(1,801,866)	947,870	(62,840)	(1,779,116)	925,786
Cash and cash equivalents at beginning of year	127,022,000	130,087,140	71,302,684	82,839,153	122,993,553	54,826,481
Cash and cash equivalents at end of year	186,107,694	127,022,000	130,087,140	40,748,989	82,839,153	122,993,553
Supplemental disclosure of cashflow information						
Non-cash transactions						
Acquisition of motor vehicle under finance lease agreements	2,796,087	7,599,898	7,517,178	1,925,050	7,242,136	1,736,452
Increase in other payables from acquisition of property, plant and equipment	2,080,844	-	-	2,080,844	-	-
Transferred cash payment in advance for plant and equipment to plant and equipment	2,076,945	46,752,851	-	2,076,945	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	36,872	437,563	-	-	-	-

Wiik & Hoeglund Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2016 - 2018

(Unit: Baht)

	Consolidated financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' 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	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	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve	-	-	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	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve	-	-	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

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income	
					Surplus on	
					revaluation of assets	
Balance as at 1 January 2018	374,938,000	277,160,000	38,531,907	165,697,018	84,648,916	940,975,841
Profit for the year	-	-	-	12,302,117	-	12,302,117
Other comprehensive income for the year	-	-	-	336,282	-	336,282
Total comprehensive income for the year	-	-	-	12,638,399	-	12,638,399
Increase in share capital from exercise of warrants	533	2,132	-	-	-	2,665
Dividend paid	-	-	-	(41,243,103)	-	(41,243,103)
Balance as at 31 December 2018	374,938,533	277,162,132	38,531,907	137,092,314	84,648,916	912,373,802

Wiik & Hoeglund Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016 - 2018

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income	
					Surplus 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	75,000,000	150,000,000	-	-	-	225,000,000
Dividend paid	-	-	-	(41,243,180)	-	(41,243,180)
Transferred unappropriated retained earnings to statutory reserve	-	-	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	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve	-	-	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

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity	Total shareholders' equity
			Appropriated	Unappropriated	Other comprehensive income	
					Surplus	
					revaluation of assets	
Balance as at 1 January 2018	374,938,000	277,160,000	38,531,907	137,797,546	84,648,916	913,076,369
Loss for the year	-	-	-	(11,179,285)	-	(11,179,285)
Other comprehensive income for the year	-	-	-	(217,934)	-	(217,934)
Total comprehensive income for the year	-	-	-	(11,397,219)	-	(11,397,219)
Increase in share capital from exercise of warrants	533	2,132	-	-	-	2,665
Dividend paid	-	-	-	(41,243,103)	-	(41,243,103)
Balance as at 31 December 2018	374,938,533	277,162,132	38,531,907	85,157,224	84,648,916	860,438,712

13.2 Financial Ratios

Key Financial Ratios as at 31 December 2016 – 2018.

Financial Ratios		2018	2017	2016
LIQUIDITY RATIO				
Current ratio	(time)	1.18	1.42	1.55
Quick ratio	(time)	0.68	0.80	0.92
Cash flow ratio	(time)	(0.17)	0.18	0.19
Accounts receivable turnover ratio	(time)	3.10	3.51	3.48
Average collection period	(days)	117.74	103.99	104.90
Inventory Turnover ratio	(time)	5.51	5.49	5.96
Average sale period	(days)	66.24	66.48	61.24
Payable turnover ratio	(time)	22.52	18.64	12.04
Repayment period	(days)	16.21	19.58	30.32
Cash Cycle	(days)	167.78	150.89	135.82
PROFITABILITY RATIO				
Gross profit margin	(%)	12.54	20.05	21.52
Operating profit margin	(%)	3.60	10.22	11.94
Other income ratio	(%)	1.53	1.27	1.68
Cash to profitability	(%)	(292.47)	81.19	71.67
Net profit margin	(%)	1.01	7.45	10.83
Return on equity	(%)	1.33	9.67	17.44
EFFICIENCY RATIO				
Return on assets	(%)	0.66	5.53	9.66
Return on fixed assets	(%)	9.21	22.68	33.00
Assets turnover	(time)	0.66	0.74	0.89
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(time)	1.16	0.84	0.66
Interest coverage ratio	(time)	(2.61)	5.55	7.03
Debt service coverage ratio	(time)	(0.75)	0.21	0.10
Dividend payout ratio	(%)	45.64	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(WIHK)

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 27 April 2018, the Annual General Meeting of Shareholders 2018 approved the capital increase of Baht 149,975,200 from the existing of Baht 474,917,334 baht to the new of Baht 624,892,534 by issuing and allocating not more than 149,975,200 new ordinary shares with a par value of Baht 1 per share by the General Mandate. The Company registered the capital increase with the Ministry of Commerce on 24 May 2018.
- ❖ On 14 June 2018, the Company issued and offered 150,000 units of unsecured debentures with a face value of 1,000 baht, a total value of 150 million baht with fixed interest rate of 6.0% per year by offering to the high-net-worth individual (HNWI) with 1 year period, matured on June 13, 2019.
- ❖ On 15 June 2018, the last exercise date, 533 WIHK-W1 warrants were exercised to 533 ordinary shares by 2 warrant holders at a price of Baht 5 per share. On 29 June 2018, the Company registered the increase in its paid up share capital with the Ministry of Commerce. All outstanding unexercised WIHK-W1 warrants lost their status as securities listed on the Stock Exchange of Thailand, effective from 16 June 2018, and can no longer be exercised.
- ❖ On 13 December 2018, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions.
 - Approved the cancellation of allocation of the newly issued ordinary shares offered via General Mandate not exceeding 149,975,200 new ordinary shares. Because the Company currently has sufficient funds to expand its business, so there is no need to raise capital by issuing and offering of such newly issued ordinary shares.

- Approved the decrease in the Company's registered capital from Baht 624,892,534 to be Baht 374,938,533 by canceling the ordinary shares which had not been issued amounting to 249,954,001 shares at a par value of Baht 1 each. The Company registered the decrease in its registered capital with the Ministry of Commerce on 25 December 2018.
- Approved the issuance and allocation of warrants to buy ordinary shares of the Company No.2 ("WIHK-W2") ("Warrant") in the amount of not exceeding 124,979,511 units for free to the existing shareholders at the ratio of 3 existing ordinary share for 1 unit of warrant. 1 unit of warrant can purchase 1 new ordinary share at a price of 5.00 Baht per share.

Warrants to purchase ordinary shares of the Company No. 2 (WIHK-W2) are allowed to trade on the Stock Exchange of Thailand on 21 January 2019

- Approved the increase of the Company's registered capital from Baht 374,938,533 to be Baht 499,918,044 by issuing 124,979,511 new ordinary shares at par value of Baht 1 each to reserve the exercise of the warrants to buy the ordinary shares of the Company No.2 ("WIHK-W2") in the amount of 124,979,511 shares. The Company registered the increase in its registered capital with the Ministry of Commerce on 28 December 2018.

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 July 1, 2018, a subsidiary acquired the assets including contractual rights and equipment for business operations from Ufas (Thailand) Co., Ltd. in the amount of Baht 28.5 million by merging the business in the same line, aiming to reduce production costs and increase product value, to increase the Company's service capability and support the expansion of the water management business.
- ❖ On 12 October 2018, the Board of Directors of Wiik & Hoeglund Public Company Limited approved Wiik Water Company Limited (WW), to invest in WOG ITR Water Solution Company Limited ("WOG ITR") by purchased ordinary shares of 48,571 shares with a par value of Baht 100 per share, representing 100% of the paid-up capital from the existing shareholders amount of Baht 35 million and provide financial assistance to WOG ITR of

Baht 265 million (after becoming a subsidiary) with the purpose of (1) to repay loans and interest to the Existing shareholder amount of Baht 42 million (2) to repay creditors arising from the purchase of assets used in WOG ITR's business operations at a total price of Baht 223 million. Total investment is Baht 300 million.

WOG ITR currently operate as a service provider in accordance with the agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012 with period of 30 years. The Company completed the transaction on 4 January 2019.

❖ On 23 January 2019, the Extraordinary General Meeting of Shareholders No.1/2019 of WOG ITR Water Solution Company Limited (WOG ITR) (a Subsidiary), approved the following.

(1) Approved an increase of Baht 55,750,000 in the registered capital, from Baht 4,857,100 to Baht 60,607,100, by issuing 557,500 new ordinary shares at a par value of Baht 100 per share to comply with the conditions of the Board of Investment including making a strong capital base and enhancing the liquidity of future business of that company. The shares are required the first capital paid-up 50 percent of the new registered capital and the payment for the remainder will be requested by the Board of Director upon the necessity.

(2) Approved the amendment of the head office as follows:

Former 75/87 Ocean Tower 2, 33rd Floor, Soi Sukhumvit 19 (Wattana), Sukhumvit Road, Khlong Toei Nuea, Wattana, Bangkok 10110.

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

Summarized of the Statement of income

Unit : million Baht	2018	2017	Changed (%)
Income from sale and installation of the pipeline	1,002.45	1,092.31	(8.23)
Income from the water management business	201.38	104.35	92.99
Other income	17.81	15.28	16.56
Total revenues	1,221.64	1,211.94	0.80
Cost from sale and installation of the pipeline	907.65	885.25	2.53
Cost from the water management business	144.48	71.48	102.13

Unit : million Baht	2018	2017	Changed (%)
Selling expenses	52.88	55.88	(5.37)
Administrative expenses	73.38	77.04	(4.75)
Finance cost	34.20	23.26	47.03
Profit before income tax income (expenses)	9.05	99.03	(90.86)
Income tax income (expenses)	3.25	(8.77)	(137.06)
Profit for the year	12.30	90.26	(86.37)

Overview of the year 2018, sale and installation of the pipeline business was adversely affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing. Besides, cost of HDPE resin in 1st quarter – 3rd quarter increased due to high demand of HDPE resin in China. This led to increasing of the production cost of the Company.

Therefore, the operating results of the Company and its subsidiary in the year 2018 changed over 20%. The Company and its subsidiary have the net profit amount of Baht 12.30 million compared to Baht 90.26 million in the year 2017. The Company's profit decreased by Baht (77.96) million or (86.37)%.

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 to reduce production cost risk.

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 2018, domestic trading prices of HDPE plastic resin were in the price range of Baht 47-52 per kilogram which increased when compared to the year 2017 which the trading in the price range of 45-49.50 per kilogram. HDPE resin price increased mentioned above, is affecting the Company's cost.

However, as the Office of the National Economic and Social Development Board reported that the Thai economy in 2018 is expected to grow by 4.2 percent, with 7.2 percent growth of export value, 4.7 percent of private consumption and 3.6 percent of total investment. Headline inflation will be 1.1 percent and the current account will record a surplus of 6.4 percent of GDP.

Expenditure side

Private investment slightly accelerated, supported by the acceleration of investment in construction, together with the continual expansion of investment in machinery and equipment. In the third quarter of 2018, private investment accelerated by 3.9 percent, compared with a 3.2-percent growth in the previous quarter, a continual expansion seen in 4 consecutive quarters. The investment in machinery and equipment grew by 3.4 percent, gradually accelerated from 3.3 percent in the previous quarter. This was consistent with 8.6, and 6.3 percent growth of domestic machinery sales (in 2010 price), and newly registered motor vehicles for investment purposes, respectively. The investment in construction grew by 5.4 percent, accelerated from a 3.0-percent growth in the previous quarter, in line with the accelerated sales of 5.0 percent construction materials. The Business Sentiment Index (BSI) stood at 51.6.

Production side

Construction sector accelerated both in private and public construction. In the third quarter of 2018, construction sector increased by 4.7 percent, accelerated from a 2.0-percent growth in the second quarter 2018. The public construction increased by 4.2 percent, improved from a 1.5-percent growth in the previous quarter (13.8 percent growth for state-owned enterprise construction and 0.1 percent decline for government construction). The private construction increased by 5.4 percent, accelerated from a 3.0-percent growth in the previous quarter, in line with the improvement in construction of residential buildings, which increased by 6.1 percent, reflecting the higher in the number of new residential units and residential units registered in Bangkok and perimeters, which grew by 28.5 and 3.3 percent, respectively. Besides, the number of commercial buildings construction increased by 1.6 percent. Construction Materials Price Index increased by 3.2 percent, following a rise in prices of steel and steel products (9.1 percent), concrete (2.0 percent), cement (1.7 percent), and wood and wood products (0.2 percent), especially.

Electricity, gas and water supply sector continuously expanded in line with the increase in both electricity and water supply production. Meanwhile, gas separation declined. In the third quarter of 2018, electricity, gas and water supply sector increased by 1.5 percent, compared to 1.8 percent growth in the previous quarter. In details, (i) production and sale of electricity generation increased by

2.1 percent consistent with the expansion of the demand for electricity used in household sector. Meanwhile, the demand for the electricity used in manufacturing sector declined, in line with the slowdown of manufacturing sector (ii) Water supply production and distribution increased by 0.5 percent due to the higher water demand in household sector. In contrast, (iii) Gas separation decreased by 4.4 percent associated with the decline in gas volume delivered in gas separation plants.

Fiscal Conditions

For the whole fiscal year 2018, the total budget disbursement was at 3,233.8 billion baht rose from the same period last year by 4.0 percent (the current expenditure disbursement increased by 4.5 percent and the capital expenditure disbursement increased by 2.3 percent). This was due to an increase of 3.9 percent of the 2018 annual budget disbursement. In details, the current expenditure disbursement expanded by 4.6 percent. Its disbursement rate was at 96.1 percent which was lower than the official target at 98.4 percent and the disbursement rate of the last fiscal year at 96.8 percent. Nevertheless, the capital expenditure disbursement declined by 0.1 percent. Its disbursement rate was at 70.5 percent which was lower than the official target at 88.0 percent. The disbursement of the carry-over budget stood at 215.1 billion baht, equivalent to 66.4 percent of the total carry-over budget. State-owned enterprises' capital expenditure budget (excluding PTT) disbursement was expected to disburse at 245.4 billion baht³, a 9.0 percent increase, and the off-budget loans disbursement amounted to 3.7 billion baht.

Crude Oil price

The crude oil price in the global market rose. In the third quarter of 2018, the average crude oil price in the 4 major markets (Dubai, Oman, Brent, and WTI) stood at 73.53 USD per barrel, increased from the same period last year by 46.1 percent, and from the previous quarter by 2.6 percent.

The major factors contributed to the increase of global crude oil price included (i) the favorably expansion of global economy led by the continued and accelerated growth of the US economy that consequently raised demand for crude oil, in particular, those in the US and China, while demand in Europe and Japan decreased, and (ii) the persistent geopolitical tensions, including the political turmoil in Iraq and Syria, and the US sanction against Iran.

Progresses of Key Public Infrastructure Investment Projects

Major public infrastructure investment projects' progresses have been satisfactory, and thus it is expected that the disbursement figures for these projects will keep rising accordingly. As of 11th November 2018, there are 19 projects, with the total budget of 709,043 million, under the 2016

Transport Action Plan (20 projects in total) and the 2017 Transport Action Plan (36 projects in total), which have been proceeded into the construction phase. These are divided into: (i) 14 projects in the 2016 Transport Action Plan with the total investment value of 705,451 million baht such as the Pattaya – Map Ta Phut intercity motorway, the Bang Pa In – Nakhon Ratchasima intercity motorway, and the Nakhon Pathom – Chumporn dual track railways; (ii) 5 projects in the 2017 Transport Action Plan with the total investment value of 3,592 million baht; and (iii) key infrastructure investment projects under the Eastern Economic Corridor Plan (EEC). As of 12th November 2018, State Railway of Thailand started the bidding process for the construction of high speed train project linking 3 major airports (Don Muang - Suvarnabhumi - U Tapao) with the total investment value of 224,544 million baht. The State Railway of Thailand expected that the project will be signed and approved by both the EEC Policy Committee and the Cabinet within January 2019. In addition, the Aircraft Maintenance, Repair and Overhaul (MRO) project is under PPP consideration and the 3rd phase of Laem Chabang (LCB) Port project has recently undergone market sounding and is expected to enter the construction phase by February 2019.

Furthermore, there are 9 projects under the 2018 Transport Action Plan with the total investment value of 489,366 million baht. Most of the projects are under consideration by the State Enterprise Policy Committee and the Cabinet. It is expected that the projects will be approved and the construction process will be commenced in late 2018 and the middle of next year. This progress is thus expected to support overall investment to further expand continually.

From all economic and industrial factors that result in the year 2018, the Company has total revenue of Baht 1,221.64 million, increased by 0.80% from the last year and net profit in the amount of Baht 12.30 million, compared to the net profit of Baht 90.26 million in 2017, decreased from the last year by Baht (77.96) million or (86.37)%. Because in 2018, sale and installation of the pipeline business was adversely affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing. Besides, cost of HDPE resin in 1st quarter – 3rd quarter increased due to high demand of HDPE resin in China. This led to increasing of the production cost of the Company.

However, revenue from the water management business increased from the year 2017 by Baht 97.03 million or 92.99% which was increased in the work of installing water supply systems and the construction of a turnkey water treatment system.

3) Change in key accounting policy

-None-

4) Non-recurring items

-None-

5) Research and development activities of the Company

The Company continuously focused on product research and development, both the existing products and the development of new products to meet the needs of customers. Including trends in new product demand in the current and future direction, coupled with the improvement and development of the production process to be more efficient to reduce costs in production activities and increase the value of products.

In 2018, the Company provided support and promotion of various processes improvement continuously and seriously under the name of "World Class Operation (WCO)". This activity can improve production efficiency, reduce expenses and production costs. The Company's research and development currently driven by the Research and Development Department (R&D) under cooperation with personnel from various departments within the Company, making it possible to improve the production process and develop machines to produce high quality products with higher value such as Long radius bend 90° and HDPE Conduit OD160 mm with a roll length of up to 400 meters. Including the development of special thickness pipes for use in the production of three-way fittings, Forming Tee PN25 as well as having fittings development with external agencies in the development of technology and being a business partner with other companies in related businesses in the product development plan which will focus on the development of value-added products in the current business and applying the company's products to other businesses for variety.

From seriously research and development makes the Company currently can develop products both Injection Mould Fittings as well as products that are prepared to open a new business market that is likely to grow in the future such as development of Floating Solar Mounting System which are currently still in early development seriously.

The Company will continue to conduct research and development continuously in order to increase the variety of products coupled with the development of quality to meet the customer's demand and implement cost reduction activities to increase business competitiveness which is an important component of success and the sustainable growth of the Company.

In 2018, the Company had expenses for research and development total of 1.62 million Baht. Investment in research and development contributes to the development of many new products. The company has provided policy to support for knowledge development, research and development skills

of personnel as well as various technologies to enable the company to develop products including machinery or equipment effectively.

14.2 Operating results and profitability

The operating results of the Company and its subsidiary in the year 2018 changed over 20%. The Company and its subsidiary have the net profit amount of Baht 12.30 million compared to Baht 90.26 million in the year 2017. The Company's profit decreased by Baht (77.96) million or (86.37)% due to the major reasons as follows;

Revenue

(Baht)	2018	Changed (%)	2017	Changed (%)	2016
Sales	973,771,744	(9.38)	1,074,583,056	(7.61)	1,163,078,502
Service income	229,138,483	87.81	122,003,469	140.01	50,831,882
Sales and service revenues	1,202,910,227	0.53	1,196,586,525	(1.43)	1,213,910,384
Other income	18,727,100	22.00	15,349,513	(25.87)	20,705,059
Dividend income	1,664,000	48.57	1,120,000	40.00	800,000
Others	17,063,100	19.91	14,229,513	(28.51)	19,905,059
Total revenues	1,221,637,327	0.80	1,211,936,038	(1.84)	1,234,615,443

1) Sales

Sales in 2018 decreased from the previous year by Baht (100.81) million or (9.38)% because income from sale and installation business in the year 2018 decreased from the year 2017 by Baht (89.84) million or (8.22)% as follows.

- Domestic sales and installation decreased by Baht (184.96) million or (20.89)% because the sale and installation of the pipeline business was adversely affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing. Besides, cost of HDPE resin in 1st quarter – 3rd quarter increased due to high demand of HDPE resin in China. This led to increasing of the production cost of the Company.
- Export sales and installation revenue increased by Baht 95.12 million or 46.01%. The major increasing came from installation income from a customer in Philippines.

2) Service income

Service income in the year 2018 increased from the last year by Baht 107.14 million or 87.81%. Mostly is the increase of incomes from the water management business in the year 2018 which

increased from the year 2017 by Baht 97.03 million or 92.99%. This came from turnkey construction projects of water treatment & waste water treatment plants.

3) Other income

Other income for the year of 2018 increased by Baht 3.38 million or 22%. The major increasing came from transportation income. In addition, it includes tax refunds from the Customs Department, interest income, selling materials and others.

Expenses

(Baht)	2018	Changed (%)	2017	Changed (%)	2016
Cost of sales	868,170,730	0.43	864,419,477	(5.80)	917,665,829
Cost of services	183,954,545	99.29	92,304,459	163.80	34,990,865
Cost of sales and services	1,052,125,275	9.97	956,723,936	0.43	952,656,694
Selling and distribution expenses	52,879,159	(5.37)	55,879,163	(22.05)	71,689,612
Administrative expenses	73,377,169	(4.76)	77,041,644	17.97	65,303,901
Total expenses	1,178,381,603	8.14	1,089,644,743	(0.00)	1,089,650,207

4) Cost of sales and services

Cost of sales and services in 2018 increased from the last year of Baht 95.40 million or 9.97% with the details by business segment as follows.

- Cost of sale and installation of the pipeline for the year 2018 was 90.54% of income compared to 81.04% in the year 2017. The major reason was the lower average selling price due to fewer big projects & price competition while the prices of plastic raisin rose, and then caused lower gross profit margin.
- Cost from the water management business for the year 2018 was 71.74% of income compared to 68.50% in the year 2017, because the cost ratio of turnkey construction projects was higher than the cost ratio of water management work.

5) Selling and distribution expenses

Selling and distribution expenses for the year 2018 decreased from year 2017 in amount of Baht (3.00) million or (5.37)% from decreasing in sale revenue.

6) Administrative expenses

Administrative expenses for the year 2018 decreased from year 2017 in amount of Baht (3.66) million or (4.75)% as follows:

- Employee benefits expense increased in amount of 7.93 million Baht. This came from increment of number of staff to support new incoming projects.
- Provision for doubtful debt decreased in amount of Baht (7.17) million due to payment received from the debtors.
- Other expenses decreased by Baht (4.42) million from normal business operating.

Finance cost and income tax income (expenses)

(Baht)	2018	Changed (%)	2017	Changed (%)	2016
Finance cost	(34,204,449)	47.02	(23,264,903)	44.01	(16,155,403)
Income tax income (expenses)	3,250,842	(137.09)	(8,765,565)	(277.24)	4,945,455

7) Finance cost

Finance cost in the year 2018 increased from year 2017 in amount of Baht 10.94 million or 47.02%, the increasing came from interest expense of debenture and loans for general business operations, and loan for investing in a water management project.

8) Income tax income (expenses)

Tax income in the year 2018 was Baht 3.25 million compared to the year 2017 which was tax expenses Baht (8.77) million. It is increased by Baht 12.02 million from decreasing of profit and the reversal of allowance for doubtful accounts has no deferred tax assets in the previous year.

PROFITABILITY RATIO		2018	2017	2016
Gross profit margin	(%)	12.54	20.05	21.52
Operating profit margin	(%)	3.60	10.22	11.94
Other income ratio	(%)	1.53	1.27	1.68
Cash to profitability	(%)	(292.47)	81.19	71.67
Net profit margin	(%)	1.01	7.45	10.83
Return on equity	(%)	1.33	9.67	17.44

Gross profit margin is 12.54% which decreased from the year 2017 that gross profit margin is 20.05% with main reason of revenue from pipeline sales and installation business decreased from 2017 which was affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing.

Besides, cost of HDPE resin in 1st quarter – 3rd quarter increased due to high demand of HDPE resin in China. This led to increasing of the production cost of the Company and cost of sale and installation of the pipeline for the year 2018 was 90.54% of income compared to 81.04% in the

year 2017. The major reason was the lower average selling price due to fewer big projects & price competition while the prices of plastic raisin rose, and then caused lower gross profit margin.

Operating profit margin is 3.60% which decreased from the year 2017 that operating profit margin is 10.22% as result of gross profit margin decreased because the reasons mentioned above.

Cash to profitability is (292.47)% decreased from 2017 that cash to profitability was 81.19% because in 2018, the Company has net cash used in operating activities of Baht (126.51) million including operating profit decreased from the previous year by Baht (79.04) million or (64.63)%.

Net profit margin is 1.01% decrease from 2017 that net profit margin was 7.45% and return on equity is 1.33% decrease from 2017 that return on equity was 9.67% as a result, in the year 2018, the Company's profit decreased from the previous year.

14.3 Ability to manage assets

1) Receivables Management

In 2018 the Company had trade and other receivables of Baht 423.85 million increased by Baht 70.46 million or 19.94%. Most of the increase from accounts receivable and accrued income in water management business group divided into trade receivables of Baht 401.93 million and other receivables of Baht 21.92 million. Trade receivables past due over 12 months of Baht 57.03 million increased from the last year by Baht 19.99 million which was the allowance for doubtful accounts amounted of Baht 27.16 million.

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 with details as follows.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	70	3
Total trade receivables - related party	-	-	70	3
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	226,687	171,552	214,050	155,703

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2018	2017
Past due		
Up to 3 months	105,552	91,466
3 - 6 months	10,026	15,137
Over 6 - 12 months	19,011	34,317
Over 12 months	57,028	37,037
Total	418,304	349,509
Less: Allowance for doubtful debts	(27,160)	(34,064)
Total trade receivables - unrelated parties - net	391,144	315,445
Retention receivables as per contract	10,783	10,926
Total	401,927	326,371
Total trade receivables - net	401,927	326,371
<u>Other receivables</u>		
Other receivables - related party (Note 6)	-	-
Unbilled work performed - related party (Note 6)	-	-
Accrued income	4,575	4,506
Unbilled work performed - unrelated parties	17,345	22,512
Total other receivables	21,920	27,018
Total trade and other receivables - net	423,847	353,389

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

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 2018 the Company had the key component of other assets (excluding trade and other receivables) as consolidated financial statements ended December 31, 2018 as follows.

(Baht)	2018	Changed (%)	2017	Changed (%)	2016
Current assets					
Cash and cash equivalents	186,107,694	46.52	127,022,000	(2.36)	130,087,140
Inventories	381,813,243	21.72	313,672,372	15.75	270,995,945
Advance payment to subcontractors	19,430,452	5,692.53	335,440	(52.49)	705,977
Other current assets	45,243,987	(19.83)	56,432,249	25.54	44,951,711
Non-current assets					
Restricted bank deposits	16,000,000	-	16,000,000	-	16,000,000
Advance payment for purchase of shares	30,000,000	-	-	-	-
Restricted bank deposits	21,245,632	-	21,245,632	-	21,245,632
Other long-term investment	685,653,857	(1.03)	692,821,565	30.85	529,475,106
Property, plant and equipment	109,760,766	5.74	103,804,752	(5.17)	109,465,114
Intangible assets	16,755,253	24.44	13,465,007	(27.88)	18,670,226
Deferred tax assets	726,000	(65.04)	2,076,945	(95.56)	46,752,851
Advance payment for plant and equipment	38,177,649	38.39	27,587,223	22.26	22,564,225

Current assets

■ Cash and cash equivalents

Cash and cash equivalents are Baht 186.11 million which increased from the last year by Baht 59.09 million as working capital used in business.

■ Inventories

Inventories are Baht 381.81 million which increased from the last year by Baht 68.14 million with details inventories consisted of.

Thousand Baht	2018	Changed %	2017	Changed %	2016
Finished goods	219,558	35.14	162,465	(12.72)	186,149
Work in process	74,906	27.00	58,982	295.75	14,904
Raw materials	74,910	(10.77)	83,952	31.91	63,644
Spare parts and factory supplies	12,439	50.36	8,273	31.34	6,299
Total	381,813	21.72	313,672	15.75	270,996

Most of the increase is finished goods due to the mainly increase in products waiting to be delivered to customers in construction of water pipeline systems project in Philippines and business mergers in water management segment by acquisition of assets such as contractual rights and equipment for business operations from Ufas (Thailand) Co., Ltd. of a Subsidiary.

■ **Advance payment to subcontractors**

Advance payments to subcontractors are Baht 19.43 million, increased by Baht 19.10 million which is mostly from advance payments to subcontractors in construction of water pipeline systems project in Philippines and construction for expansion of the Provincial Waterworks Authority, Koh Samui Branch project.

■ **Other current assets**

Other current assets are Baht 45.24 million which decreased from the last year by Baht (11.19) million. Mostly decreased from prepaid expenses, advance payment and retention.

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.

■ **Advance payment for purchase of shares**

On 6 June 2018, the subsidiary entered into a Memorandum of Understanding regarding the purchase of shares, in order to invest in two water management projects, namely a water recycling project and a desalination project, both located in Phuket Province. Deposits of Baht 25 million and Baht 5 million, respectively were paid or a total of Baht 30 million.

On 12 October 2018, a meeting of the Company's Board of Directors approved the purchase by the subsidiary of ordinary shares, representing 100 percent of the paid-up capital, totaling Baht 35 million, from existing shareholders of water resources management company, for which a deposit of Baht 25 million had been paid. Upon the completion of the share acquisition, the subsidiary agreed to provide financial support of Baht 265 million to that company, or total of Baht 300 million.

WOG ITR currently operate as a service provider in accordance with the agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012 with period of 30 years. The Company completed the transaction on 4 January 2019.

■ **Other long-term investment**

Other long-term investment is Baht 21.25 million which unchanged from the last year, consisting of investment in Nakhonluang Capital Public Company Limited of Baht 21.25 million and K-Tech Construction Public Company Limited of Baht 0.03 million.

■ **Property, plant and equipment**

Property, plant and equipment are Baht 685.65 million which decreased from the last year by Baht (7.17) million, mainly from depreciation of machinery and equipment.

■ **Intangible assets**

Intangible assets are Baht 109.76 million which increased from the last year by Baht 5.96 million by increasing from business mergers in water management segment by acquisition of assets such as contractual rights and equipment for business operations from Ufas (Thailand) Co., Ltd. of a Subsidiary.

■ **Deferred tax assets**

Deferred tax assets are Baht 16.76 million which increased from the last year by Baht 3.29 million from recording income tax expenses and deferred tax assets from deficit according to Accounting Standard No. 12, Income Tax.

■ **Advance payment for plant and equipment**

Advance payment for plant and equipment is Baht 0.73 million which decreased from the last year by Baht (1.35) million because in 2018, 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 38.18 million which increased from the last year by Baht 10.59 million, mostly from value added tax credit of the Company and withholding tax will be refunded of a subsidiary.

EFFICIENCY RATIO		2018	2017	2016
Return on assets	(%)	0.66	5.53	9.66
Return on fixed assets	(%)	9.21	22.68	33.00
Assets turnover	(time)	0.66	0.74	0.89

Return on assets is 0.66% which decreased from the year 2017 with return on assets 5.53% as result of the Company has the operating results lower than the last year which was affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing. Besides, cost of HDPE resin in 1st quarter – 3rd quarter increased due to high demand of HDPE resin in China. This led to increasing of the production cost of the Company.

Moreover, the Company's total assets increased 14.29%, cash increased 46.52% from working capital used in business, Trade receivables increased 19.94% from accounts receivable and accrued income in water management business group, Inventories increased 21.72% from products waiting to be delivered to customers in construction of water pipeline systems project in Philippines and business mergers in water management segment by acquisition of assets such as contractual rights and equipment for business operations from Ufas (Thailand) Co., Ltd. of a Subsidiary, and Property, plant and equipment slightly decreased (1.03)% from depreciation of machinery and equipment.

Return on fixed assets is 9.21% which decreased from the year 2017 with return on fixed assets 22.68%. Assets turnover is 0.66 times 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 2018 the Company's capital structure are short-term loans from financial institutions and issuance of debentures for use as working capital and source of funds for investments in water management of subsidiary with details of sources and uses of funds for the year 2018 as follows.

Cash flow	2018	Changed (%)	2017	Changed (%)	2016
Net cash from (used in) operating activities	(126,509,039)	(227.42)	99,287,864	(4.44)	103,899,316
Net cash from (used in) investing activities	(76,175,412)	(50.16)	(152,848,000)	(40.07)	(255,063,982)
Net cash from (used in) financing activities	261,834,865	400.67	52,296,862	(74.98)	209,001,252
Net increase (decrease) in cash and cash equivalents	59,150,414	(4,782.31)	(1,263,274)	(102.18)	57,836,586
Unrealised (loss) gain on exchange for cash and cash equivalents	(64,720)	(96.41)	(1,801,866)	(290.10)	947,870
Cash and cash equivalents at beginning of year	127,022,000	(2.36)	130,087,140	82.44	71,302,684
Cash and cash equivalents at end of year	186,107,694	46.52	127,022,000	(2.36)	130,087,140

- Net cash used in operating activities is Baht (126.51) million changed quite a lot compared to 2017 that had net cash from operating activities of Baht 99.29 million which was the working capital in the business mostly.
- Net cash used in investing activities is Baht (76.18) million decreased (50.16)% compared to 2017 that had net cash used in investing activities of Baht (152.85) million. Mostly is cash payment in advance for purchase of shares to invest in water management project of Baht (30) million, acquisition of property, plant and equipment of Baht (37.01) million, and acquisition of intangible assets of Baht (12.50) million business mergers in water management segment by acquisition of contractual rights of a Subsidiary.
- Net cash from financing activities is Baht 261.83 million while the year 2017 had net cash from financing activities of Baht 52.30 million. The Company's financing in 2018 was derived from short-term loans from financial institutions of Baht 175.67 million and cash receipt from issuance of debentures of Baht 150 million, which used in financing activities such as repayment of long-term loans of Baht (19.92) million, payment of liabilities under finance lease agreements of Baht (2.72) million, and dividend paid of Baht (41.20) million.

2) Investment expenditure

In 2018 the Company had investment expenditure of Baht (80.23) million form cash payment in advance for purchase of shares of Baht (30) million, acquisition of property, plant and equipment of Baht (37.01) million, acquisition of intangible assets of Baht (12.50) million, and increase in cash payment in advance for plant and equipment of Baht (0.72) million with mainly from investment in water management projects of subsidiary.

3) Suitability of Capital Structure

LIQUIDITY RATIO		2018	2017	2016
Current ratio	(time)	1.18	1.42	1.55
Quick ratio	(time)	0.68	0.80	0.92
Cash flow ratio	(time)	(0.17)	0.18	0.19
Accounts receivable turnover ratio	(time)	3.10	3.51	3.48
Average collection period	(days)	117.74	103.99	104.90
Inventory Turnover ratio	(time)	5.51	5.49	5.96
Average sale period	(days)	66.24	66.48	61.24
Payable turnover ratio	(time)	22.52	18.64	12.04
Repayment period	(days)	16.21	19.58	30.32

LIQUIDITY RATIO		2018	2017	2016
Cash Cycle	(days)	167.78	150.89	135.82

Current ratio is 1.18 times which was lower than the last year that shows the Company's current assets include cash, accounts receivable and inventories over than short-term liabilities. However, in the year 2018, the Company has flexibility for short-term liabilities repayment lower than the year 2017.

Quick ratio is 0.68 times which was lower than the last year and Cash flow ratio is (0.17) times decreased from the last year as well, reflect the actual liquidity that the Company has assets can be converted into cash less than short-term liabilities, including cash from operating activities insufficient to repayment for short-term liabilities of the Company.

Accounts receivable turnover ratio is 3.10 times with Average collection period 117.74 days that shows the Company use time for billing from the sales on credit more than the year 2017. 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 5.51 times with Average sale period 66.24 days slightly decreased from the previous year. In 2017-2018, the Company had similarly average sale period because the Company was affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing.

Payable turnover ratio is 22.52 times with repayment period 16.21 days that shortened from the year 2017 with repayment period of 19.58 days because of the Company purchased raw materials during the year by the cash term to manage cost of raw materials.

The year 2018 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 including a result of the Company was affected by purchasing from pipe laying projects; waiting for bidding, waiting for contract signing, and pending to start the work after contract signing.

4) Ability to repayment

The Company and its subsidiary had total liabilities in 2018 of Baht 1,062.39 million, increased Baht 275.51 million or 35.01% from the last year which had total liabilities of Baht 786.88 million. Most of the liabilities were from bank overdrafts and short-term loans from financial institutions of Baht

550.74 million, Short-term debenture of Baht 148.89 million, and Long-term loans from financial institutions to invest in the water management business of subsidiary of Baht 124.65 million. In addition, in the year 2018, the Company had trade and other payables of Baht 35.68 million, decreased by Baht (22.09) million or (38.24)%, mostly decreased from trade payable resulting from the purchase of raw materials during the year with cash payment terms to manage raw material costs.

The Company's capital structure are short-term loans from financial institutions and issuance of debentures for use as working capital and source of funds for investments in water management of subsidiary. From the past operations, the Company is able to repay its debts in accordance with conditions and has enough ability for repayment.

4.1) Bank overdrafts and short-term loans from financial institutions

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	7.20	-	54	-	54	-
Short-term loans from						
financial institutions	3.75 - 4.22	3.75 - 3.90	<u>550,687</u>	<u>375,071</u>	<u>550,687</u>	<u>375,071</u>
Total			<u>550,741</u>	<u>375,071</u>	<u>550,741</u>	<u>375,071</u>

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.

4.2) Short-term debentures

On 3 April 2017, the Annual General Meeting of the Company's shareholders 2017 approved the issuance and offering of debentures not exceeding Baht 1,000 million. The Chief Executive Officer is authorised to determine other details and conditions regarding the issuance and offering of debentures.

The Company issued the debentures on 14 June 2018. The debentures of the Company are unsecured, registered, senior debentures with trustees and with a par value of Baht 1,000 each bearing interest at a rate of 6 percent per annum. The interest is payable every 3 months and mature on 13 June 2019.

Movements in the debentures account during the year ended 31 December 2018 are summarised below.

(Unit: Thousand Baht)

Consolidated and separate
financial statements

Balance as at 1 January 2018	-
Add: Issuance of debentures during the year	150,000
Less: Deferred debenture issuing costs	(1,111)
Balance as at 31 December 2018	148,889

FINANCIAL POLICY RATIO		2018	2017	2016
Debt to Equity ratio	(time)	1.16	0.84	0.66
Interest coverage ratio	(time)	(2.61)	5.55	7.03
Debt service coverage ratio	(time)	(0.75)	0.21	0.10
Dividend payout ratio	(%)	45.64	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 2018, the Group's debt-to-equity ratio was 1.16:1 (2017: 0.84:1) and the Company's was 1.01:1 (2017: 0.63:1).

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, and in 2018 D/E ratio increased to 1.16: 1 as a result of total liabilities increased Baht 275.51 million or 35.01% from the last year.

Interest coverage ratio is (2.61) times, decreased when compare to the last year at 5.55 times that shows the Company had cash flow from operating activities less than interest expense (2.61) times. Therefore the Company has the ability to pay interest inadequate compared to the previous year.

Debt service coverage ratio (cash basis) is (0.75) times that shows the Company had cash flow from operating activities less than obligations such as Liabilities repayment, Assets investment expenditure including dividend payment. Because in the year 2018 the Company had net cash used in operating activities of Baht (126.51) million while having total investment expenditure of Baht (80.23) million which was decreased compared to the last year that had total investment expenditure of Baht (154.64) 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 31 of the financial statements 2018 as follows.

1) Capital commitments

As at 31 December 2018, the Company and its subsidiary had capital commitments of approximately Baht 6.1 million, relating to the acquisition of machinery (2017: Baht 23.5 million and US dollar 0.1 million, relating to the construction of water production system and the acquisition of machinery) (The Company only: Baht 5.5 million, relating to the acquisition of machinery (2017: Baht 20.5 million and US dollar 0.1 million, relating to the acquisition of machinery)).

2) Raw material and merchandise inventories purchase commitments

As at 31 December 2018, the Company and its subsidiary had raw material and merchandise inventories purchase commitments amounting to Baht 172.8 million and US dollar 0.4 million (2017: Baht 55.1 million, relating to purchasing of raw material) (The Company only: Baht 172.8 million and US dollar 0.4 million, relating to purchasing of raw material (2017: Baht 55.1 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	9.5	4.3	4.2	2.3
In over 1 and up to 5 years	11.4	1.3	5.2	0.3

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 2018, the Licensing Fee and Royalty Fee was approximately Baht 2.7 million (2017: Baht 3.2 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.

Subsequently, on 1 October 2018, the subsidiary signed an amendment to the above the agreement, with minimum guaranteed purchases of 17,000 cubic meters per day which will be

effective from 1 October 2018 onward. The subsidiary presented income at the minimum offtake quantities under service income in profit or loss for the year ended 31 December 2018.

5) Guarantees

- (a) As at 31 December 2018, the Company has guaranteed bank credit facilities of its subsidiary amounting to US dollar 1 million and Baht 312 million (2017: US dollar 1 million and Baht 312 million).
- (b) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 46.2 million and Philippine peso 21.5 million (2017: Baht 107.9 million and Philippine peso 21.5 million) 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. These included letters of guarantee amounting to Baht 35.0 million (2017: Baht 35.9 million) to guarantee payment due to suppliers, Baht 3.3 million and Philippine peso 21.5 million (2017: Baht 16.0 million and Philippine peso 21.5 million) to guarantee contractual performance, Baht 4.9 million (2017: Baht 4.9 million) to guarantee electricity use, Baht 3 million (2017: Nil) to guarantee bid bond and Baht 51.1 million (2018: Nil) to guarantee cash advance received from customers and retention as at 31 December 2017.

14.6 Factors that affect the operating results in future

Economic outlook for 2019

1) GDP growth trend 4.0%

The National Economic and Social Development Board forecasted that the Thai economy in 2019 is projected to grow in the range of 3.5 – 4.5 percent, supported by (i) a favorable growth momentum of private consumption, (ii) an improvement of total investment attributed by acceleration of public investment and further improvement of private investment, (iii) a recovery of tourism sector, (iv) a moderate pace of global economic expansion which will continue to support Thai export growth, and (v) a clearer direction of global trade, production, and investment. All in all, it is expected that export value will grow by 4.6 percent, and private consumption and total investment will grow by 4.2 and 5.1 percent, respectively. Headline inflation is forecasted to be in the range of 0.7 – 1.7 percent and the current account will record a surplus of 5.8 percent of GDP.

2) Public investment

Total investment is projected to expand by 5.1 percent, accelerating from 3.6 percent in 2018. Public investment is expected to grow by 6.2 percent, up from 5.0 percent in 2018, mainly supported

by an increase in the FY2019 annual capital budget framework of 20.1 percent compare to that of FY2018, favorable progress of strategic infrastructure projects which have continued to enter construction phase which will bring about a speed up in budget disbursement of state-owned enterprises. Private investment is expected to expand by 4.7 percent, accelerating from a 3.7-percent growth in 2018, supporting by: (i) an increase in capacity utilization rate in those industries with higher than 75 percent rate⁸ as well as those industries that tend to have greater opportunity from the trade tensions between the US and China; (ii) the progress of public infrastructure projects which has begun to further support constructions of private sector; and (iii) the likelihood of manufacturing base relocation of foreign firms to Thailand due to escalating trade protection measures among advanced economies which would expect to exhibit a clearer direction in the second half of 2019.

3) Economic Management for the year 2019

The Thai economy in 2019 tends to continually improve supported by expanding domestic demand in 2018, which is expected to continue throughout next year. Private consumption tends to strengthen further in line with the improvement of wages and employment conditions. Public investment is likely to accelerate further following the progress of key infrastructure projects, while private investment tends to expand well, following increases in capacity utilization, and international trade and production redirection. Meanwhile, the recovery of the tourism sector could be slower than expected and exports may soften due to the global slowdown and escalating trade protection. However, a clearer direction of global trade and supply chain tends to be opportunity for boosting exports, production, and investment, in order to offset the impact of economic slowdown and to enhance potential economic growth in the long run.

Given these conditions, the macroeconomic policy management should emphasize expediting the public investment to continue its expansion and reach the target by: (i) expediting the FY2019 government's and state-owned enterprises' capital budget disbursement to reach the disbursement rates of no less than 75.0 (17.0 for the first quarter) and 80.0 percent, respectively; (ii) speeding up the capital budget disbursement of the FY2019 carry-over budget framework to reach the disbursement rates of no lower than 75.0 as well as the non-budgetary budget of 8,031.6 million baht; (iii) driving key infrastructure projects to enter into the construction phase as planned; (iv) promoting incentive measures to continually attract investors to investment in the Eastern Economic Corridor (EEC) and Special Economic Zones (SEZs); and (v) formulating and expediting transportation and logistics infrastructure projects as well as urban and special economic zone areas development plans at both regional and provincial levels in order to bolster economic expansions and economic activities distribution.

4) Global economy and financial system

The global economy and financial system are likely to be vulnerable to fluctuations and lower-than-anticipated economic growth. Key risk factors include: (i) the uncertainty of trade protection and reciprocal retaliation, with additional US trade restrictions imposed on China and its other trade partners, including the EU and Japan, as well as the uncertainty of trade negotiation outcome under USMCA framework, and the possible extension of Chinese countermeasures. These aforementioned trade barriers would negatively affect trading-partner economies, world trade volume, global economy, and Thai exports to grow slower than expected; (ii) the slowdown trend of the Chinese economy and the risk of instability from imbalanced economy, which might be aggravated by trade protection measures, together with capital movements and manufacturing relocation; (iii) economic instability in some emerging economies that could be worsened during the Fed's normalizing process amid the global economic downturn; (iv) non-aligned US political policy directions between the Democrat party and the Republican party that would hinder the resolution to the US public debt ceiling and may lead to the government shutdown; (v) the risk that the UK may not be able to reach an agreement on the exit from EU (No Deal Brexit); (vi) Italian government's plan increase public spending that causes higher budget deficit amidst the high public debt, which may lead to sovereign bond downgrade and adversely affect overall sentiment and unity of the Eurozone; and (vii) oil price volatility which remains upon the OPEC's decision on production capacity and the US's exemption on 8 oil importers from Iran including China, India, Greece, Italy, Taiwan, Japan, Turkey and South Korea, as well as the unity of OPEC.

5) Global interest rates

The global interest rates may rise faster than economic fundamental, which would affect the recovery of major advanced economies. In particular, the US trade protectionism policies ultimately increased its production cost, and in turn lead to higher-than-expected inflation, together with increasing global bond supply from the US budget deficit, the Fed balance sheet reduction, and the expected completion of ECB asset purchase program, would thus lead to a faster-than-expected rise in the US fund rate as well as the US and the global bond yields.

6) Value of Thai baht

The average value of Thai baht in 2019 is expected to be in the range of 32.5 – 33.5 baht per US dollar, depreciated from 32.3 per US dollar in 2018 following: (i) the Fed monetary policy tightening, including, under baseline scenario, raising its policy rate in December 2018 with 3 more hikes in 2019, and increasing of long-term treasury yield driven by the Fed balance sheet

normalization and the US fiscal 6-year high deficit of 779 billion US dollars of FY2018; (ii) depreciation of the Chinese Yuan and other regional currencies due to the slowdown of the Chinese economy and the impact of trade protectionist measures; and (iii) a gradual decline of Thai current account surplus. However, the depreciation trend of the Thai baht tends to be within a limited range due to the investors' expectation on Thai interest rate policy and strong macroeconomic fundamentals, including high current account surplus, ample foreign reserves, and sound level of public debt. All of which allow investors to perceive Thailand as a regional safe haven.

7) Crude oil price

The average Dubai crude oil price in 2019 is expected to be in the range of 70.0 – 80.0 US dollar per barrel, a gradual rise from 70.5 US dollar per barrel in 2018. Supporting factors for the higher oil price are: (i) increasing oil demand as a result of a favorable global economic expansion; (ii) expectations, regarding OPEC's upcoming meeting in December 2018, that it will cut oil production by 1.4 million barrels per day; (iii) the expiration of the waiver for 8 countries importing Iranian oil (Under the US sanction against Iran) on May 2019, which will lead to the reduction of Iran crude oil supply; and (iv) the reduction of crude oil supply from the economic and political difficulties in Venezuela. Nevertheless, there are some factors that might cause oil price to increase gradually, including: (i) concerns over intensified trade protection that could contribute to the lower-than-expected crude oil demand and world economic growth; (ii) an expansion of oil production from non-OPEC countries (as indicated by the highest number of US's operating oil rigs in the past 3 year); and (iii) the US dollar appreciation in response to the policy rate hikes.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> WIHK reputation was internationally recognized. WIHK has the potential to receive specialized work. WIHK has experienced personnel. WIHK has lower financial costs than competitors. WIHK 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 2018 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. WIHK 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 Thamputthipong 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 2018 the Audit Committee held the meeting of all 4 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 2018.

The Audit Committee reviewed quarterly financial statements and the annual financial statements 2018 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 22, 2019

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) Mr. Karn Siriphatras (4) Miss Chinanut Jariyarudeechai and (5) Mr. Peerapon Thantranon 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 2018, 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 22, 2019

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 2018, the Nomination and Remuneration 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 Director to replace resigned Director to propose to the Board of Directors 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 22, 2019

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 2018 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 2018, 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 2018, 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 to each matter are described below.

Recognition of revenue from sales and service

Revenue from sales and service of the Group forms a significant portion of the Group's total revenues, as at 31 December 2018, sales and service income amounted to Baht 1,203 million and directly affects the Group's profit and loss. The Group has both local and oversea sales and service 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 and service of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue from sales and service 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 and service transactions to assess whether the revenue recognition was consistent with the conditions stipulated in the sales and service documents and in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for sales and service transactions occurring during the year and near the end of the accounting period, with special consideration given to expanding the scope of the examination of supporting documentation for transactions occurring near the end of the accounting period.
- Reviewing credit notes that the Group issued to their customers after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales and service 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.

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.



Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited

Bangkok: 22 February 2019

20. Financial Statements and Notes

Wiik & Hoeglund Public Company Limited and its subsidiary

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	186,107,694	127,022,000	40,748,989	82,839,153
Trade and other receivables	8	423,846,745	353,389,258	310,430,044	280,422,380
Inventories	9	381,813,243	313,672,372	350,597,526	293,009,154
Short-term loans to related party	6	-	-	190,000,000	-
Advance payment to subcontractors		19,430,452	335,440	9,955,441	-
Other current assets		45,243,987	56,432,249	27,860,812	40,536,689
Total current assets		1,056,442,121	850,851,319	929,592,812	696,807,376
Non-current assets					
Restricted bank deposits	10	16,000,000	16,000,000	16,000,000	16,000,000
Advance payment for purchase of shares	11	30,000,000	-	-	-
Investments in subsidiary	12	-	-	192,147,200	192,147,200
Other long-term investments	13	21,245,632	21,245,632	21,245,632	21,245,632
Property, plant and equipment	14	685,653,857	692,821,565	520,094,878	521,995,617
Intangible assets	15	109,760,766	103,804,752	1,461,713	2,458,674
Deferred tax assets	25	16,755,253	13,465,007	16,352,645	13,072,005
Advance payment for plant and equipment		726,000	2,076,945	231,000	2,076,945
Other non-current assets		38,177,649	27,587,223	29,769,119	19,604,078
Total non-current assets		918,319,157	877,001,124	797,302,187	788,600,151
Total assets		1,974,761,278	1,727,852,443	1,726,894,999	1,485,407,527

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 2018

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	16	550,741,203	375,071,406	550,741,203	375,071,406
Trade and other payables	17	35,684,435	57,774,684	28,564,544	53,861,334
Short-term debenture	18	148,888,619	-	148,888,619	-
Current portion of long-term loans	19	22,705,702	21,619,987	-	-
Current portion of liabilities under					
finance lease agreements	20	3,018,041	2,456,542	2,275,532	1,691,917
Advance received from customers		50,970,260	86,266,625	49,082,787	62,867,151
Other current liabilities		82,305,981	55,937,999	47,549,954	40,540,783
Total current liabilities		894,314,241	599,127,243	827,102,639	534,032,591
Non-current liabilities					
Long-term loans, net of current portion	19	124,646,458	145,656,644	-	-
Liabilities under finance lease agreements,					
net of current portion	20	5,700,446	6,220,633	3,617,173	4,226,308
Provision for long-term employee benefits	21	15,945,114	14,251,212	14,574,246	12,910,030
Deferred tax liabilities	25	21,285,704	21,162,229	21,162,229	21,162,229
Provision for decommissioning		495,513	458,641	-	-
Total non-current liabilities		168,073,235	187,749,359	39,353,648	38,298,567
Total liabilities		1,062,387,476	786,876,602	866,456,287	572,331,158

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 2018

				(Unit: Baht)	
		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
499,918,044 ordinary shares of Baht 1 each					
(2017: 474,917,334 ordinary shares					
of Baht 1 each)					
	22	499,918,044	474,917,334	499,918,044	474,917,334
Issued and fully paid up					
374,938,533 ordinary shares of Baht 1 each					
(2017: 374,938,000 ordinary shares					
of Baht 1 each)					
	22	374,938,533	374,938,000	374,938,533	374,938,000
Share premium					
		277,162,132	277,160,000	277,162,132	277,160,000
Retained earnings					
Appropriated - statutory reserve					
	23	38,531,907	38,531,907	38,531,907	38,531,907
Unappropriated					
		137,092,314	165,697,018	85,157,224	137,797,546
Other components of shareholders' equity					
		84,648,916	84,648,916	84,648,916	84,648,916
Total shareholders' equity		912,373,802	940,975,841	860,438,712	913,076,369
Total liabilities and shareholders' equity		1,974,761,278	1,727,852,443	1,726,894,999	1,485,407,527

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 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales	26	973,771,744	1,074,583,056	892,264,970	1,010,520,373
Service income	26	229,138,483	122,003,469	110,897,077	20,081,029
Other income					
Dividend income	13	1,664,000	1,120,000	1,664,000	1,120,000
Others		17,063,100	14,229,513	22,191,957	16,203,990
Total revenues		1,221,637,327	1,211,936,038	1,027,018,004	1,047,925,392
Expenses					
Cost of sales		868,170,730	864,419,477	807,340,015	826,961,004
Cost of services		183,954,545	92,304,459	101,673,834	17,745,529
Selling and distribution expenses		52,879,159	55,879,163	52,879,159	56,136,663
Administrative expenses		73,377,169	77,041,644	53,030,537	56,127,494
Total expenses		1,178,381,603	1,089,644,743	1,014,923,545	956,970,690
Profit before finance cost and income tax income (expenses)		43,255,724	122,291,295	12,094,459	90,954,702
Finance cost		(34,204,449)	(23,264,903)	(26,499,900)	(16,639,087)
Profit (loss) before income tax income (expenses)		9,051,275	99,026,392	(14,405,441)	74,315,615
Income tax income (expenses)	25	3,250,842	(8,765,565)	3,226,156	(4,874,525)
Profit (loss) for the year		12,302,117	90,260,827	(11,179,285)	69,441,090
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		336,282	-	(217,934)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		336,282	-	(217,934)	-
Other comprehensive income for the year		336,282	-	(217,934)	-
Total comprehensive income for the year		12,638,399	90,260,827	(11,397,219)	69,441,090
Earnings (loss) per share	27				
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.03	0.24	(0.03)	0.19
Weighted average number of ordinary shares (shares)		374,938,305	374,938,000	374,938,305	374,938,000

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	9,051,275	99,026,392	(14,405,441)	74,315,615
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	57,701,944	48,319,916	35,640,407	30,459,695
Doubtful accounts (reversal)	(6,904,266)	6,940,632	(2,666,319)	2,744,180
Reduction of inventories to net realisable value (reversal)	2,797,564	(8,824,089)	2,797,564	(8,824,089)
Write-off inventories	2,029,395	570,818	2,029,395	570,818
Loss (gain) on disposal and write-off of property, plant and equipment	(605,012)	924,622	(605,012)	(713,474)
Write-off withholding income tax	1,567,605	-	367,605	-
Gain on cancellation of financial lease agreement	(39,548)	(943,242)	-	-
Long-term employee benefits expenses	2,848,654	2,324,647	2,126,199	1,854,411
Unrealised loss on exchange	440,929	2,158,230	439,049	2,135,481
Dividend income	(1,664,000)	(1,120,000)	(1,664,000)	(1,120,000)
Interest income	(1,773,486)	(668,807)	(6,954,898)	(1,878,318)
Interest expenses	34,204,449	23,264,903	26,499,900	16,639,087
Profit from operating activities before changes in operating assets and liabilities	99,655,503	171,974,022	43,604,449	116,183,406
Operating assets (increase) decrease				
Trade and other receivables	(64,064,600)	(32,645,116)	(27,287,460)	1,518,280
Inventories	(72,967,830)	(34,423,156)	(62,415,331)	(14,624,045)
Advance payment to subcontractors	(19,095,012)	370,537	(9,955,441)	-
Other current assets	12,748,985	(11,058,304)	14,210,867	(9,084,857)
Other non-current assets	(10,590,426)	(5,022,998)	(10,165,041)	(4,618,061)
Operating liabilities increase (decrease)				
Trade and other payables	(24,165,519)	11,153,094	(27,372,060)	11,153,359
Advance received from customers	(35,296,365)	3,598,857	(13,784,364)	(11,874,173)
Other current liabilities	25,248,896	22,386,092	5,812,122	15,461,863
Employee benefit paid during the year	(734,400)	(1,131,060)	(734,400)	(1,131,060)
Employee benefit received during the year from transferred employees	-	-	-	2,154,843
Cash from (used in) operating activities	(89,260,768)	125,201,968	(88,086,659)	105,139,555
Cash paid for interest expenses	(34,241,891)	(22,545,992)	(26,459,376)	(15,981,150)
Cash paid for corporate income tax	(3,006,380)	(3,368,112)	(1,777,664)	(420,811)
Net cash from (used in) operating activities	(126,509,039)	99,287,864	(116,323,699)	88,737,594

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 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash payment for acquisition of subsidiary	-	-	-	(140,400,000)
Cash payment in advance for purchase of shares	(30,000,000)	-	-	-
Cash payment for short-term loans to related party	-	-	(190,000,000)	(88,400,000)
Cash receipt from repayment of short-term loans to related party	-	-	-	191,200,000
Dividend received from other long-term investment	1,664,000	1,120,000	1,664,000	1,120,000
Acquisition of property, plant and equipment	(37,008,396)	(151,719,538)	(26,667,707)	(62,712,800)
Proceeds from sales of property, plant and equipment	612,850	2,900	612,850	3,682,905
Acquisition of intangible assets	(12,498,943)	(841,800)	-	(775,800)
Increase in cash payment in advance for plant and equipment	(726,000)	(2,076,945)	(231,000)	(2,076,945)
Interest income	1,781,077	667,383	6,394,240	1,879,643
Net cash used in investing activities	(76,175,412)	(152,848,000)	(208,227,617)	(96,482,997)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	175,669,797	285,302,151	175,669,797	285,302,151
Repayment of bills of exchange	-	(238,965,768)	-	(238,965,768)
Cash receipt from long-term loans	-	94,000,000	-	-
Repayment of long-term loans	(19,924,470)	(10,198,008)	-	-
Cash receipt from issuance of debentures	150,000,000	-	150,000,000	-
Cash receipt from exercise of warrants	2,665	-	2,665	-
Payment of liabilities under finance lease agreements	(2,715,227)	(2,967,689)	(1,950,570)	(2,092,440)
Dividend paid	(41,197,900)	(74,873,824)	(41,197,900)	(74,873,824)
Net cash from (used in) financing activities	261,834,865	52,296,862	282,523,992	(30,629,881)
Net increase (decrease) in cash and cash equivalents	59,150,414	(1,263,274)	(42,027,324)	(38,375,284)
Unrealised loss on exchange for cash and cash equivalents	(64,720)	(1,801,866)	(62,840)	(1,779,116)
Cash and cash equivalents at beginning of year	127,022,000	130,087,140	82,839,153	122,993,553
Cash and cash equivalents at end of year	186,107,694	127,022,000	40,748,989	82,839,153
Supplemental disclosure of cashflow information				
Non-cash transactions				
Acquisition of motor vehicle under finance lease agreements	2,796,087	7,599,898	1,925,050	7,242,136
Increase in other payables from acquisition of property, plant and equipment	2,080,844	-	2,080,844	-
Transferred cash payment in advance for plant and equipment to plant and equipment	2,076,945	46,752,851	2,076,945	4,315,351
Provision for decommissioning of plant and equipment	36,872	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 2018

(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 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 30)	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings to statutory reserve (Note 23)	-	-	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
Balance as at 1 January 2018	374,938,000	277,160,000	38,531,907	165,697,018	84,648,916	940,975,841
Profit for the year	-	-	-	12,302,117	-	12,302,117
Other comprehensive income for the year	-	-	-	336,282	-	336,282
Total comprehensive income for the year	-	-	-	12,638,399	-	12,638,399
Increase in share capital from exercise of warrants (Note 22)	533	2,132	-	-	-	2,665
Dividend paid (Note 30)	-	-	-	(41,243,103)	-	(41,243,103)
Balance as at 31 December 2018	374,938,533	277,162,132	38,531,907	137,092,314	84,648,916	912,373,802

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 2018

(Unit: Baht)

	Separate financial statements				Other components	
					of equity	
	Issued and		Retained earnings		Other comprehensive	Total
	paid-up				income	shareholders'
	share capital	Share premium	Appropriated	Unappropriated	Surplus on	equity
					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 30)	-	-	-	(74,987,600)	-	(74,987,600)
Transferred unappropriated retained earnings						
to statutory reserve (Note 23)	-	-	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
						-
Balance as at 1 January 2018	374,938,000	277,160,000	38,531,907	137,797,546	84,648,916	913,076,369
Loss for the year	-	-	-	(11,179,285)	-	(11,179,285)
Other comprehensive income for the year	-	-	-	(217,934)	-	(217,934)
Total comprehensive income for the year	-	-	-	(11,397,219)	-	(11,397,219)
Increase in share capital from exercise						
of warrants (Note 22)	533	2,132	-	-	-	2,665
Dividend paid (Note 30)	-	-	-	(41,243,103)	-	(41,243,103)
Balance as at 31 December 2018	374,938,533	277,162,132	38,531,907	85,157,224	84,648,916	860,438,712

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 2018

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:	Benitez Apartments, National Road, Poblacion, Danao City, Cebu, Republic of the Philippines 6004

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”):

<u>Company's name</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Percentage of shareholding</u>	
			<u>2018</u>	<u>2017</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 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 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiary believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiary is currently evaluating the impact of this standard to the financial statements in the year when it is adopted.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiary is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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, assets under installation and building under construction.

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

Intangible assets with indefinite useful lives (customer list) are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

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 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 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.

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 14.

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.

6. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions, which are summarised 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.

					(Unit: Million Baht)
	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2018	2017	2018	2017	
Transactions with subsidiary company					
(eliminated from the consolidated financial statements)					
Sales	-	-	2	22	Market price
Service Income	-	-	-	1	Agreed price
Interest income	-	-	6	1	4.3 to 7.8 percent per annum (2017: 3.9 to 4.1 percent per annum)
Welding and other service charge	-	-	-	1	Market price
Sales of equipment	-	-	-	4	Agreed price
Purchases of equipment	-	-	-	4	Agreed price

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

					(Unit: Thousand Baht)
	Consolidated		Separate		
	financial statements		financial statements		
	2018	2017	2018	2017	
<u>Trade and other receivables - related party (Note 8)</u>					
Trade receivables					
Subsidiary	-	-	70	3	
Total trade receivables - related party	-	-	70	3	
Other receivables					
Subsidiary	-	-	754	596	
Total other receivables - related party	-	-	754	596	
Total trade and other receivables - related party	-	-	824	599	
<u>Trade and other payables - related party (Note 17)</u>					
Other payables					
Subsidiary	-	-	-	32	
Total other payables - related party	-	-	-	32	
Total trade and other payables - related party	-	-	-	32	

Short-term loans to related party

As at 31 December 2018 and 2017, the balances of short-term loans between the Company and its subsidiary and the movements are as follows:

(Unit: Thousand Baht)

Short-term loans	Separate financial statements			
	Balance as at 1 January 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2018
<i>Subsidiary</i>				
Wiik Water Company Limited	-	190,000	-	190,000
Total	-	190,000	-	190,000

Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	33,279	31,021	24,580	25,192
Post-employment benefits	1,556	1,034	1,048	893
Total directors and managements remuneration	<u>34,835</u>	<u>32,055</u>	<u>25,628</u>	<u>26,085</u>

Guarantee obligations with related parties

The Company had outstanding guarantee obligations with its subsidiary, as described in Note 31.5 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 88 million (2017: Baht 89 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	135	115	95	95
Bank deposits	185,973	126,907	40,654	82,744
Total	<u>186,108</u>	<u>127,022</u>	<u>40,749</u>	<u>82,839</u>

As at 31 December 2018, bank deposits in saving and current accounts carried interests between 0.10 and 1.00 percent per annum (2017: between 0.10 and 1.00 percent per annum).

8. Trade and other receivables

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2018	2017	2018	2017
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	70	3
Total trade receivables - related party	-	-	70	3
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	226,687	171,552	214,050	155,703
Past due				
Up to 3 months	105,552	91,466	57,668	70,631
3 - 6 months	10,026	15,137	1,293	10,119
Over 6 - 12 months	19,011	34,317	5,216	31,878
Over 12 months	57,028	37,037	45,809	32,773
Total	418,304	349,509	324,036	301,104
Less: Allowance for doubtful debts	(27,160)	(34,064)	(27,156)	(29,882)
Total trade receivables - unrelated parties - net	391,144	315,445	296,880	271,282
Retention receivables as per contract	10,783	10,926	7,545	7,375
Total	401,927	326,371	304,425	278,657
Total trade receivables - net	401,927	326,371	304,495	278,660
<u>Other receivables</u>				
Other receivables - related party (Note 6)	-	-	754	538
Unbilled work performed - related party (Note 6)	-	-	-	58
Accrued income	4,575	4,506	-	-
Unbilled work performed - unrelated parties	17,345	22,512	5,181	1,166
Total other receivables	21,920	27,018	5,935	1,762
Total trade and other receivables - net	423,847	353,389	310,430	280,422

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	
	2018	2017	2018	2017	2018	2017
Finished goods	242,902	183,021	(23,344)	(20,556)	219,558	162,465
Work in process	74,906	58,982	-	-	74,906	58,982
Raw materials	74,983	84,016	(73)	(64)	74,910	83,952
Spare parts and factory supplies	12,439	8,273	-	-	12,439	8,273
Total	405,230	334,292	(23,417)	(20,620)	381,813	313,672

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	242,902	183,021	(23,344)	(20,556)	219,558	162,465
Work in process	49,515	39,653	-	-	49,515	39,653
Raw materials	74,983	84,016	(73)	(64)	74,910	83,952
Spare parts and factory supplies	6,614	6,939	-	-	6,614	6,939
Total	374,014	313,629	(23,417)	(20,620)	350,597	293,009

During the current year, the Company reduced cost of inventories by Baht 3 million (The Company only: Baht 3 million), to reflect the net realisable value. This was included in cost of sales. During the year 2017, the Company reversed the write-down of cost of inventories by Baht 9 million (The Company only: Baht 9 million), and reduced the amount of inventories recognised as expenses during the year.

10. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

11. Advance payment for purchase of shares

On 6 June 2018, the subsidiary entered into a Memorandum of Understanding regarding the purchase of shares, in order to invest in two water management projects, namely a water recycling project and a desalination project, both located in Phuket Province. Deposits of Baht 25 million and Baht 5 million, respectively were paid or a total of Baht 30 million.

On 12 October 2018, a meeting of the Company's Board of Directors approved the purchase by the subsidiary of ordinary shares, representing 100 percent of the paid-up capital, totaling Baht 35 million, from existing shareholders of water resources management company, for which a deposit of Baht 25 million had been paid. Upon the completion of the share acquisition, the subsidiary agreed to provide financial support of Baht 265 million to that company, or total of Baht 300 million. The closing date is being scheduled, and the seller still has a responsibility for the completion in accordance with significant conditions of this investment.

12. 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	
	2018	2017	2018 (%)	2017 (%)	2018	2017	2018	2017
Wiik Water Co., Ltd.	170,00	170,00	100.00	100.00			-	-
	0	0			199,662	199,662		
Total					199,662	199,662	-	-
Less: Allowance for impairment loss					(7,515)	(7,515)		
Total investments in subsidiary - net					192,147	192,147		

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.

13. 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	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
			(%)	(%)				
Nakhonluang Capital Public Co., Ltd.	467,549	455,000	3.42	3.52	21,246	21,246	1,664	1,120
K-Tech Construction Public Co., Ltd.	1,276,326	3,927,157	-	-	30	30	-	-
Total					21,276	21,276	1,664	1,120
Less: Allowance for impairment loss					(30)	(30)		
Total other long-term investments - net					21,246	21,246		

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements									
	Revaluation									
	basis	Cost basis								
					Machinery		Furniture, fixtures		Building	
		Land	Building and	Leasehold	and	Motor	and office	Assets under	under	
	Land	improvement	improvements	improvement	equipment	vehicles	equipment	installation	construction	Total
Cost/Revaluation										
1 January 2017	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
Additions	-	-	1,202	-	18,760	3,220	3,148	12,631	5,038	43,999
Disposals and write-off	-	-	-	-	-	(3,344)	(11)	-	-	(3,855)
Transfer in (out)	-	-	9,900	-	14,818	-	-	(14,818)	(9,900)	-
31 December 2018	240,941	9,657	254,580	5,151	720,739	27,379	27,963	8,688	7,498	1,302,596
Accumulated depreciation										
1 January 2017	-	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
Depreciation for the year	-	824	5,654	5	38,632	3,492	2,552	-	-	51,159
Depreciation on disposals and write-off	-	-	-	-	-	(3,344)	(4)	-	-	(3,348)
31 December 2018	-	7,711	130,484	5,131	436,879	13,231	19,588	-	-	613,024

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis								
		Land	Building and improvements	Leasehold improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and office equipment	Assets under installation	Building under construction	Total
Allowance for diminution in value										
31 December 2017	-	-	-	-	3,911	-	7	-	-	3,918
31 December 2018	-	-	-	-	3,911	-	7	-	-	3,918
Net book value										
31 December 2017	240,941	2,770	118,648	25	285,003	14,420	7,779	10,875	12,360	692,821
31 December 2018	240,941	1,946	124,096	20	279,949	14,148	8,368	9,194	7,498	685,654
Depreciation for the year										
2017 (Baht 39 million included in manufacturing cost, and the balance in selling and administrative expenses)										41,818
2018 (Baht 47 million included in manufacturing cost, and the balance in selling and administrative expenses)										51,159

(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	vehicles	and office	installation	under	Total
					equipment		equipment		construction	
Cost/Revaluation										
1 January 2017	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
Additions	-	-	1,202	-	15,382	1,928	1,601	7,590	5,038	32,750
Disposals and write-off	-	-	-	-	-	(2,644)	(11)	-	-	(2,655)
Transfer in (out)	-	-	9,900	-	13,276			(13,276)	(9,900)	-
31 December 2018	240,941	7,967	244,795	4,623	528,575	17,286	23,879	4,146	7,498	1,079,710
Accumulated depreciation										
1 January 2017	-	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
Depreciation for the year	-	486	5,193	1	24,390	2,576	1,997	-	-	34,643
Depreciation on disposals and write-off	-	-	-	-	-	(2,644)	(4)	-	-	(2,648)
31 December 2018	-	7,150	129,744	4,619	391,003	5,066	18,115	-	-	555,697

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis								
		Land	Building and improvements	Leasehold improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and office equipment	Assets under installation	Building under construction	Total
Allowance for diminution in value	Land	improvement	improvements	improvement	equipment					
31 December 2017	-	-	-	-	3,911	-	7	-	-	3,918
31 December 2018	-	-	-	-	3,911	-	7	-	-	3,918
Net book value										
31 December 2017	240,941	1,303	109,142	5	129,393	12,868	6,160	9,823	12,360	521,995
31 December 2018	240,941	817	115,051	4	133,661	12,220	5,757	4,146	7,498	520,095
Depreciation for the year										
2017 (Baht 28 million included in manufacturing cost, and the balance in selling and administrative expenses)										29,455
2018 (Baht 32 million included in manufacturing cost, and the balance in selling and administrative expenses)										34,643

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 2018 and 2017 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2018</u>	<u>2017</u>
Land	135,130	135,130

As at 31 December 2018, the Company and its subsidiary had vehicles under finance lease agreements with net book values amounting to Baht 12 million (2017: Baht 11 million) (The Company only: Baht 9 million 2017: Baht 8 million).

As at 31 December 2018, 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 295 million (2017: Baht 285 million) (The Company only: Baht 292 million 2017: Baht 283 million).

The Company has mortgaged its land and construction thereon and machinery with net book value as at 31 December 2018 of Baht 351 million (2017: Baht 356 million) as collateral against the Company and its subsidiary' credit facilities received from financial institutions.

15. Intangible assets

The net book value of intangible assets as at 31 December 2018 and 2017 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					Separate financial statements		
	License for use of water supply system	Customer list	License for the products under WEHOLITE Trademark	Computer software	Total	License for the products under WEHOLITE trademark	Computer software	Total
As at 31 December 2018								
Cost	110,000	12,257	3,720	14,513	140,490	3,720	14,205	17,925
<u>Less</u> Accumulated amortisation	(14,215)	-	(2,867)	(13,647)	(30,729)	(2,867)	(13,596)	(16,463)
Net book value	<u>95,785</u>	<u>12,257</u>	<u>853</u>	<u>866</u>	<u>109,761</u>	<u>853</u>	<u>609</u>	<u>1,462</u>
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	<u>101,281</u>	<u>-</u>	<u>1,597</u>	<u>927</u>	<u>103,805</u>	<u>1,597</u>	<u>862</u>	<u>2,459</u>

A reconciliation of the net book value of intangible assets for the years ended 31 December 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	103,805	109,465	2,459	2,688
Acquisition of computer software	242	842	-	776
Acquisition of customer list	12,257	-	-	-
Amortisation for the year	(6,543)	(6,502)	(997)	(1,005)
Net book value at end of year	<u>109,761</u>	<u>103,805</u>	<u>1,462</u>	<u>2,459</u>

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 31.4 to the financial statements and are amortised on a straight-line basis over the useful life of 20 years.

On 1 July 2018, the subsidiary entered into an agreement with a company to purchase assets. The subsidiary has to make payment for the purchase of goods, assets and equipment and tools for use in operations, and the transfer of rights of that company, totaling to Baht 28.5 million. The subsidiary has measured fair values of assets acquired as at the acquisition date which were summarised below.

	(Unit: Thousand Baht)
Project in progress	12,232
Inventory	3,639
Equipment	372
Customer list	12,257
Total assets acquisition	28,500

16. Bank overdrafts and short-term loans from financial institutions

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
Bank overdrafts	7.20	-	54	-	54	-
Short-term loans from financial institutions	3.75 - 4.22	3.75 - 3.90	550,687	375,071	550,687	375,071
Total			550,741	375,071	550,741	375,071

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.

17. Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - unrelated parties	24,461	47,379	18,421	44,772
Other payables - related party (Note 6)	-	-	-	32
Other payables - unrelated parties	11,223	10,396	10,144	9,057
Total trade and other payables	35,684	57,775	28,565	53,861

18. Short-term debentures

On 3 April 2017, the Annual General Meeting of the Company's shareholders 2017 approved the issuance and offering of debentures not exceeding Baht 1,000 million. The Chief Executive Officer is authorised to determine other details and conditions regarding the issuance and offering of debentures.

The Company issued the debentures on 14 June 2018. The debentures of the Company are unsecured, registered, senior debentures with trustees and with a par value of Baht 1,000 each bearing interest at a rate of 6 percent per annum. The interest is payable every 3 months and mature on 13 June 2019.

Movements in the debentures account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2018	-
Add: Issuance of debentures during the year	150,000
Less: Deferred debenture issuing costs	(1,111)
Balance as at 31 December 2018	148,889

19. Long-term loans

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
Interest rate (%)	Repayment schedule	2018	2017	2018	2017
MLR - 1.75	Monthly installments as from November 2016 - July 2024	65,150	74,931	-	-
MLR - 1.75	Monthly installments as from March 2017 - August 2025	82,202	92,346	-	-
Total		147,352	167,277	-	-
Less: Current portion		(22,706)	(21,620)	-	-
Long-term loans, net of current portion		124,646	145,657	-	-

Movement of the long-term loan account during the year ended 31 December 2018 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	167,277	-
Less: Repayment	(19,925)	-
Balance as at 31 December 2018	147,352	-

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.

20. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	9,907	10,505	6,942	7,671
Less: Deferred interest expenses	(1,189)	(1,828)	(1,049)	(1,753)
Total	8,718	8,677	5,893	5,918
Less: Portion due within one year	(3,018)	(2,456)	(2,276)	(1,692)
Liabilities under finance lease agreements - net of current portion	5,700	6,221	3,617	4,226

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	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	3,752	3,313	6,155	7,192	9,907	10,505
Deferred interest expenses	(734)	(857)	(455)	(971)	(1,189)	(1,828)
Present value of future minimum lease payments	<u>3,018</u>	<u>2,456</u>	<u>5,700</u>	<u>6,221</u>	<u>8,718</u>	<u>8,677</u>

(Unit: Thousand Baht)

	As at 31 December					
	Separate financial statements					
	Less than 1 year		1-5 years		Total	
	2018	2017	2018	2017	2018	2017
Future minimum lease payments	2,951	2,509	3,991	5,162	6,942	7,671
Deferred interest expenses	(675)	(817)	(374)	(936)	(1,049)	(1,753)
Present value of future minimum lease payments	<u>2,276</u>	<u>1,692</u>	<u>3,617</u>	<u>4,226</u>	<u>5,893</u>	<u>5,918</u>

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Provision for long-term employee benefits at beginning of year	14,251	13,058	12,910	10,032
Included in profit or loss:				
Current service cost	2,517	2,039	1,812	1,623
Interest cost	331	285	314	231
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	665	-	647	-
Financial assumptions changes	(321)	-	(168)	-
Experience adjustments	(764)	-	(207)	-
Benefits paid during the year	(734)	(1,131)	(734)	(1,131)
Benefit received during the year from transferred employees	-	-	-	2,155
Provision for long-term employee benefits at end of year	<u>15,945</u>	<u>14,251</u>	<u>14,574</u>	<u>12,910</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost of sales	811	932	644	787
Selling and administrative expenses	2,037	1,392	1,482	1,067
Total expenses recognised in profit or loss	2,848	2,324	2,126	1,854

The Company and its subsidiary expect to pay of long-term employee benefits during the next year by Baht 0.3 million (Separate financial statements: Baht 0.3 million) (2017: Baht 0.8 million, separate financial statements: Baht 0.8 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 6.74 - 9.35 years (Separate financial statements: 6.74 years) (2017: 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	
	2018	2017	2018	2017
Discount rate	2.5 - 2.7	2.3 - 2.6	2.5	2.3
Future salary increase rate	4.0	4.0 - 5.0	4.0	4.0
Staff turnover rate	0.0 - 39.0	0.0 - 50.0	0.0 - 37.0	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 2018 and 2017 are summarised below:

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.0)	1.1	(0.9)	1.0
Salary increase rate	1.1	(1.0)	1.0	(0.9)
Turnover rate	(1.1)	0.1	(1.0)	0.1

(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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional liabilities for long-term employee benefits of Baht 3.5 million (The Company only: Baht 3.5 million). The Company and its subsidiary will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

22. 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, total allotment 99,963,136 units. 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 15 June 2018, the final exercise date, 533 WIHK-W1 warrants were exercised to 533 ordinary shares by 2 warrant holders at a price of Baht 5 per share. On 29 June 2018, the Company registered the increase in its paid up share capital with the Ministry of Commerce.

Following such final exercise date of the WIIG-W1 warrants was 15 June 2018, and as result the 99,962,603 unexercised WIIG-W1 warrants still outstanding lost their status as securities listed on the Stock Exchange of Thailand, effective from 16 June 2018, and can no longer be exercised. The Company will continue to reduce its registered capital.

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed resolution approved an increase in 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. The Company registered the increase in its registered capital with the Ministry of Commerce on 24 June 2018.

On 13 December 2018, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions.

1. Approved the cancellation of allocation of the newly issued ordinary shares offered via General Mandate not exceeding 149,975,200 new ordinary shares.
2. Approved the decrease in the Company's registered capital from Baht 624,892,534 to be Baht 374,938,533 by canceling the ordinary shares which had not been issued amounting to 249,954,001 shares at a par value of Baht 1 each. The Company registered the decrease in its registered capital with the Ministry of Commerce on 25 December 2018.
3. Approved the issuance and allocation of warrants to buy ordinary shares of the Company No.2 ("WIIG-W2") ("Warrant") in the amount of not exceeding 124,979,511 units for free to the existing shareholders at the ratio of 3 existing ordinary share for 1 unit of warrant with the exercise price Baht 5 per share. The warrants have a life of up to 3 years since issue and sell offer (The first exercise date is on 30 December 2019 and the last exercise date is on 2 January 2022).
4. Approved the increase of the Company's registered capital from Baht 374,938,533 to be Baht 499,918,044 by issuing 124,979,511 new ordinary shares at par value of Baht 1 each to reserve the exercise of the warrants to buy the ordinary shares of the Company No.2 ("WIIG-W2") in the amount of 124,979,511 shares. The Company registered the increase in its registered capital with the Ministry of Commerce on 28 December 2018.

23. 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.

24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	135,913	125,428	112,979	107,732
Depreciation and amortization	57,702	48,320	35,640	30,460
Rental expenses from operating lease agreements	15,825	14,090	10,712	9,764
Raw materials and consumables used	745,494	667,629	727,833	665,869
Changes in inventories of finished goods and work in progress	(75,805)	(11,627)	(69,743)	7,702

25. Income tax

Income tax expenses (income) for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	-	3,561	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,251)	5,205	(3,226)	4,875
Income tax expenses (income) reported in the statement of comprehensive income	<u>(3,251)</u>	<u>8,766</u>	<u>(3,226)</u>	<u>4,875</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on actuarial gain (loss)	84	-	(54)	-
Total	84	-	(54)	-

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	9,051	99,026	(14,405)	74,316
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	1,810	19,805	(2,881)	14,863
Reversal (set up) of temporary differences on deferred tax for the year	(1,176)	507	(202)	76
Effects of:				
Promotional privileges (Note 26)	(2,771)	(11,460)	-	(10,569)
Dividends received are excluded from taxable profit	(333)	(224)	(333)	(224)
Non-deductible expenses	833	1,748	334	883
Additional expense deductions allowed	(1,614)	(1,610)	(144)	(154)
Total	(3,885)	(11,546)	(143)	(10,064)
Income tax expenses (income) reported in the statement of comprehensive income	(3,251)	8,766	(3,226)	4,875

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	123	59	122	44
Allowance for diminution in value of inventories	4,683	4,124	4,683	4,124
Allowance for asset impairment	784	784	784	784
Provision for long-term employee benefits	3,189	2,850	2,915	2,582
Other provision	10	120	10	10
Unused tax loss	7,966	5,528	7,839	5,531
Total	16,755	13,465	16,353	13,072
Deferred tax liabilities				
Revaluation surplus of land	21,162	21,162	21,162	21,162
Customer list	124	-	-	-
Total	21,286	21,162	21,162	21,162

25. Promotional privileges

The subsidiary has received promotional privileges from the Board of Investment. Subject to certain conditions, the significant privileges are as follow:

Details	Promotional certificate no. 60-0780-1-00-1-0
1. Promotional privileges for the manufacture of	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.	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

Details	Promotional certificate no. 60-0780-1-00-1-0
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	Not granted
2.4 A twenty five percent deduction on investment in installation or construction of facilities, apart from normal depreciation deduction	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.	Granted
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	Granted
2.7 Exemption from import duties on machinery as permitted by the BOI	Granted
3. Date of first earning operating income	23 June 2017

The Company and its subsidiary' operating revenues for the years ended 31 December 2018 and 2017, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales and service income						
Domestic sales and service income	39,623	738,668	861,428	251,183	901,051	989,851
Export sales and service income	-	177,449	301,859	29,286	301,859	206,735
Total sales and service income	39,623	916,117	1,163,287	280,469	1,202,910	1,196,586

(Unit: Thousand Baht)

	Statements of financial position					
	Promoted operations		Non-promoted operations		Total	
	2018	2017	2018	2017	2018	2017
Sales and service income						
Domestic sales and service income	-	717,854	701,303	106,012	701,303	823,866
Export sales and service income	-	177,449	301,859	29,286	301,859	206,735
Total sales and service income	-	895,303	1,003,162	135,298	1,003,162	1,030,601

27. Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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.

28. 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 2018 and 2017 as follow.

(Unit: Thousand Baht)

For the year ended	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
31 December 2018					
Revenue from external customers	1,002,474	200,436	1,202,910	-	1,202,910
Revenue between segments	2,158	-	2,158	(2,158)	-
Other income	16,924	60	16,984	(30)	16,954
Interest income	6,985	881	7,866	(6,093)	1,773
Total Revenue	1,028,541	201,377	1,229,918	(8,281)	1,221,637
Cost of sale and service	(878,456)	(122,982)	(1,001,438)	1,938	(999,500)
Selling and distribution expenses	(52,879)	-	(52,879)	-	(52,879)
Administrative expenses	(45,236)	(22,374)	(67,610)	(691)	(68,301)
Income tax income	3,226	10	3,236	15	3,251
Interest paid	(26,500)	(13,797)	(40,297)	6,093	(34,204)
Depreciation and amortisation	(35,640)	(22,461)	(58,101)	398	(57,702)
Total expenses	(1,035,485)	(181,604)	(1,217,089)	7,754	(1,209,335)
Segment profit (loss)	(6,994)	19,773	12,829	(527)	12,302

(Unit: Thousand Baht)

For the year ended	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
31 December 2017					
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 and distribution 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

Major customers

For the year 2018, the Company and its subsidiary have revenue from two major customers in amount of Baht 182 million and Baht 120 million, arising from sales by the producing plastic pipes and fittings and providing related piping system design, welding and installation services. (For the year 2017, the Company and its subsidiary have revenue from two 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.)

29. 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 2018 amounting to approximately Baht 4 million (2017: Baht 3 million) (The Company only: Baht 3 million 2017: Baht 3 million) to the fund.

30. Dividend payment

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
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
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	41.24	0.11
Total for 2018		41.24	0.11

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2018, the Company and its subsidiary had capital commitments of approximately Baht 6.1 million, relating to the acquisition of machinery (2017: Baht 23.5 million and US dollar 0.1 million, relating to the construction of water production system and the acquisition of machinery) (The Company only: Baht 5.5 million, relating to the acquisition of machinery (2017: Baht 20.5 million and US dollar 0.1 million, relating to the acquisition of machinery)).

31.2 Raw material and merchandise inventories purchase commitments

As at 31 December 2018, the Company and its subsidiary had raw material and merchandise inventories purchase commitments amounting to Baht 172.8 million and US dollar 0.4 million (2017: Baht 55.1 million, relating to purchasing of raw material) (The Company only: Baht 172.8 million and US dollar 0.4 million, relating to purchasing of raw material (2017: Baht 55.1 million, relating purchasing of raw material)).

31.3 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	9.5	4.3	4.2	2.3
In over 1 and up to 5 years	11.4	1.3	5.2	0.3

31.4 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 2018, the Licensing Fee and Royalty Fee was approximately Baht 2.7 million (2017: Baht 3.2 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.

Subsequently, on 1 October 2018, the subsidiary signed an amendment to the above the agreement, with minimum guaranteed purchases of 17,000 cubic meters per day which will be effective from 1 October 2018 onward. The subsidiary presented income at the minimum offtake quantities under service income in profit or loss for the year ended 31 December 2018.

31.5 Guarantees

- (a) As at 31 December 2018, the Company has guaranteed bank credit facilities of its subsidiary amounting to US dollar 1 million and Baht 312 million (2017: US dollar 1 million and Baht 312 million).
- (b) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 46.2 million and Philippine peso 21.5 million (2017: Baht 107.9 million and Philippine peso 21.5 million) 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. These included letters of guarantee amounting to Baht 35.0 million (2017: Baht 35.9 million) to guarantee payment due to suppliers, Baht 3.3 million and Philippine peso 21.5 million (2017: Baht 16.0 million and Philippine peso 21.5 million) to guarantee contractual performance, Baht 4.9 million (2017: Baht 4.9 million) to guarantee electricity use, Baht 3 million (2017: Nil) to guarantee bid bond and Baht 51.1 million (2018: Nil) to guarantee cash advance received from customers and retention as at 31 December 2017.

32. Fair value hierarchy

As at 31 December 2018 and 2017, 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Financial assets measured at fair value				
Land (level 3)	240,941	240,941	240,941	240,941

33. Financial instruments

33.1 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, bank overdrafts and short-term loans, trade and other payables, short-term debentures, 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, short-term debentures, bank overdrafts 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(% per annum)											
Financial Assets												
Cash and cash equivalents	-	-	-	-	42	127	144	-	186	127	0.10 to 1.00	0.10 to 1.00
Trade and other receivables	-	-	-	-	-	-	424	361	424	361	-	-
Deposits at bank with restrictions	-	-	-	-	16	16	-	-	16	16	1.00	1.00
Other long-term investment	-	-	-	-	-	-	21	21	21	21	-	-
	-	-	-	-	202	143	589	382	647	525		
Financial liabilities												
Bank overdrafts and short-term loans	551	375	-	-	-	-	-	-	551	375	3.75 to 7.20	3.75 to 3.90
Trade and other payables	-	-	-	-	-	-	36	58	36	58	-	-
Short-term debentures	149	-	-	-	-	-	-	-	149	-	7.65	-
Long-term loans	-	-	-	-	147	167	-	-	147	167	4.85	4.85
Liabilities under finance lease agreements	3	3	6	6	-	-	-	-	9	9	0.21 to 20.35	0.21 to 20.35
	703	378	6	6	147	167	36	58	892	609		

(Unit: Million Baht)

	As at 31 December										
	Separate financial statements										
	Fixed interest rates				Floating		Non-interest		Total		Effective
	Within 1 year		1 - 5 years		interest rate		bearing				interest rate
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	(% per annum)
Financial Assets											
Cash and cash equivalents	-	-	-	-	41	83	-	-	41	83	0.10 to 1.00 0.10 to 1.00
Trade and other receivables	-	-	-	-	-	-	310	283	310	283	- -
Short-term loans to related party	190	-	-	-	-	-	-	-	190	-	4.32 to 7.82 -
Deposits at bank with restrictions	-	-	-	-	16	16	-	-	16	16	1.00 1.00
Other long-term investment	-	-	-	-	-	-	21	21	21	21	- -
	190	-	-	-	57	99	331	304	578	403	
Financial liabilities											
Bank overdrafts and short-term loans	551	375	-	-	-	-	-	-	551	375	3.75 to 7.20 3.75 to 3.90
Trade and other payables	-	-	-	-	-	-	29	54	29	54	- -
Short-term debentures	149	-	-	-	-	-	-	-	149	-	7.65 -
Liabilities under finance lease agreements	2	2	4	4	-	-	-	-	6	6	0.75 to 20.35 0.75 to 20.35
	702	377	4	4	-	-	29	54	735	435	

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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2016</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	1.8	0.2	-	32.4498	32.5146
Philippine peso	48.8	1.1	24.2	1.1	0.6183	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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	1.8	0.2	-	32.4498	32.5146
Philippine peso	48.8	1.1	24.2	1.1	0.6183	0.6555

33.2 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.

34. 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 2018, the Group's debt-to-equity ratio was 1.16:1 (2017: 0.84:1) and the Company's was 1.01:1 (2017: 0.63:1).

35. Events after the reporting period

The Company

According to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2018 on 13 December 2018, on 3 January 2019, the warrants to buy ordinary shares of the Company No. 2 ("WIILK-W2") ("Warrant") of 124,971,656 units had been allocated to the existing shareholders and the remaining 7,855 units of the warrant had been canceled. The warrants, in a ratio of 1 warrant for 1 ordinary share, 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 2019 and the last exercise date is on 2 January 2022).

The trading of the warrants to buy ordinary shares of the Company No.2 ("WIILK-W2") on the Stock Exchange of Thailand was approved on 21 January 2019.

As at 21 January 2019, the outstanding warrants to purchase ordinary shares of the Company No.2 ("WIILK-W2") which did not exercise 124,971,656 units.

On 22 February 2019, 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 3,880,943 of the retained earnings to the statutory reserve and the payment of a dividend of Baht 0.197 per share, or a total of Baht 73,737,912 which comprised by
 - 1.1) A cash dividend of Baht 0.03 per share
 - 1.2) A stock dividend at a rate of 1 dividend share for every 6 shares held total stock dividend 62,489,756 shares at par value of Baht 1 each, or a total of Baht 62,489,756 equivalent to a total dividend payment of Baht 0.167 per share. In case there is any shareholders that have a remaining share after appropriated stock dividend, the dividend payment will be a cash dividend of Baht 0.167 per share.
- 2) Approved the increase of the Company's registered capital from Baht 499,918,044 to be Baht 585,336,575 by issuing 85,418,531 new ordinary shares at par value of Baht 1 each to reserve the payment of the stock dividend 62,489,756 shares and to reserve the right adjustment of WIILK-W2 22,928,775 shares.

The subsidiary

The subsidiary scheduled the closing date to be on 4 January 2019 with an objective of acquiring the right to manage the water production plant with Ultra filtration and Reverse Osmosis systems to provide services in accordance with the agreement of production and / or supply of good water (RO) to Patong Municipality, Kathu District, Phuket Province (client) dated 16 July 2012 with a term of 30 years (at present, such agreement remains 24 years) including ownership of the water treatment plant and other assets used in the business of WOG ITR Water Solution Company Limited (“WOG ITR”) by purchasing ordinary shares of WOG ITR of 48,571 shares at a par value of Baht 100 each, representing 100 percent of the paid-up capital from the three existing shareholders at the price of Baht 720.60 per share, totaling Baht 35 million and providing financial support to WOG ITR of Baht 265 million (after becoming a subsidiary) with the purpose of using as follows:

1. To repay loans and interest from WOG Technologies (Thailand) Company Limited (“WOG THAI”) (The Existing shareholder) of Baht 42 million.
2. To repay creditors arising from the purchase of assets used in WOG ITR’s business operations to WOG THAI at a total price of Baht 223 million in 3 installments as follows.
 - The first installment on closing date of Baht 88 million
 - The second installment, the 13th month from the closing date of Baht 80 million
 - The third installment, the 19th month from the closing date of Baht 55 million

On 23 January 2019, the Extraordinary General Meeting of Shareholders of WOG ITR Water Solution Company Limited, the subsidiary of Wiik Water Company, passed a resolution to approve an increase of Baht 55,750,000 in the registered capital, from Baht 4,857,100 to Baht 60,607,100, by issuing 557,500 new ordinary shares at a par value of Baht 100 per share to comply with the conditions of the Board of Investment including making a strong capital base and enhancing the liquidity of future business of that company. The shares are required the first capital paid-up 50 percent of the new registered capital and the payment for the remainder will be requested by the Board of Director upon the necessity.

36. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 22 February 2019.