



WIIK PUBLIC CO., LTD

บริษัท วิค จำกัด (มหาชน)

รายงานประจำปี 2562

Annual Report 2019



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Message from the Chairman

Thai economy has experienced increasing of challenges for 2020 including the drought condition that may put additional impacts on the agricultural sector, the slow and fragile global growth that can limit expansions of manufacturing production and export sectors, the COVID-19 outbreak that affects the tourism and other related service sectors, and the delay in the budgeting process for FY2020 which tends to lower the contribution from public expenditure and also limit the fiscal impacts in the first half of the year. Nevertheless, in the base case scenario, it is expected that limitations from the delayed budgetary process will end in the first quarter while the COVID-19 outbreak will subside within the second half. The economy will thus recover to a normal trend in the second half of the year. Under such conditions, it is expected that the economic growth would return in the second half of the year 2020.

During the past 2 years, the Company's PE pipes business had been affected by the economic slowdown, delaying procurement of megaprojects, and delays in the budgeting process. Finally the revenue growth in 2019 did not meet the target.

Water management business has a high potential of growth. Demand of water is increasing both from the agricultural and industrial sectors. Especially in the dry season, demand of water is over the available water in resources. Water resources are renewable, but we do not have sufficient water storage area. In 2019, the Company could not meet the target of new long term water management projects. The Company is determined to get 2-3 water management projects per year from the year 2020 onward.

Above all, the Company is determined to be a leader in quality of products and services, be honest and fair to customers, and pay attention to organization development. The Company has been certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC) since 5 November 2018. The Company pay attention on review of good corporate governance policy and taking care of society and the environment.

The Board of Directors and the Company executives would like to thank all customers and shareholders for continuous supports, and thank all employees for their working hard. We hope that all of you continue to cooperate and be confident with the Company. We will together be successful in 2020.

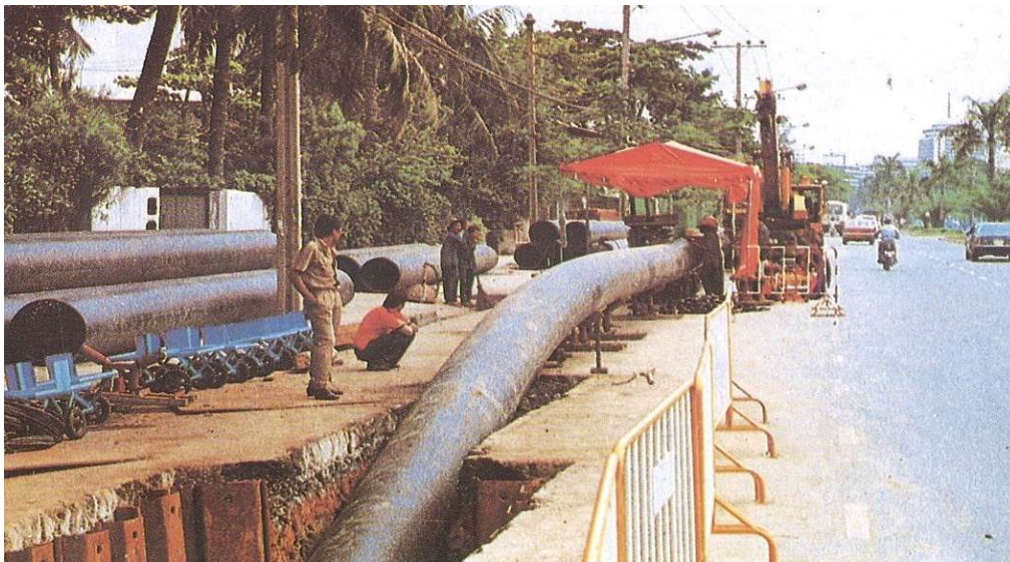


Dr.Vichit Yamboonruang
Chairman of the Board of Directors
WIIC Public Company Limited

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 Baht 22 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 Baht 60 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. And after that, there are changes of capital as follows.
 - 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.
 - After that, there was an increase in capital and offering PP shares, dividend payment with ordinary shares as well as the exercise of warrants. As of December 31, 2019, the registered capital is 725,335,328 Baht or 725,335,328 shares with a par value of 1 Baht each with details as follows:
- ISO standard that the company received.
 - In 1995 the Company was certified according to ISO 9003.
 - In 1999 the Company was certified according to ISO 9001.
 - In 2009, the Company was certified according to ISO14001.
- Changes in the shareholders
 - 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 WIILK 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.

■ The Company's business expansion

- 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 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.
- Early 2019, Wiik Water Company Limited (WW) which is a 100% shareholding subsidiary, invested in WIik PT Company Limited (Formerly WOG ITR Water Solution Company Limited) ("WIik PT") 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 WIik PT. At present, such agreement remains 23 years.

■ Change of the Company's name in the year 2019 as follows

<u>Former</u>	Wiik & Hoeglund Public Company Limited
<u>New</u>	WIik Public Company Limited

Currently WIik 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 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 so expanding the business into a water management operator to meet the demand for water usage in agricultural & industrial sectors and for the consumer in a systematic way. The Company has set up WW (holding 100% of its' own shares) for such improvement.

WW and its subsidiaries 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 of obtaining the standard of environmental international ISO 14001 and believes that the Company will upgrade water management and produce quality water to allow the consumers to use quality and sufficient water in the future.

1.3 Goals and Strategies for Operation

On February 25, 2020, the Board of Directors' Meeting No. 1/2020 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) Focus on running the Company's core business to grow steadily in the future.
- (2) Increase the potential in both domestic and foreign markets.
- (3) Create opportunities by investing in water resources management which relates and supports the existing company's core business to grow steadily in the future.
- (4) Promote Product Research and the Development that meet market needs with the cost competitive advantage.
- (5) Develop knowledge and skill of engineering design, installation of pipes, and water supply.

1.4 Changes and key developments

1) Changes in share capital and issuance of securities

Year 2015

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

- 1) Approved the decrease of the Company's registered capital of Baht 62,000 from the previous registered capital of Baht 300,000,000 to be the new registered capital of Baht 299,938,000 by canceling ordinary shares that not issued of 62,000 shares with par value of Baht 1.00 per share. The Company registered this decreasing capital with the Ministry of Commerce of Thailand on June 4, 2015.
- 2) Approved the increase of the Company's registered capital of Baht 364,954,534 from the previous registered capital of Baht 299,938,000 to be the new registered capital of Baht 664,892,534 by issuing of Baht 364,954,534 new ordinary shares at the par value of Baht 1 each for the following purpose; (1) To support the exercise of the warrant to purchase the ordinary shares of the Company No. 1 ("WIik-W1") in the amount of 99,979,334 shares (2) To support the allocation of the newly issued ordinary shares offered via General Mandate in the

amount of 119,975,200 shares and (3) To support the offering of newly issued ordinary shares offered via Private Placement in the amount of 145,000,000 shares. The Company registered this increasing capital with the Ministry of Commerce of Thailand on June 8, 2015.

- 3) Approved the issuance and allocation of warrant to purchase ordinary shares of the Company No. 1 (“WIIC-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 (WIIC-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).
- 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 proceeded to reduce registered capital in 2017.

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, 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.

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 WIIC-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

and the 99,962,603 unexercised WIIC-W1 warrants still outstanding lost their status as securities listed on the Stock Exchange of Thailand, effective from 16 June 2018.

❖ 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 WIIC-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 ("WIIC-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 ("WIIC-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.

Year 2019

- ❖ On 23 April 2019, the Annual General Meeting of Shareholders for the year 2019 approved the increase of the Company's registered capital of 85,418,531 Baht from 499,918,044 Baht to 585,336,575 Baht by issuing 85,418,531 shares with a par value of 1.00 Baht each. The Company registered the capital increase with the Ministry of Commerce on May 15, 2019 with details of allocation as follows.

(1) To support the payment of stock dividends by paying ordinary shares to the existing shareholders of the Company at the rate of 6 existing shares per 1 stock dividend, a total of 62,489,756 shares with a par value of 1 Baht per share. Total value of 62,489,756 Baht. Later, on May 22, 2019, the Company paid stock dividends of 62,488,509 shares and the Company registered the increase in paid-up capital with the Ministry of Commerce on May 30, 2019. The remaining was 1,247 shares and the Company proceeded to reduce registered capital in 2019.

(2) To support the adjustment of the warrants to purchase ordinary shares of the Company No. 2 (WIIC-W2) in an amount not exceeding 22,928,775 shares.

- ❖ On 18 December 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 approved the following resolutions:

- Approve the reduction of the registered capital of 1,247 Baht from the formerly registered capital of 585,336,575 Baht to the newly registered capital of 585,335,328 Baht by canceling the remaining ordinary shares from the payment of dividends of 1,247 shares, with a par value of 1.00 Baht per share. The Company registered capital reduction with the Ministry of Commerce on December 23, 2019.
- Approve the capital increase of the Company of 140,000,000 Baht from the formerly registered capital of 585,335,328 Baht to the registered capital of 725,335,328 Baht by issuing 140,000,000 ordinary shares with a par value of 1.00 Baht per share for sale to private placement at the price of 1.50 Baht per share to Mr. Saithsiri Saksitthisereekul or the other persons that the Board of Directors deems appropriate and authorize the Board of Directors or the authorized directors on behalf of the Company have the power to consider, allocate and offer for sale at one time or divided into partly offering as appropriate. The Company registered the capital increase with the Ministry of Commerce on December 25, 2019.

However, this capital increase, the Company do not practice complied with the Notification of the Capital Market Supervisory Board No. ThorJor. 72/2015 regarding permission for listed companies to offer newly issued shares to specific investors and the Notification of the Capital Market Supervisory Board No. ThorJor. 73/2015 regarding the items in the notice of the shareholders' meeting of listed companies to request approval for the issuance and offering of securities, so the said resolution is not allowed by the Office of the Securities and Exchange Commission causing the Company to cancel the capital increase. The Company will propose to the Annual General Meeting of Shareholders 2020 to consider and approve the reduction of registered capital as well as proposing to consider and approve the new capital increase following the relevant announcement.

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 the placement of institutional investors or high net worth investors to increase the financial liquidity of the Company at a particular time, not more than 600 million Baht without collateral by the interest rate of 4 percent per year and in March 2017, the Company has fully paid the bills of exchange repayment.

Year 2017

- ❖ On 3 April 2017, the Annual General Meeting of the shareholders 2017 approved the issuance and offering of debentures of not exceeding 1,000 million Baht or equivalent for use in general business operations and/or repaying loans and/or for the investment of the Company and its subsidiaries and/or use as working capital of the Company and its subsidiaries or for other purposes as the Board of Directors deems appropriate. The Board of Directors and/or the Executive Committee have the power to consider and determine other details and conditions relating to the issuance and offering of debentures.

Year 2018

- ❖ On 14 June 2018, the Company issued and sold debentures worth 150 million Baht, which is a type of specifying the name of the holder, unsubordinated, unsecured and there are representatives of debenture holders with interest at a rate of 6 percent per

year, paying interest every 3 months and matured on June 13, 2019, by the resolution of the Annual General Meeting of Shareholders 2017 on 3 April 2017. The Company has completely repaid.

Year 2019

- ❖ On 9 August 2019, the meeting of the Board of Directors No. 4/2019 approved the ratification of the issuance and offering of the bill of exchange of not exceeding 150 million Baht. The Company's bills of exchange are unsecured with interest rate at 7 percent per year and matured on 3 December 2019. The Company has made full repayment.

3) The Key Development during the past 5 years

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 has changed the shareholding structure of subsidiaries by holding shares of WH Pipe (Thailand) Company Limited (currently named Wiik Water Company Limited) in the proportion of 100%, resulting in Wiik Water Company Limited is a subsidiary of the Company.
- ❖ 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 begin recognizing revenue on 5 June 2017 onwards.
Value of minimum income throughout maturity	:	1,034.78 Million Baht

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 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 ("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 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 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 ITR (Indirect subsidiary), approved the following.

- (1) Approved an increase of Baht 5 5 ,7 5 0 ,0 0 0 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 1 0 0 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 5 0 percent of the new registered capital and the payment for the remainder will be requested by the Board of Director upon the necessity. There are details of the call for payment of additional capital and registered with the Ministry of Commerce as follows.

Date	Share payment (percent)	Money received (Baht)	Registration with the Ministry of Commerce
22 February 2019	50	27,875,000	1 March 2019
21 May 2019	50	27,875,000	29 May 2019
Total	100	55,750,000	-

Changing the name and the head office

Parent Company

❖ On 1 November 2016, the company changed the head office location as follows.

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

❖ On December 18, 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 approved the change of the Company's name as follows.

Former Wiik & Hoeglund Public Company Limited

New WIIC Public Company Limited

The Company registered the change of the Company's name with the Ministry of Commerce on 25 December 2019. However, the Company still uses the securities name "WIIC" as before.

Subsidiary

- ❖ On 15 September 2017, Wiik Water Company Limited relocated its head office as follows.
90 CW Tower B, 21st Floor, Ratchadapisek Rd., Huaykwang, Huaykwang, Bangkok 10310.

Indirect subsidiary

- ❖ On March 19, 2019, WIIC PT Company Limited relocated its head office as follows.
90 CW Tower B, 21st Floor, Ratchadapisek Rd., Huaykwang, Huaykwang, Bangkok 10310.
- ❖ On 21 June 2019, the Extraordinary General Meeting of Shareholders No. 2/2019 of ITR approved the change of the Company's name as follows:

Former WOG ITR Water Solution Company Limited
New WIIC PT Company Limited

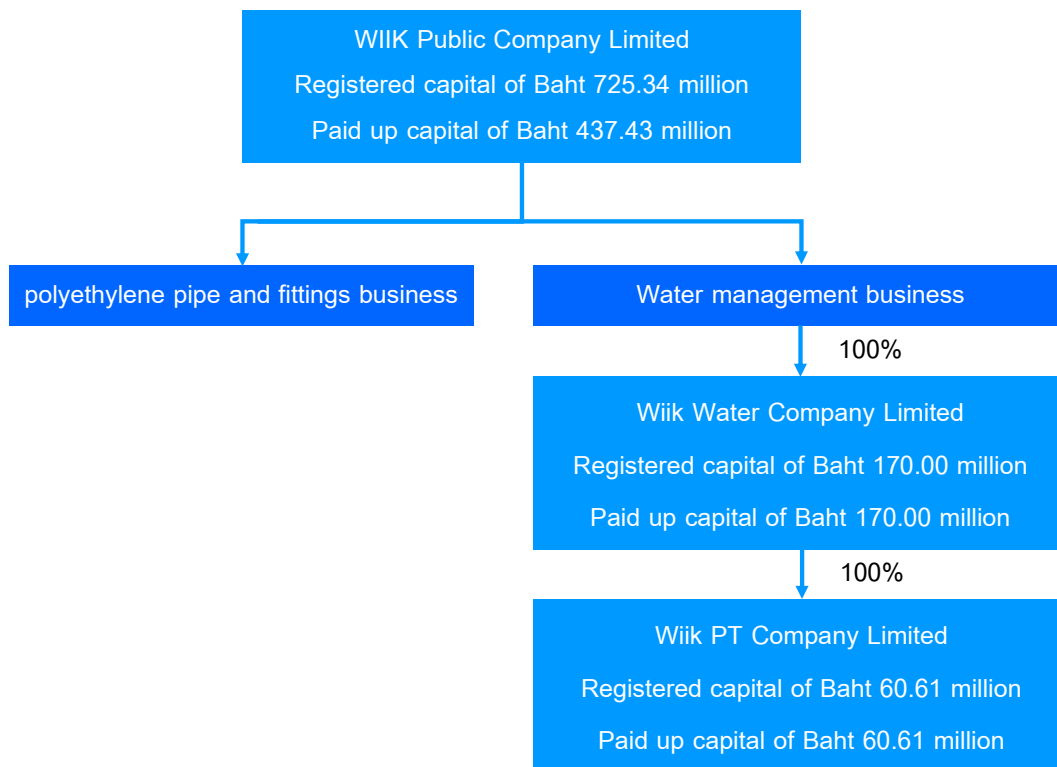
The Subsidiary registered the change of Company's name with the Ministry of Commerce on 25 June 2019.

1.5 Shareholding Structure of the Group

As at 31 December 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 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	2019	2018
Total assets	771.94	634.59
Total liabilities	518.85	386.63
Shareholders' Equity	253.09	247.96
Debt to equity ratio	2.05	1.56
Total revenue	186.36	202.90
Net profit	5.14	24.01
Earnings per share	3.02	14.12

Note Year 2019 consolidated financial statements.

(2) Wiik PT Company Limited

❖ Shareholding

Wiik Water Company Limited (WW) is a major shareholder in 100% shareholding starting from 4 January 2019.

❖ Nature of Business

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

❖ Financial Highlights

Million Baht	2019	2018	2017
Total assets	276.20	302.68	36.08
Total liabilities	219.39	306.35	42.86
Shareholders' Equity	56.81	(3.67)	(6.78)
Debt to equity ratio	3.86	(83.47)	(6.32)
Total revenue	36.06	19.72	7.58
Net profit	4.73	3.11	(0.27)
Earnings per share	10.30	64.06	(5.55)

2. Type of Business

2.1 Revenue Structure

Revenue from business operations of the Company and subsidiaries during the year 2017 – 2019 could be classified by business segment as follows.

Product line / Business Group	Operated by	%	Revenue (Million Baht)					
			2019	%	2018	%	2017	%
1. Revenue from pipe production and distribution business	WIik	-						
1.1 Sales	WIik	100%	897.77	71.63	890.39	72.88	1,016.25	83.85
1.2 Installation income	WATER		131.92	10.53	112.09	9.18	76.06	6.28
1.3 Transportation services income			27.73	2.21	11.23	0.92	8.23	0.68
Total			1,057.42	84.37	1,013.71	82.98	1,100.54	90.81
2. Revenue from water management business	WIik	100%						
2.1 Revenue from production and distribution of tap water	WATER	100%	138.99	11.09	97.73	8.00	80.71	6.66
2.2 Revenue from sale and installation of tap water production system	WPT		46.96	3.75	102.71	8.41	23.57	1.94
Total			185.95	14.84	200.44	16.41	104.28	8.60
3. Other income of the WIik Group	WIik	-						
3.1 Dividend income	WIik	100%	0.32	0.03	1.66	0.14	1.12	0.09
3.2 Interest income	WATER	100%	0.84	0.07	1.77	0.14	0.67	0.06
3.3 Others	WPT		8.81	0.70	4.06	0.33	5.33	0.44
Total			9.97	0.80	7.49	0.61	7.12	0.59
Grand total			1,253.34	100.00	1,221.64	100.00	1,211.94	100.00

2.2 Group of polyethylene pipe and fittings business




1) Products and Services

WIIC 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="190 247 683 279">(2) Structured Wall HDPE pipe (Weholite)</p>   	<p data-bbox="772 247 1422 1220">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 1252 1187 1284">Internal diameter 300 mm - 3500 mm.</p>	<ul data-bbox="1456 247 1825 710" 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 ● Retaintion Tank ● Chemical Storage Tank ● Bio-Gas Tank or Scrubber Tank). ● Pontoon & Boat lift
<p>(4) Phone Cable and Cable Conduit (W-HQ CONDUIT)</p> 	<p>W-HQ CONDUIT is produced from High Density Polyethylene (HDPE) resin. The HDPE resin selected by the Company passes the high quality control according to the International Standards. It can be assured that it is a high quality HDPE pipe with the high Mechanical properties and great physics. It is suitable for underground pipes usage and can be used as an insulating and 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

WIIC 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 2019

In 2019, 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 17 customers. The average score of customer satisfaction was 4.5 as follows.

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

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.

WIIC 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		2019				2018				2017			
		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	15,001.94	61.31	3.76	24,470.00	14,457.80	59.08	3.92	24,470.00	13,912.65	56.86	(13.53)
WEHOLITE PIPE	(ton)	4,030.00	853.22	21.17	53.16	4,030.00	557.06	13.82	(24.15)	4,030.00	734.43	18.22	(39.30)
HDPE BEND	(piece)	5,400.00	2,448.00	45.33	(14.91)	5,400.00	2,877.00	53.28	(11.12)	5,400.00	3,237.00	59.94	(3.29)
HDPE TEE	(piece)	3,600.00	1,819.00	50.53	45.29	3,600.00	1,252.00	34.78	9.44	3,600.00	1,144.00	31.78	(64.17)
STUBEND	(piece)	13,500.00	11,028.00	81.69	26.09	13,500.00	8,746.00	64.79	(11.41)	13,500.00	9,872.00	73.13	(22.10)
REDUCER	(piece)	2,000.00	581.00	29.05	10.25	2,000.00	527.00	26.35	(4.87)	2,000.00	554.00	27.70	(33.25)
WEHOTANK	(tank)	96.00	50.00	52.08	108.33	96.00	24.00	25.00	(25.00)	96.00	32.00	33.33	18.52
SPECIAL FITTINGS	(piece)	15,000.00	12,517.00	83.45	108.30	15,000.00	6,009.00	40.06	(9.58)	15,000.00	6,646.00	44.31	(13.21)

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 2019, a 91% 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

WIIC 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 (the Subsidiary) 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. the Subsidiary specializes in water management, so the surface water system that the Subsidiary 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. The Subsidiary has designed the station both permanently installed and movable station types.
- Water supply system from brackish water. the Subsidiary 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. the Subsidiary 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. the Subsidiary 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. The Subsidiary can design system and fully integrated construction suitable for all requirements.

The Subsidiary and indirect subsidiary 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
(1) Siam Eastern Industrial Park Co., Ltd. Siam Eastern Industrial Park Mabyangporn Sub-district, Pluakdaeng District, Rayong Province. 	Produce and supply of tap water with minimum volume of 12,000 cubic meters per day for 20 year period. <u>Start of commercial operation</u> June 1, 2016	Ultra Filtration Membrane system with capacity of not less than 600 cubic meters per hour.

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></p> <p>June 5, 2017</p> <p>This project has been approved for promotion in category 7.1.2, water supply business, industrial water or steam and provided the benefits under the Investment Promotion Act BE 2520 from the Board of Investment of Thailand (BOI) on June 19, 2017.</p>	<p>Ultra Filtration /Reverse Osmosis Membrane system with capacity of not less than 730 cubic meters per hour.</p>
<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 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, 2019.

(Million Baht)	Dec 31, 2019	Dec 31, 2018	Dec 31, 2017
Sales and installation of the pipeline business group	611.64	598.69	758.07
Water management business group			
(Only amount to be recognized within 1 year)			
▪ Sales and service of water supply	175.98	144.22	97.55
▪ Installation of water production systems and construction of turnkey water treatment systems	85.84	25.56	64.90
Total	873.46	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 WIIC-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 (WIIC-W2) of not exceeding 124,979,511 units to the Company's existing shareholders which can allocated WIIC-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.

On April 29, 2019, the Company adjusted the rights of the warrants to purchase ordinary shares of the Company No.2 (WIIC-W2) following the Terms and Conditions article 4.2 (D), page 15 and article 4.2 (E), page 16 to protect the rights of the Warrant holders as follows.

New exercise ratio	1 warrant can purchase 1.185 new ordinary shares.
New exercise price	4.221 Baht per share.

As of 31 December 2019, the warrants to purchase ordinary shares of the Company No.2 (WIIC-W2) which have not been exercised, are 124,971,656 units.

If all WIIC-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 WIIC-W2.

2) Risk from offering of newly issued ordinary shares

On 18 December 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 approved the issuance and allocation of not more than 140,000,000 new ordinary shares of the Company, with a par value of 1 Baht per share, to be offered to the private placement (1.50 Baht per share) to Mr. Saithsiri Saksitthisereekul or the other persons that the Board of Directors deems appropriate and authorize the Board of Directors or the authorized directors on behalf of the Company have the power to consider, allocate and offer for sale at one time or divided into partly offering as appropriate.

As of 31 December 2019, the Company has not yet offered for sale of said shares. However, if the Company has offered to sell all of the said additional shares, it will affect the proportion of shareholding and voting rights (Control Dilution), representing 24.25%. However, the last day that the Company can allocate additional shares is December 17, 2020 (completed within 1 year from the date of the resolution to issue and offer the said additional shares).

4. General information and other important information

4.1 General information

1) General Information of the Company

Name	: WIIC Public Company Limited
Security Symbol	: WIIC
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.co.th
 Registered Capital : 725,335,328 Baht
 Paid up Capital : 437,427,042 Baht
 Number of paid up shares : 437,427,042 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 : Formerly named WH Pipe (Thailand) Company Limited
- (2) **Name** : **Wiik PT 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	:	60,607,100 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 WOG 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.co.th

5. Securities and Shareholders information

5.1 Registered capital and paid-up capital

Registered capital and paid-up capital as at December 31, 2019 as follows.

- Registered capital 725,335,328 Baht divided into
Ordinary shares of 725,335,328 shares
Par value of Baht 1.00 per share
- Paid-up capital 437,427,042 Baht divided into
Ordinary shares of 437,427,042 shares
Par value of Baht 1.00 per share

5.2 Shareholders

As at 28 November 2019 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	79,775,650	18.24
2.	Mr. Palit Chuankajornpong	Thai	40,833,333	9.33
3.	Thai NVDR Co., Ltd.	Thai	22,700,534	5.19
4.	Miss Sasithorn Chotikakowit	Thai	9,881,400	2.26
5.	Mr. Anuchit Jirasethapattana	Thai	9,520,000	2.18
6.	Mrs. Methinee Boonyaworamethee	Thai	9,333,333	2.13
7.	Mr. Wirote Jiratthitjarern	Thai	8,200,000	1.87
8.	Mr. Vichian Srimuninnimit	Thai	5,726,000	1.31
9.	Mrs. Mondhira Padungrat	Thai	5,250,000	1.20
10.	Mr. Kiat Srijomkhwan	Thai	5,051,550	1.15
	Total		196,271,800	44.87

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 28 November 2019, the Company has distribution of shares as follows.

Distribution of shares by nationality

Shareholder	Number of Shareholder	Total number of shares	%
Thai shareholders	3,154	436,123,413	99.70
Foreign shareholders	13	1,303,629	0.30
Total	3,167	437,427,042	100.00

Distribution of shares by proportion of holding

Shareholder	Number of Shareholder	Total number of shares	%
Shareholders holding more than 0.5%	26	241,293,897	55.16
Shareholders holding not more than 0.5% but not less than one trading unit	2,906	196,128,161	44.84
Shareholders holding less than one trading unit.	235	4,984	0.00
Total	3,167	437,427,042	100.00

Note 1 Trading Unit = 100 shares

5.3 Other Securities

1) Warrant to Purchase Ordinary Share of the Company No. 1 (WIIC-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 (WIIC-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 (WIIC-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 WIIC-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 WIIC-W1 warrants was 15 June 2018, and as result the 99,962,603 unexercised WIIC-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 (WIIC-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 (WIIC-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 (WIIC-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.

On April 29, 2019, the Company adjusted the rights of the warrants to purchase ordinary shares of the Company No.2 (WIIC-W2) following the Terms and Conditions article 4.2 (D), page 15 and article 4.2 (E), page 16 to protect the rights of the Warrant holders as follows.

New exercise ratio	1 warrant can purchase 1.185 new ordinary shares.
New exercise price	4.221 Baht per share.

As at 21 January 2019 the remaining Warrant to Purchase Ordinary Share of the Company No. 2 (WIIC-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	2018*	2017	2016	2015	2014-2011
Earnings (Loss) per share	(0.03)	0.19	0.34	0.22	Loss
• Dividend in cash per share	0.030	0.11	0.20	0.11	omitted
• Stock dividends per share	0.167	-	-	-	omitted
Dividend per share	0.197	0.11	0.20	0.11	omitted
Dividend to earnings ratio (%)	N/A	59.39	59.06	51.12	N/A

Note * Year 2018, dividend payment from retained earnings

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) **Wiik PT Company Limited**

As articles of association of Wiik PT 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, 2019 the Board of Directors of WIIC 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. | Mrs. Orawan Lekrungrangkit | 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. | Mrs. Orawan Lekrungrangkit | Executive Committee |
| 3. | Miss Rewadee Whanchid | Executive Committee |
| 4. | Miss Chinanut Jariyarudeechai | Executive Committee |
| 5. | Mr. Peerapon Thantranon | Executive Committee |
| 6. | 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 Thamputthipong | 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.

The 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, 2019, 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, Mr. Wiboon Sangwithayanon, Mrs. Orawan Lekrungrangkit, 2 of these 3 directors sign together.

Attending of meetings

In 2019, the Company provided the Board of Directors meeting of 7 times, the Audit Committee meeting of 4 times, the Executive Committee meeting of 10 times, and the Nomination and Remuneration Committee of 5 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	7	7	-
Mr. Wiboon Sangwithayanon	Board of Directors	7	7	-
	Executive Committee	10	10	-
Mrs. Orawan Lekrungrangkit	Board of Directors	2	2	Appointed 23 Aug 2019
	Executive Committee	4	4	
Mr. Karn Siriphatras	Board of Directors	7	7	-

Name of Directors	The meeting of	Meeting		Note
		Number of meeting	Number of attending	
	Executive Committee	10	10	-
Mr. Vichien Tangudtaisuk	Board of Directors	7	7	-
Miss Pranee Rattakam	Board of Directors	7	6	Leave a meeting on 23 Aug 2019 because of another mission.
	Audit Committee	4	4	-
	Nomination and Remuneration Committee	5	4	Leave a meeting on 23 Aug 2019 because of another mission.
Mr. Theera Phetmalaigul	Board of Directors	7	6	Leave a meeting on 10 May 2019 because of another mission.
	Audit Committee	4	3	
	Nomination and Remuneration Committee	5	4	Leave a meeting on 11 Jan 2019 because of another mission.
Mr. Tatchapong Thamputhipong	Board of Directors	7	6	Leave a meeting on 18 Dec 2019 because of another mission.
	Audit Committee	4	4	-
	Nomination and Remuneration Committee	5	4	Leave a meeting on 18 Dec 2019 because of another mission.
Miss Rewadee Whanchid	Board of Directors	4	4	Resigned from Director on 23 Aug 2019
	Executive Committee	10	10	

7.2 Executives

As at December 31, 2019 the Management team of WIIC Public Company Limited has 11 executives as follows.

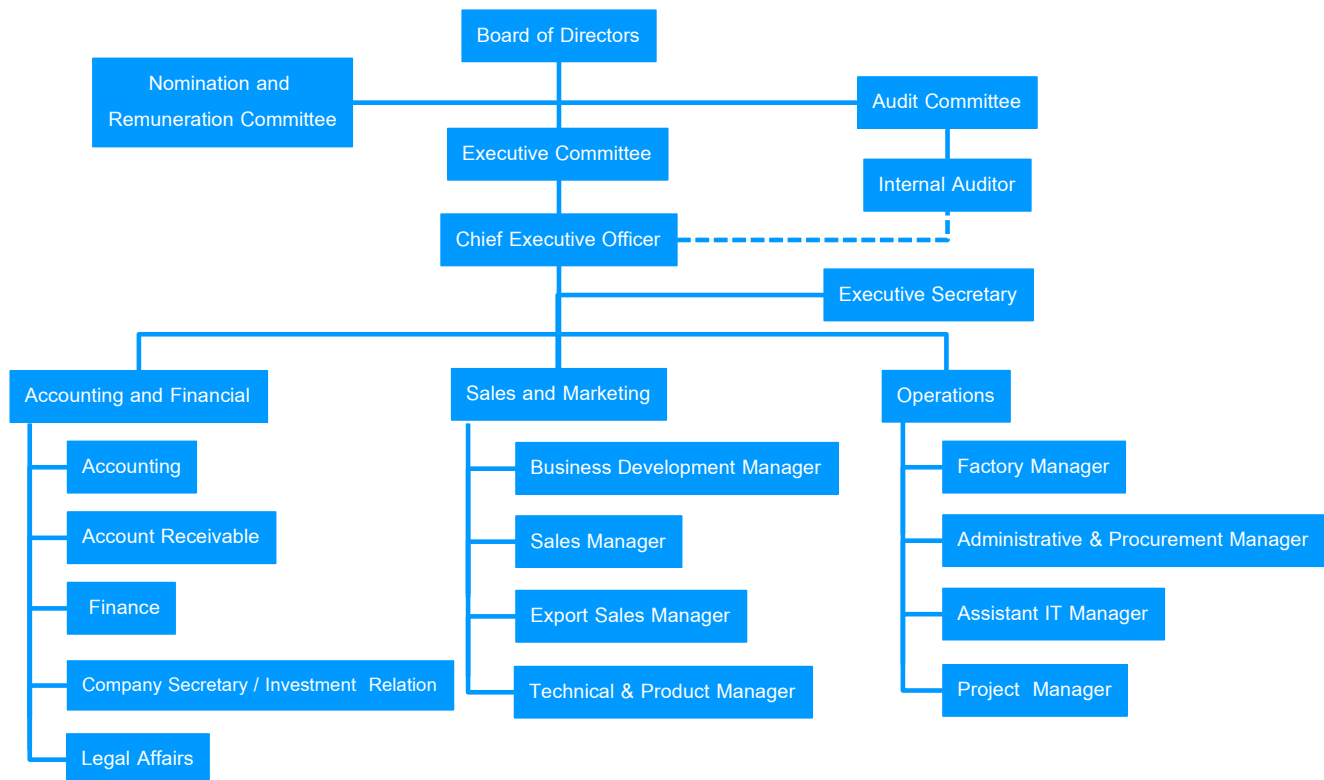
List of Executives	Position
1. Mr. Wiboon Sangwithayanon	Chief Executive Officer
2. Mrs. Orawan Lekrungrangkit	Executive Committee
3. Miss Rewadee Whanchid	Executive Committee
4. Miss Chinanut Jariyarudeechai	Chief Financial Controller
5. Mr. Peerapon Thantranon	Sales Manager

List of Executives	Position
6. Mrs. Sasiwimon Wirojchewan	Administrative & Procurement Manager
7. Miss Jarunee Anansuksakun	Technical & Product Manager
8. Mr. Arom Petchmanee	Factory Manager
9. Mr. Krisnat Busapavanij	Export Sales Manager
10. Miss Parichart Wongwiwat	Business Development Manager
11. Mr. Panao Intraphan	Project Manager

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

Management structure

WIIC Public Company Limited as at December 31, 2019



7.3 Company Secretary

The Board of Directors Meeting No. 6/2015 on May 12, 2015 appointed Mr. Wittaya Janta-ummao 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 2019 on April 23, 2019 approved the Directors' remuneration for the year 2019 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	-	-	-	-
Mrs. Orawan Lekrungruangkit	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	75,000	150,000	525,000
Mr.Tatchapong Thamputhipong	Independent Director / Audit Committee	300,000	90,000	150,000	540,000
Miss Rewadee Whanchid*	Director / Executive Committee	-	-	-	-
Total		1,620,000	450,000	820,000	2,890,000

Note * Appointed Mrs. Orawan Lekrungrangkit to hold a position of Director as a replacement of Miss Rewadee Whanchid on August 23, 2019.

(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 2019, the Board of Directors approved the budget and target for the year 2019 including the remuneration of Executive Committee and top Executives. The Company and its subsidiaries paid remuneration consisted of salary, bonus, and other monetary remuneration to 18 Executives totaling Baht 32,404,274.43 as follows.

The Management and Executive Committee remuneration	Fiscal year 2019	
	Number of Executives	Amount (Baht)
The Company		
• Salary	11	17,658,832.00
• Bonus	11	2,972,304.00

The Management and Executive Committee remuneration	Fiscal year 2019	
	Number of Executives	Amount (Baht)
● Provident Fund	11	798,312.00
● Social Security Fund	11	81,000.00
● Post-employment benefits	11	-
● Life and health insurance	11	216,475.78
Total	11	21,726,923.78
Subsidiaries		
● Salary	7	8,624,580.67
● Bonus	7	1,365,192.00
● Provident Fund	7	522,750.00
● Social Security Fund	7	54,000.00
● Post-employment benefits	7	-
● Life and health insurance	7	110,827.98
Total	7	10,677,350.65

2) Other remuneration

In 2019, the Company paid other remuneration consisted of executive cars, driver, and petrol expenses to 9 executives totaling Baht 3,026,769.15 as follows.

Other remuneration	Fiscal year 2019	
	Number of Executives	Amount (Baht)
Executive Cars	6	1,631,098.51
Driver	2	660,749.87
Petrol expenses	9	734,920.77
Total	9	3,026,769.15

7.5 Personnel

1) Number of employees

As at December 31, 2019 the Company and its subsidiaries had total staff (excluding Executives) of 290 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 86.89 million.

Primary line	Number of employees (person)	
	The Company	Wiik Water Co.,Ltd. (Subsidiary)
Administrative & Procurement	14	6
Accounting	17	6
Domestic Sales	11	-
Export Sales	2	-
Technical and Products	2	-
Information technology	2	-
Business Development	4	6
Welding & Installation	49	-
Pipe Production	46	-
Fitting Production	33	-
Store	20	-
Quality Control	18	-
Engineering and Maintenance	13	-
Research and development	3	-
Delivery Department	3	-
Project management	1	15
Water production plant	-	19
Total	238	52
Employees remuneration (Million Baht)	69.18	17.71

Note Wiik PT Co.,Ltd. has no regular staff because using personnel of Wiik Water Company Limited and 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 2019, the Company organized training / seminars to develop the knowledge and skills of employees as follows.

No.	Course	Number of participants	Place	Expenses (Baht)
1	Solar power generation system	2	external	18,000.00
2	Excel for Salary Structure Management	1	external	3,300.00
3	Project Management in Practice	1	external	5,300.00
4	Techniques for selecting channels for recruiting employees	1	external	3,600.00
5	Excellent procurement management	1	external	3,500.00
6	Occupational Safety Committee And the environment	6	external	10,800.00
7	E-Payment System	1	external	4,160.00
8	Welding of HDPE pipe	4	external	20,000.00
9	Penetration of PE pipes under water pressure using electro-fusion saddles	24	internal	-
10	Techniques for designing and using packaging for safe transportation of products.	2	external	2,500.00
11	AutoCad 3D Version 2019	1	external	4,900.00
12	Estimation of testing uncertainty and quality assurance of testing results	15	internal	3,942.83
13	Techniques for working with all GEN people efficiently	1	external	3,900.00
14	Analysis of cash flow statements and cash flow management	1	external	5,514.02
15	TFRS 16 Lease agreement	2	external	11,028.04
16	Project Management in Practice	1	external	5,420.00
17	Accounting for financial tools for non-financial organizations	1	external	5,514.02
18	Safety and Occupational Health Environmental Officer, Supervisor level	6	external	10,800.00
19	The use of forklifts correctly and safely	15	internal	-
20	The use of cranes correctly and safely.	13	internal	-
21	Complete withholding tax issues.	1	external	5,514.02
22	Property, plant and equipment Year 2020	1	external	5,514.02
23	The similarities and differences in accounting principles and tax principles.	1	external	5,514.02
24	Strategy to increase sales by not using price	1	-	-
25	VAT linked to the whole system, year 2019	1	-	-
26	Complete with prohibitive expenses with techniques to make expenses down	1	external	3,900.00
27	Use of foreign exchange rates under the new Act	1	external	4,500.00
Total		106		147,120.97

(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.



Employee Relation Activities in 2019

(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 2019 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 2019 corporate governance assessment conducted by the Thai Institute of Directors Association (IOD), the Company's overall score was 88% ("Very good"), up from last year's score of 86%, higher than the average level of 82% based on the survey of 677 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 2019, 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 2019, the Company held the Annual General Meeting of Shareholders 2019 on April 23, 2019 and during the year had the Extraordinary General Meeting of Shareholders No.1/2019 on December 18, 2019. The Company has complied with the good corporate governance principles as follows:

The Annual General Meeting of Shareholders 2019**(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 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.co.th since 25 December 2018.

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 22, 2019 to informed the Shareholders 60 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 Extraordinary General Meeting of Shareholders No.1/2018
- Annual Report and Financial Statements for the year 2018
- 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 8, 2019 and also advertised in newspapers 3 consecutive days before the meeting from 3-5 April 2019 as well as published the notice of the Annual General Meeting of Shareholders 2019 with supporting documents on the Company's website www.wiik.co.th since March 22, 2019.

(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 2019 on April 23, 2019. There were 7 directors (From a total of 8 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. 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, 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 2019.

The 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, Abstain, and Void.

(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", "Abstention", and "Void" 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 2019 to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of Business Development, Ministry of Commerce on May 7, 2019 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 11, 2019, on which the shareholders register book was closed to determine entitlements to attend the 2019 shareholders meeting, the Company's shares held by Minority shareholders (Free Float) accounted for 74.14%.

The Extraordinary General Meeting of Shareholders No.1/2019

(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 13, 2019 to informed the Shareholders 35 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 2019
- 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 14 days since 4 December 2019 and also advertised in newspapers 3 consecutive days before the meeting from 28 November – 2 December 2019 as well as published the notice of the Extraordinary General Meeting of Shareholders No.1/2019 with supporting documents on the Company's website www.wiik.co.th since 22 November 2019.

(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.1/2019 on 18 December 2019. There were 7 directors (From a total of 8 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) | Mrs. Orawan Lekrungrangkit | Director and member of the Executive Committee |
| 7) | Mr. Wiboon Sangwithayanon | Director and Chief Executive Officer |

In addition, Chief Financial Controller and Company Secretary 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.1/2019.

The 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, Abstain, and Void.

(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", "Abstention", and "Void" 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.1/2019 to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of Business Development, Ministry of Commerce on 30 December 2019 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 2019, 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 2020 which is scheduled in April 2020. The submitting period is from 13 December 2019 until 31 January 2020.

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 2020 (2) Form for proposing agenda for the Annual General Meeting of Shareholders 2020 (Form A) and (3) Form for proposing candidates to be elected as directors in the Annual General Meeting of Shareholders 2020 (Form B and Form C) via the Company's website at www.wiik.co.th since 13 December 2020.

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.co.th
Post mail : Company Secretary
WIIC Public Company Limited
90 CW Tower A, 35th Floor, Ratchadapisek Road,
Huaykwang, Bangkok 10310

And / or Audit Committee Secretary

E-mail : chinanut@wiik.co.th
Post mail : Audit Committee Secretary
WIIC 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 WIIC 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 WIIC 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 2019, 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 31 Dec 2019	
					Number	%
1) Dr.Vichit Yamboonruang Chairman of the Board of Directors	Self	WIIC WIIC-W2	200,000 shares 66,666 units	33,333 shares -	233,333 shares 66,666 units	0.05 0.05
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
2) Mr.Wiboon Sangwithayanon Director / Chief Executive Officer	Self	WIIC WIIC-W2	180,000 shares 60,000 units	30,000 shares -	210,000 shares 60,000 units	0.05 0.05
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
3) Mrs. Orawan Lekrungruangkit 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 Rewadee Whanchid Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
10) Miss Chinanut Jariyarudeechai Chief Financial Controller / Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
11) Mr. Peerapon Thantranon Sales Manager / Executive Committee	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
12) Mrs. Sasiwimon Wirojchewan Administrative & Procurement Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
13) Miss Jarunee Anansuksakun	Self	-	-	-	-	-

List of Directors and Executives	Securities holder	Securities	Securities held at the beginning of the year	Securities acquired (disposed)	Securities held at 31 Dec 2019	
					Number	%
Technical & Product Manager	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
14) Mr. Arom Petchmanee Factory Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
15) Mr. Krisnat Busapavanij Export Sales Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
16) Miss Parichart Wongwiwat Business Development Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
17) Mr. Panao Intrapphan Project Manager	Self	-	-	-	-	-
	Spouse	-	-	-	-	-
	Underage children	-	-	-	-	-
Total		WIIC	380,000 shares	63,333 shares	443,333 shares	0.10
		WIIC-W2	126,666 units	-	126,666 units	0.10

Note: On 22 May 2019, the Company paid stock dividends to the Company's existing shareholders at the rate of 6 existing shares per 1 stock dividend.

❖ [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 2019, the Company constantly communicated and provided information to analysts, investors, shareholders, and media in various forms as follows:

- (1) Phone interview on Money Daily on 9MCOT HD on Thursday 17 January 2019, with an interview about the company's growth direction.



- (2) Attend the 1st Sun Sand & Seafoods Symposium on Rakhine State Investment and Tourism Opportunities 2019 on Thursday 22 August 2019 by the Institute of Commerce Economic Research and Development (IBERDF), to lead Thai businessmen to invest and develop in Rakhine State Myanmar.



- (3) 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 2009-2019 totaling 11 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 2019, 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 2019, the Board of Directors reviewed the 2018 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, 2019, 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 2019, 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 2015-2019, 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 3 non-executive directors totaling 6 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 2019, there were 5 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 2019 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 2019 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 2019, 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.

The Board of Directors set a policy for every director to submit an annual interest report and every time there is a change of status of interest. As well as preparing a certificate of independence every year And assigned the company secretary to present a copy of the said report to the chairman of the board And the chairman of the audit committee.

(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, 2019, 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 ■ 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.	Mrs. Orawan Lekrungruangkit	Director	Director Accreditation Program (DAP) class 98/2012
5.	Mr. Kam 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 2019

List of Directors	Position	Training Courses
Mr.Wiboon Sangwithayanon	Director / Chief Executive Officer	Wastewater Recycling For Industry

(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 2019 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 2019, 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, 2019 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	-
4.	Mrs. Orawan Lekrungruangkit	Director	Appointed on 23 August 2019
5.	Mr. Karn Siriphatras	Director	-
6.	Miss Pranee Rattakam	Independent Director	-
7.	Mr.Theera Phetmalaigul	Independent Director	-
8.	Mr.Tatchapong Thamputthipong	Independent Director	-

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

As at December 31, 2019, 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, 2019 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, 2019 the Executive Committee consisted of 6 members as follows.

No.	List of Executive Committee	Position
1.	Mr.Wiboon Sangwithayanon	Chief Executive Officer
2.	Mrs. Orawan Lekrungruangkit	Executive Committee
3.	Miss Rewadee Whanchid	Executive Committee
4.	Mr. Karn Siriphatras	Executive Committee
5.	Miss Chinanut Jariyarudeechai	Executive Committee
6.	Mr. Peerapon Thantranon	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 deprecated, 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, 2019 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.
- (10) Independent directors have a continuous term of not more than 9 years from the date of the first appointment as an independent director. If an independent director is to be appointed to continue its position, the Board should reasonably consider the said necessity.

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.

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 WIIC 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 2019 on April 23, 2019 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 EY office Company Limited as the auditor of the Company with auditor fee not exceeding 1,385,000 Baht for the year ended December 31, 2019 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 - 2019, total of 11 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 fee (Baht)	2019	2018	2017	2016	2015
Annual audit	865,000	820,000	780,000	700,000	700,000
Review of quarterly financial statements (3 quarter)	420,000	390,000	360,000	345,000	345,000
Review of annual report	100,000	100,000	100,000	-	-
Audit fee of Wiik Water Co., Ltd.	680,000	615,000	580,000	465,000	465,000
Audit fee of Wiik PT Co., Ltd.	250,000	-	-	-	-
Total	2,315,000	1,925,000	1,820,000	1,510,000	1,510,000

(1) Non-audit fee

In 2019 the Company and its subsidiaries paid non-audit fee which includes the Auditor's travel expenses, document fees, special overtime fees for auditors and review of BOI certificate fee total of 361,741.00 Baht.

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 31 December 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	78	<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 (233,333 shares)	None	2016 – present	Director	V C K Solutions Co., Ltd.
					2014 – present	Independent Director / Chairman of the Audit Committee	BMP Energy PLC
					2012 – present	Independent Director / Chairman of the Audit Committee	Sherwood Corporation (Thailand) PLC
					2011 – present	Independent Director / Chairman of the Board of Directors	Ekarat Engineering PLC
					2008 - 2014	Chairman of the Board of Directors	Thai Premier League Co., Ltd.
					2005 – present	Chairman of the Board of Directors	WIIC PLC
					1999 – present	Independent Director / Chairman of the Audit Committee	Jasmine International PLC
2. Mr. Wiboon Sangwithayanon Director / Chief Executive Officer (Authorized signatory) Appointed on 3 Jun 2015	55	<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 (210,000 shares)	None	Jan 2019 – present	Director	Wiik PT Co.,Ltd.
					Jun 2015 – present	Chief Executive Officer	WIIC PLC
					Jun 2015 – present	Director	Wiik Water Co.,Ltd.
					2012 – May 2015	Vice President – Sales & Marketing	WIIC PLC
					2007 – 2012	Business Development Manager / Project Manager	Vi-Va Limited Partnership
					2005 – 2007	Managing Director	Phetsiam PE Pipe Co., Ltd.
					2002 – 2005	Business Development Manager	Matech International Limited Partnership
					1989 – 2002	Marketing Manager	WIIC 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	62	<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 2010 – present 1998 – present 1998 – present	Director Director Director Director Director Director	Mekha Real Estate Co., Ltd. Wiik Water Co.,Ltd. WIIC PLC Multibax PLC Thai Housing Development Co., Ltd. Yawawong Holding Co., Ltd.
4. Mrs. Orawan Lekrungrangkit Director / Executive Committee (Authorized signatory) Appointed on 23 Aug 2019	54	<ul style="list-style-type: none"> Master of Business Administration (Finance), Thammasat University Bachelor of Science (Food Technology), Kasetsart University Director Accreditation Program (DAP) 98/2012 	None	None	Aug 2019 – present Aug 2019 – present Aug 2019 – present present present present present present 2013 -2016	Director / Executive Committee Director Director Director Director Director Director Director Director	WIIC PLC Wiik Water Co.,Ltd. Wiik PT Co.,Ltd. Capital Alliance Co., Ltd. Apex Krabi Development Co., Ltd. Andaman Hotel Co., Ltd. Long Beach Hotel Co., Ltd. Aquila Studio Co., Ltd. The Center Point Co., Ltd. Aqua Corporation PLC
5. Mr. Karn Siriphatras Director / Executive Committee Appointed on 10 Aug 2018	52	<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 / Managing Director Director / Executive Committee Director / Managing Director Managing Director Managing Director	Wiik PT Co.,Ltd. WIIC 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	55	<ul style="list-style-type: none"> Master of Business Administration, Chulalongkorn University Certified Public Accountant (CPA) 	None	None	April 2016 – present 2010 – present	Independent Director / Chairman of the Audit Committee Independent Director / Audit Committee	WIIC PLC Aqua Corporation PLC

Name - Last Name / Position / Appointed date	Age (Years)	Educational background	Share holding (%)	Family relationship between Directors and Executives	Work experience		
					Period	Position	Company / Corporate
Appointed on 21 Apr 2016		<ul style="list-style-type: none"> Bachelor of Accounting, Chulalongkorn University Director Accreditation Program (DAP) class 79/2009 			2003 – present	Assistant Chief Executive Officer	Krung Thai Card PLC
7. Mr.Theera Phetmalaigul Independent Director / Audit Committee Appointed on 24 Feb 2015	47	<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	WIIC 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	55	<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 WIIC PLC Bangkok Bank PLC Corporate Group of Thonburi Hospital Ameditech Corporation Co., Ltd. Dental Siam Co., Ltd.
9. Miss Rewadee Whanchid Executive Committee Appointed on 24 Feb 2015	49	<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 – Aug 2019 Feb 2015 – present 2014- present 2012- present 2008- present 1994- present	Director Executive Committee Director Director Director Director Director Assistant Managing Director	Wiik PT Co.,Ltd. WIIC PLC WIIC PLC Wiik Water Co.,Ltd. Thai Consumer Distribution Centre Co., Ltd. Mantra Assets Co., Ltd. Aqua Ad PLC Aqua Corporation PLC
10. Miss Chinanut Jariyarudeechai Executive Committee / Chief financial controller/	42	<ul style="list-style-type: none"> Bachelor of Accounting , Chiangmai University 	None	None	May 2015 – present Dec 2014 – Apr 2015	Executive Committee / Chief financial controller Accounting Manager	WIIC PLC WIIC 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
Secretary of the Audit Committee Appointed on 12 May 2015					2011-2014	Accounting Manager	Real Move Co., Ltd.
11. Mr. Peerapon Thantranon Executive Committee / Domestic Sales Manager	52	<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	WIIC PLC WIIC PLC Texcom Export Co.,Ltd. Phetsiam PE Pipe Co.,Ltd. WIIC PLC
12. Mrs. Sasiwimon Wirojchewan Administrative & Procurement Manager	53	<ul style="list-style-type: none"> Master of arts in Economic Law, Faculty of Law, Chulalongkorn University Bachelor of Science in Social Psychology, Faculty of Education, Ramkhamhaeng university 	None	None	2005 - present	Administrative & Procurement Manager	WIIC PLC
13. Miss Jarunee Anansuksakun Technical & Product Manager	46	<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	WIIC PLC
14. Mr. Arom Petchmanee Factory Manager	55	<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 	None	None	2007 – present	Factory Manager	WIIC 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"> Bachelor of Science in Industrial Technology (Production) Petchburiwittayalongkorn Teachers College. (under the Royal Patronage) 					
15. Mr. Krisnat Busapavanij Export Sales Manager	49	<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	WIIC PLC
16. Miss Parichart Wongwiwat Business Development Manager	50	<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	WIIC PLC Thai Gow Gai Group Co., Ltd. WIIC PLC
17. Mr. Panao Intraphan Project Manager	57	<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	WIIC PLC Wiik Water Co., Ltd. WH Pipe (Thailand) Co., Ltd. WH Pipe (Thailand) Co., Ltd.
18. Mr. Wittaya Janta-ummao Company Secretary Appointed on 12 May 2015	35	<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	WIIC 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, 2019.

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 Thai Housing Development Co., Ltd. (2) Director Yawawong Holding Co., Ltd. (3) Director Mekha Real Estate Co., Ltd.	-None-
4.	Mrs. Orawan Lekrungruangkit	Director / Executive Committee	-None-	(1) Director Capital Alliance Co., Ltd. (2) Director Apex Krabi Development Co., Ltd. (3) Director Andaman Hotel Co., Ltd.	-None-

No.	List of Directors	Position	Listed companies	Non-listed companies	Other business that cause conflict of Interes
				(4) Director Long Beach Hotel Co., Ltd. (5) Director Aquila Studio Co., Ltd. (6) Director The Center Point Co., Ltd.	
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, 2019.

No.	List of Directors	The Company	Subsidiaries		Associates (None)	Related Companies (None)
			Wiik Water Co., Ltd.	Wiik PT Co.,Ltd.		
1.	Dr.Vichit Yamboonruang	X				
2.	Mr.Wiboon Sangwithayanon	//	/	/		
3.	Mr.Vichien Tangudtaisuk	/	/			
4.	Mrs. Orawan Lekrungrangkit	//	/	/		
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

WIIC 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 Activities for the benefit of society and the environment

In the year 2019, the Company has activities for the benefit of society and environment as follows.

1) The 6th Annual Charity Donation: Hope for the children

WIIC Public Company Limited donated 5,000 Baht to fund The 6th Annual Charity Donation: Hope for the children project with Envi 101 Company Limited in Tak province during 14 - 16 November 2019.



10.3 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 WIIC 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) WIIC 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 WIIC 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 WIIC 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.co.th
Tel: 02-612-8600 Ext. 8650
- Contact Chairman of the Audit Committee
E-mail: pranee@wiik.co.th
Tel: 02-612-8600
- Contact Secretary to the Audit Committee
E-mail: chinanut@wiik.co.th
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 questionnaire following the SEC to make sure 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 so that may lead to or resolve of risks. These will be included of

training in risk management of organization for executives and employees to have more understanding of this subject.

3) Management Control Activities

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

4) Information System and Communication

The Company provides important and sufficient information to the board of directors for their consideration together with supporting documents for each agenda by submitting meeting appointment notice and supporting documents to them at least 7 days in advance. The Company secretary acts as a coordinator to submit such information to the board of directors and to record minutes of meeting, questions, comments, and opinions of directors in the board of directors meeting. With regard to the storage of accounting and supporting documents, the Company keeps all items separated by category that is convenient for an audit. Moreover, the Company has developed intranet system and continual Data Systems by providing information system and channel to communicate not only in internal department but also outside company with high efficiency that can be lead to the wording of complete, correct and time. Intranet system that can be linked to external entities in order to allow quick and efficient communication and data transfer between internal and external entities. And using information systems in the planning and management to link the various systems into one system to make more efficiently. Such systems have right to access information that is confidential in all departments. To allow only authorized persons to access personal data.

5) Monitoring System

The Company has system to track on going works or projects. Each management take action to compare performance of a processs or project and reporting all related progress through the board of committee, which is arranged monthly basis, to make sure that all mission will meet the objective. In 2019, 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 management policy

The Enterprise Risk Management policy has been approved by the Board of Directors Meeting No. 3/2019 on 10 May 2019 and will be effective from 10 May 2019 onwards, with the following details:

1. The objective of risk management policy

This risk management policy is intended for the directors, executives, and employees of the Company. Everyone is aware of the importance of risk management by encouraging all employees to have knowledge and understanding of risk management practices and to have risk management procedures implemented throughout the organization. To manage the risk to be at an acceptable level, reduce the chance and the intensity of the risk.

2. Scope of responsibility

This policy will be effective for Directors, Executives, and all employees.

3. Risk management practices

3.1 The Board of Directors determined that the audit committee has to review the Company to have an appropriate and effective risk management system. And the executive committee has to analyze, assess, prevent and manage risks in various areas, both from outside and within the organization, which may have a significant impact on the Company's business operations. If there is any event that causes or may cause risk factors in conducting business. The Executives in relevant departments will analyze the risk factors and propose preventive measures to those concerned

respectively. If that risk factor is an important issue must report to the Board of Directors for acknowledgment or consideration.

3.2 The Executive Committee will plan the system implementation and risk management processes throughout the organization, to be consistent with the strategy and the business goals of the Company. And implement according to the international standard risk management framework. In this regard, the implementation of the risk management process must be done step by step and continuously, with communication and understanding in every step for all employees. Until risk management becomes part of the work culture in the organization.

3.3 The audit committee has the authority and responsibility for overseeing the Company's risk management that complies with the charter and advises the Executive Committee to manage the risk with efficiency and effectiveness.

3.4 The Executive Committee must perform duties and responsibilities as well as take any action as assigned by the audit committee along with reporting the performance to the Board of Directors for high and very high risks which may affect business operations and the strategy of the Company significantly including the preparation of a risk management plan and the risk management results are reported within the specified period.

3.5 All executives and employees have to comply with the risk management system and process specified by the Company, which is to identify and assess the risk of the department in which they are responsible, analyze the risks, the impact and the opportunity to set appropriate measures to manage the risk. Risk at an acceptable level.

3.6 The Company will transfer the risk management policy, organize training seminars, providing knowledge on risk management to all employees. To provide knowledge, understanding, and awareness of the benefits of risk management and can be implemented and used in the workplace with concrete.

4. Policy review

The Executive Committee must review this policy annually and propose to the Board of Directors to consider and approve if there is a change.

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

The Board of Directors' meeting No. 1/2020 on February 25, 2020 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 WIIC Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, 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 WIIC 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 WIIC Public Company Limited and its subsidiaries and of WIIC Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

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

The Audit Committee's meeting No. 1/2019 on February 22, 2019 has assigned JP Tip Audit Limited to perform the internal auditor of the Company since January 1, 2019 until December 31, 2019. The JP Tip Audit limited has appointed Mr. Thanongsak Praditsatan and 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, Mr. Thanongsak Praditsatan and Mr.Napat Kongyarit 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 10 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
			2019	2018	2017	
Wiik Water Co., Ltd.	A 100% holding subsidiary	■ Sales	8.42	1.88	22.37	Selling pipe and fittings
		■ Service income	-	0.28	0.74	Welding and engineering services income
		■ Interest income	12.02	6.09	1.28	Loans maturity on demand
		■ Other income	0.24	0.03	1.13	Transport income and gain on sales of water machine
		■ Equipment sales	-	-	3.68	Selling equipment from new organizational structure
		■ Cost of sales	-	-	0.44	Cost of welding and other services
		■ Selling and administrative expenses	-	-	0.26	Engineering and transport fees
		■ Interest paid	-	-	0.06	Loans maturity on demand
		■ Purchase equipment	-	-	4.15	Purchase equipment from new organizational structure
		■ Trade receivables	3.54	0.07	-	
		■ Other receivables	0.87	0.75	0.60	
		■ Other payables	-	-	0.03	
		■ Investments in subsidiary	192.15	192.15	192.15	
		■ Short-term loans	195.00	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 Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of financial position

As at 31 December 2017 - 2019

	(Unit: Baht)					
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Assets						
Current assets						
Cash and cash equivalents	94,394,077	186,107,694	127,022,000	83,086,514	40,748,989	82,839,153
Trade and other receivables	407,897,407	423,846,745	353,389,258	289,097,416	310,430,044	280,422,380
Inventories	449,623,244	381,813,243	313,672,372	414,931,901	350,597,526	293,009,154
Short-term loans to related party	-	-	-	195,000,000	190,000,000	-
Advance payment to subcontractors	9,760,801	19,430,452	335,440	-	9,955,441	-
Other current assets	61,602,926	45,243,987	56,432,249	27,954,190	27,860,812	40,536,689
Total current assets	1,023,278,455	1,056,442,121	850,851,319	1,010,070,021	929,592,812	696,807,376
Non-current assets						
Restricted bank deposits	16,500,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Advance payment for purchase of shares	5,000,000	30,000,000	-	-	-	-
Investments in subsidiaries	-	-	-	192,147,200	192,147,200	192,147,200
Other long-term investments	21,245,632	21,245,632	21,245,632	21,245,632	21,245,632	21,245,632
Property, plant and equipment	892,723,368	685,653,857	692,821,565	516,198,210	520,094,878	521,995,617
Assets for production of filtrated water that must be transferred at end of agreement of subsidiary	8,558,887	-	-	-	-	-
Intangible assets	152,389,012	109,760,766	103,804,752	504,451	1,461,713	2,458,674
Deferred tax assets	17,056,057	16,755,253	13,465,007	11,808,052	16,352,645	13,072,005
Advance payment for plant and equipment	9,297,526	726,000	2,076,945	8,802,526	231,000	2,076,945
Other non-current assets	25,806,214	38,177,649	27,587,223	17,799,653	29,769,119	19,604,078
Total non-current assets	1,148,576,696	918,319,157	877,001,124	784,505,724	797,302,187	788,600,151
Total assets	2,171,855,151	1,974,761,278	1,727,852,443	1,794,575,745	1,726,894,999	1,485,407,527

WIik Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of financial position (continued)

As at 31 December 2017 - 2019

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Liabilities and shareholders' equity						
Current liabilities						
Bank overdrafts and short-term loans						
from financial institutions	525,334,685	550,741,203	375,071,406	525,334,685	550,741,203	375,071,406
Trade and other payables	199,801,609	35,684,435	57,774,684	49,000,425	28,564,544	53,861,334
Short-term debenture	-	148,888,619	-	-	148,888,619	-
Current portion of long-term loans	24,144,269	22,705,702	21,619,987	-	-	-
Current portion of liabilities under						
finance lease agreements	5,549,663	3,018,041	2,456,542	4,792,371	2,275,532	1,691,917
Advance received from customers	256,346,492	50,970,260	86,266,625	256,275,926	49,082,787	62,867,151
Other current liabilities	78,048,193	82,305,981	55,937,999	41,056,890	47,549,954	40,540,783
Total current liabilities	1,089,224,911	894,314,241	599,127,243	876,460,297	827,102,639	534,032,591
Non-current liabilities						
Long-term loans, net of current portion	102,275,667	124,646,458	145,656,644	-	-	-
Liabilities under finance lease agreements,						
net of current portion	12,214,407	5,700,446	6,220,633	10,888,427	3,617,173	4,226,308
Provision for long-term employee benefits	24,613,377	15,945,114	14,251,212	22,065,026	14,574,246	12,910,030
Deferred tax liabilities	21,530,640	21,285,704	21,162,229	21,162,229	21,162,229	21,162,229
Provision for decommissioning	535,335	495,513	458,641	-	-	-
Other non-current liabilities	100,000	-	-	100,000	-	-
Total non-current liabilities	161,269,426	168,073,235	187,749,359	54,215,682	39,353,648	38,298,567
Total liabilities	1,250,494,337	1,062,387,476	786,876,602	930,675,979	866,456,287	572,331,158

WIik Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of financial position (continued)

As at 31 December 2017 – 2019

	(Unit: Baht)					
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Shareholders' equity						
Share capital						
Registered						
725,335,328 ordinary shares of Baht 1 each						
(2018: 499,918,044 ordinary shares of Baht 1 each)						
(2017: 474,917,334 ordinary shares of Baht 1 each)	725,335,328	499,918,044	474,917,334	725,335,328	499,918,044	474,917,334
Issued and fully paid up						
437,427,042 ordinary shares of Baht 1 each						
(2018: 374,938,533 ordinary shares of Baht 1 each)						
(2018: 374,938,000 ordinary shares of Baht 1 each)	437,427,042	374,938,533	374,938,000	437,427,042	374,938,533	374,938,000
Share premium	277,162,132	277,162,132	277,160,000	277,162,132	277,162,132	277,160,000
Retained earnings						
Appropriated - statutory reserve	42,412,850	38,531,907	38,531,907	42,412,850	38,531,907	38,531,907
Unappropriated	79,709,874	137,092,314	165,697,018	22,248,826	85,157,224	137,797,546
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	921,360,814	912,373,802	940,975,841	863,899,766	860,438,712	913,076,369
Total liabilities and shareholders' equity	2,171,855,151	1,974,761,278	1,727,852,443	1,794,575,745	1,726,894,999	1,485,407,527

WIik Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of comprehensive income
For the year ended 31 December 2017 – 2019

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Profit or loss:						
Revenues						
Sales	1,007,325,417	973,771,744	1,074,583,056	906,185,275	892,264,970	1,010,520,373
Service income	208,313,663	229,138,483	122,003,469	131,917,766	110,897,077	20,081,029
Other income						
Dividend income	320,000	1,664,000	1,120,000	320,000	1,664,000	1,120,000
Others	37,385,860	17,063,100	14,229,513	49,238,621	22,191,957	16,203,990
Total revenues	1,253,344,940	1,221,637,327	1,211,936,038	1,087,661,662	1,027,018,004	1,047,925,392
Expenses						
Cost of sales	868,534,430	877,684,996	864,419,477	798,375,347	816,854,281	826,961,004
Cost of services	164,459,071	183,954,545	92,304,459	118,574,383	101,673,834	17,745,529
Selling and distribution expenses	58,749,146	43,364,893	55,879,163	58,749,146	43,364,893	56,136,663
Administrative expenses	97,505,965	73,377,169	77,041,644	57,064,195	53,030,537	56,127,494
Total expenses	1,189,248,612	1,178,381,603	1,089,644,743	1,032,763,071	1,014,923,545	956,970,690
Profit before finance cost and income tax incomes (expenses)	64,096,328	43,255,724	122,291,295	54,898,591	12,094,459	90,954,702
Finance cost	(42,252,812)	(34,204,449)	(23,264,903)	(34,225,179)	(26,499,900)	(16,639,087)
Profit (loss) before income tax incomes (expenses)	21,843,516	9,051,275	99,026,392	20,673,412	(14,405,441)	74,315,615
Income tax incomes (expenses)	(276,754)	3,250,842	(8,765,565)	(4,828,293)	3,226,156	(4,874,525)
Profit (loss) for the year	21,566,762	12,302,117	90,260,827	15,845,119	(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	(1,330,485)	336,282	-	(1,134,800)	(217,934)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	(1,330,485)	336,282	-	(1,134,800)	(217,934)	-
Other comprehensive income for the year	(1,330,485)	336,282	-	(1,134,800)	(217,934)	-
Total comprehensive income for the year	20,236,277	12,638,399	90,260,827	14,710,319	(11,397,219)	69,441,090
Earnings per share						
Basic earnings per share						
Profit (loss) attributable to equity holders of the Company	0.0493	0.0281	0.2407	0.0362	(0.0256)	0.1852
Diluted earnings per share						
Profit (loss) attributable to equity holders of the Company	0.0493	0.0281	-	0.0362	(0.0256)	-

WIik Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Cash flow statement

For the year ended 31 December 2017 - 2019

	(Unit: Baht)					
	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Cash flows from operating activities						
Profit (loss) before tax	21,843,516	9,051,275	99,026,392	20,673,412	(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	73,031,222	57,701,944	48,319,916	38,631,961	35,640,407	30,459,695
Doubtful accounts (reversal)	1,241,809	(6,904,266)	6,940,632	1,245,340	(2,666,319)	2,744,180
Bad debt	375,827	-	-	375,827	-	-
Reduction of inventories to net realisable value	1,667,282	2,797,564	(8,824,089)	1,667,282	2,797,564	(8,824,089)
Write-off inventories	102,981	2,029,395	570,818	102,981	2,029,395	570,818
Gain on disposal and write-off of property, plant and equipment	(1,083,451)	(605,012)	924,622	(1,083,451)	(605,012)	(713,474)
Reversal of loss on impairment of property, plant and equipment	(28,201)	-	-	(28,201)	-	-
Write-off withholding income tax	623,733	1,567,605	-	614,287	367,605	-
Gain on cancellation of financial lease agreement	-	(39,548)	(943,242)	-	-	-
Long-term employee benefits expenses	7,306,387	2,848,654	2,324,647	6,342,281	2,126,199	1,854,411
Unrealised loss on exchange	749,951	440,929	2,158,230	733,198	439,049	2,135,481
Dividend income	(320,000)	(1,664,000)	(1,120,000)	(320,000)	(1,664,000)	(1,120,000)
Interest income	(844,631)	(1,773,486)	(668,807)	(12,630,825)	(6,954,898)	(1,878,318)
Interest expenses	42,252,812	34,204,449	23,264,903	34,225,179	26,499,900	16,639,087
Profit from operating activities before changes in operating assets and liabilities	146,919,237	99,655,503	171,974,022	90,549,271	43,604,449	116,183,406
Operating assets (increase) decrease						
Trade and other receivables	21,113,717	(64,064,600)	(32,645,116)	19,991,336	(27,287,460)	1,518,280
Inventories	(69,580,264)	(72,967,830)	(34,423,156)	(66,104,638)	(62,415,331)	(14,624,045)
Advance payment to subcontractors	9,669,651	(19,095,012)	370,537	9,955,441	(9,955,441)	-
Other current assets	(5,402,755)	12,748,985	(11,058,304)	1,593,188	14,210,867	(9,084,857)
Other non-current assets	11,981,518	(10,590,426)	(5,022,998)	11,969,466	(10,165,041)	(4,618,061)
Operating liabilities increase (decrease)						
Trade and other payables	17,258,596	(24,165,519)	11,153,094	19,492,348	(27,372,060)	11,153,359
Advance received from customers	205,376,232	(35,296,365)	3,598,857	207,193,139	(13,784,364)	(11,874,173)
Other current liabilities	(4,282,070)	25,248,896	22,386,092	(6,495,762)	5,812,122	15,461,863
Employee benefit paid during the year	(301,230)	(734,400)	(1,131,060)	(270,000)	(734,400)	(1,131,060)
Employee benefit received during the year from transferred employees	-	-	-	-	-	2,154,843
Other non-current assets	100,000	-	-	100,000	-	-
Cash from (used in) operating activities	332,852,632	(89,260,768)	125,201,968	287,973,789	(88,086,659)	105,139,555
Cash paid for interest expenses	(41,022,799)	(34,241,891)	(22,545,992)	(32,932,863)	(26,459,376)	(15,981,150)
Cash paid for corporate income tax	(3,778,741)	(3,006,380)	(3,368,112)	(2,351,040)	(1,777,664)	(420,811)
Cash returns from withholding tax	1,808,173	-	-	-	-	-
Net cash from (used in) operating activities	289,859,265	(126,509,039)	99,287,864	252,689,886	(116,323,699)	88,737,594

WIIK Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Cash flow statement (continued)

For the year ended 31 December 2017 - 2019

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	2019	2018	2017	2019	2018	2017
Cash flows from investing activities						
Cash payment for acquisition of subsidiary	-	-	-	-	-	(140,400,000)
Increase in restricted bank deposits	(500,000)	-	-	-	-	-
Cash payment in advance for purchase of shares	-	(30,000,000)	-	-	-	-
Net cash payment for investment in subsidiary	(9,992,717)	-	-	-	-	-
Cash payment for short-term loans to related party	-	-	-	(120,000,000)	(190,000,000)	(88,400,000)
Cash receipt from repayment of short-term loans to related party	-	-	-	115,000,000	-	191,200,000
Dividend received from other long-term investment	320,000	1,664,000	1,120,000	320,000	1,664,000	1,120,000
Acquisition of property, plant and equipment	(143,528,504)	(37,008,396)	(151,719,538)	(20,026,610)	(26,667,707)	(62,712,800)
Proceeds from sales of property, plant and equipment	1,173,271	612,850	2,900	1,173,271	612,850	3,682,905
Acquisition of assets for production of filtrated water that must be transferred at end of agreement of subsidiary	(9,045,873)	-	-	-	-	-
Acquisition of intangible assets	-	(12,498,943)	(841,800)	-	-	(775,800)
Increase in cash payment in advance for plant and equipment	(8,802,526)	(726,000)	(2,076,945)	(8,802,526)	(231,000)	(2,076,945)
Interest income	848,191	1,781,077	667,383	12,336,741	6,394,240	1,879,643
Net cash used in investing activities	(169,528,158)	(76,175,412)	(152,848,000)	(19,999,124)	(208,227,617)	(96,482,997)
Cash flows from financing activities						
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(25,406,518)	175,669,797	285,302,151	(25,406,518)	175,669,797	285,302,151
Cash receipt from issuance promissory note to third party	30,000,000	-	-	-	-	-
Repayment of promissory note to third party	(30,000,000)	-	(238,965,768)	-	-	(238,965,768)
Cash receipt from issuance bill of exchange	150,000,000	-	-	150,000,000	-	-
Repayment of bill of exchange	(150,000,000)	-	94,000,000	(150,000,000)	-	-
Repayment of long-term loans	(20,932,224)	(19,924,470)	(10,198,008)	-	-	-
Cash receipt from issuance of short-term debentures	-	150,000,000	-	-	150,000,000	-
Repayment of short-term debentures	(150,000,000)	-	-	(150,000,000)	-	-
Cash receipt from exercise of warrants	-	2,665	-	-	2,665	-
Payment of liabilities under finance lease agreements	(3,604,417)	(2,715,227)	(2,967,689)	(2,861,907)	(1,950,570)	(2,092,440)
Dividend paid	(11,241,879)	(41,197,900)	(74,873,824)	(11,241,879)	(41,197,900)	(74,873,824)
Net cash from (used in) financing activities	(211,185,038)	261,834,865	52,296,862	(189,510,304)	282,523,992	(30,629,881)
Net increase (decrease) in cash and cash equivalents	(90,853,931)	59,150,414	(1,263,274)	43,180,458	(42,027,324)	(38,375,284)
Unrealised loss on exchange for cash and cash equivalents	(859,686)	(64,720)	(1,801,866)	(842,933)	(62,840)	(1,779,116)
Cash and cash equivalents at beginning of year	186,107,694	127,022,000	130,087,140	40,748,989	82,839,153	122,993,553
Cash and cash equivalents at end of year	94,394,077	186,107,694	127,022,000	83,086,514	40,748,989	82,839,153
	-	-	-	-	-	-
Supplemental disclosure of cashflow information						
Non-cash transactions						
Acquisition of motor vehicle under finance lease agreements	12,650,000	2,796,087	7,599,898	12,650,000	1,925,050	7,242,136
Increase in other payables from acquisition of property, plant and equipment	127,362,784	2,080,844	-	932,040	2,080,844	-
Transferred cash payment in advance for plant and equipment to plant and equipment	231,000	2,076,945	46,752,851	231,000	2,076,945	4,315,351
Provision for decommissioning of plant and equipment	39,822	36,872	437,563	-	-	-
Transferred advance payment for purchase of shares to investment in subsidiary	25,000,000	-	-	-	-	-

WIik Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of changes in shareholders' equity

For the year ended 31 December 2017 – 2019

(Unit: Baht)

Consolidated financial statements						
Shareholders' equity of the Company						
	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 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
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

(Unit: Baht)

Consolidated financial statements						
Shareholders' equity of the Company						
	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 2019	374,938,533	277,162,132	38,531,907	137,092,314	84,648,916	912,373,802
Profit for the year	-	-	-	21,566,762	-	21,566,762
Other comprehensive income for the year	-	-	-	(1,330,485)	-	(1,330,485)
Total comprehensive income for the year	-	-	-	20,236,277	-	20,236,277
Increase in share capital from stock dividend	62,488,509	-	-	-	-	62,488,509
Dividend paid	-	-	-	(73,737,774)	-	(73,737,774)
Transferred unappropriated retained earnings to statutory reserve	-	-	3,880,943	(3,880,943)	-	-
Balance as at 31 December 2019	437,427,042	277,162,132	42,412,850	79,709,874	84,648,916	921,360,814

WIik Public Company Limited and its subsidiaries
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017 - 2019

(Unit: Baht)

	Separate financial statements					
					Other components	
					of equity	
					Other comprehensive income	
	Issued and		Retained earnings		Surplus on	Total
	paid-up share capital	Share premium	Appropriated	Unappropriated	revaluation of assets	shareholders' equity
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
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

(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 on	
					revaluation of assets	
Balance as at 1 January 2019	374,938,533	277,162,132	38,531,907	85,157,224	84,648,916	860,438,712
Profit for the year	-	-	-	15,845,119	-	15,845,119
Other comprehensive income for the year	-	-	-	(1,134,800)	-	(1,134,800)
Total comprehensive income for the year	-	-	-	14,710,319	-	14,710,319
Increase in share capital from stock dividend	62,488,509	-	-	-	-	62,488,509
Dividend paid	-	-	-	(73,737,774)	-	(73,737,774)
Transferred unappropriated retained earnings to statutory reserve	-	-	3,880,943	(3,880,943)	-	-
Balance as at 31 December 2019	437,427,042	277,162,132	42,412,850	22,248,826	84,648,916	863,899,766

13.2 Financial Ratios

Key Financial Ratios as at 31 December 2017 - 2019.

Financial Ratios		2019	2018	2017
LIQUIDITY RATIO				
Current ratio	(times)	0.94	1.18	1.42
Quick ratio	(times)	0.46	0.68	0.80
Cash flow ratio	(times)	0.29	(0.17)	0.18
Accounts receivable turnover ratio	(times)	2.92	3.10	3.51
Average collection period	(days)	125.00	117.74	103.99
Inventory Turnover ratio	(times)	3.48	4.55	5.49
Average sale period	(days)	104.89	80.22	66.48
Payable turnover ratio	(times)	32.61	29.29	27.34
Repayment period	(days)	11.19	12.46	14.64
Cash Cycle	(days)	218.69	185.50	155.83
PROFITABILITY RATIO				
Gross profit margin	(%)	15.02	12.54	20.05
Operating profit margin	(%)	5.27	3.60	10.22
Other income ratio	(%)	3.01	1.53	1.27
Cash to profitability	(%)	452.22	(292.47)	81.19
Net profit margin	(%)	1.72	1.01	7.45
Return on equity	(%)	2.35	1.33	9.67
EFFICIENCY RATIO				
Return on assets	(%)	1.04	0.66	5.53
Return on fixed assets	(%)	11.99	9.21	22.68
Assets turnover	(times)	0.60	0.66	0.74
FINANCIAL POLICY RATIO				
Debt to Equity ratio	(times)	1.36	1.16	0.84
Interest coverage ratio	(times)	8.16	(2.61)	5.55
Debt service coverage ratio	(times)	1.58	(0.75)	0.21
Dividend payout ratio	(%)	91.38	45.64	55.98

14. Management Discussion and Analysis

14.1 Overview

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

WIIC Public Company Limited (WIIC)

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 23 April 2019, the Annual General Meeting of Shareholders for the year 2019 approved the increase of the Company's registered capital of 85,418,531 Baht from 499,918,044 Baht to 585,336,575 Baht by issuing 85,418,531 shares with the objectives (1) to support the payment of not more than 62,489,756 stock dividends by paying ordinary shares to the Company's existing shareholders at the rate of 6 existing shares per 1 stock dividend, and (2) to support the adjustment of the warrants to purchase ordinary shares of the Company No. 2 (WIIC-W2) in an amount not exceeding 22,928,775 shares. The Company registered the capital increase with the Ministry of Commerce on May 15, 2019.
- ❖ On May 22, 2019, the Company paid stock dividends of 62,488,509 shares, with the remaining 1,247 shares. The Company registered the increase in paid-up capital with the Ministry of Commerce on May 30, 2019.
- ❖ On 9 August 2019, the Board of Directors Meeting No. 4/2019 approved the ratification of the issuance and offering of bill of exchange of not exceeding 150 million Baht (at any time when the short-term bill of exchange is redeemed, the Company can bring the redemption value back to be offered for sale, with the total outstanding value not exceeding 150 million Baht) for private investors and/or institutional investors and/or High Net Worth investors, to use as a source of funds for the redemption of the Company's debentures.

The bills of exchange of the Company are unsecured. The interest rate is 7% per annum, which will be redeemed on 3 December 2019. As of 31 December 2019, the Company has fully repaid the bills of exchange of the Company.

❖ On 18 December 2019, the Extraordinary General Meeting of Shareholders No. 1/2019 approved the following resolutions:

- Approve the reduction of the registered capital of 1,247 Baht from the formerly registered capital of 585,336,575 Baht to the newly registered capital of 585,335,328 Baht by canceling the remaining ordinary shares from the payment of dividends of 1,247 shares with a par value of 1.00 Baht per share. The Company registered capital reduction with the Ministry of Commerce on December 23, 2019.
- Approve the capital increase of the Company of 140,000,000 Baht from the formerly registered capital of 585,335,328 Baht to the registered capital of 725,335,328 Baht by issuing 140,000,000 ordinary shares with a par value of 1.00 Baht per share for sale to private placement at the price of 1.50 Baht per share to Mr. Saithsiri Saksitthisereekul or the other persons that the Board of Directors deems appropriate and authorize the Board of Directors or the authorized directors on behalf of the Company have the power to consider, allocate and offer for sale at one time or divided into partly offering as appropriate. The Company registered the capital increase with the Ministry of Commerce on December 25, 2019.

However, this capital increase, the Company do not practice complied with the Notification of the Capital Market Supervisory Board No. ThorJor. 72/2015 regarding permission for listed companies to offer newly issued shares to specific investors and the Notification of the Capital Market Supervisory Board No. ThorJor. 73/2015 regarding the items in the notice of the shareholders' meeting of listed companies to request approval for the issuance and offering of securities, so the said resolution is not allowed by the Office of the Securities and Exchange Commission causing the Company to cancel the capital increase. The Company will propose to the Annual General Meeting of Shareholders 2020 to consider and approve the reduction of registered capital as well as proposing to consider and approve the new capital increase following the relevant announcement.

- Approved the change of the Company's name and amendment of the Memorandum of Association, Article 1. following the change of Company's name as follows.

Former Wiik & Hoeglund Public Company Limited

New WIIC Public Company Limited

The Company registered the change of the Company's name with the Ministry of Commerce on 25 December 2019. However, the Company still uses the securities name "WIIC" as before.

- ❖ On 25 February 2020, the meeting of the Board of Directors No. 1/2020 approved the resolution to propose to the Annual General Meeting of Shareholders for 2020 on 7 April 2020 as follows:

- Approved to propose the AGM to approve the reduction of registered capital of 140,000,000 Baht or 140,000,000 shares with a par value of 1 baht each, which are ordinary shares approved by the EGM No. 1/2019, on 18 December 2019, to allocate and offer to Private Placement (PP) at 1.50 Baht per share and amendment of the Memorandum of Association, Article 4 following the reduction of registered capital.

In the offering of the said newly shares is an offering that has a resolution determined the offering price clearly (Which is 1.50 Baht per share, which is higher than the market price). The Company has not complied with the Notification of the Capital Market Supervisory Board No. ThorJor. 72/2015 regarding permission for listed companies to offer newly issued shares to specific investors and the Notification of the Capital Market Supervisory Board No. ThorJor. 73/2015 regarding the items in the notice of the shareholders' meeting of listed companies to request approval for the issuance and offering of securities, so the said resolution is not allowed by the Office of the Securities and Exchange Commission causing the Company to cancel the capital increase.

- Approved to propose the AGM to approve the issuance and allocation of the Company's ordinary shares not exceeding 140,000,000 shares, with a par value of 1 baht per share, for offering to the Private Placement which is not the Company's related person, by offering of shares to private placement as specified in Section 1 of the Notification of the Capital Market Supervisory Board No. ThorJor. 72/2015 regarding permission for listed companies to offer newly issued shares to specific investors. And authorize the Board of Directors or the person assigned by the Board have the power to determine the offering price. By setting the offering price must be in order to maintain the best benefit of the Company and overall shareholders and not less than one of the following prices.

- (1) The weighted average price of shares on the Stock Exchange of Thailand for at least 7 consecutive business days but not more than 15 consecutive business

days before the date of the offering price of the shares. By the price brought the weighted average must use the average price of each day's stock trading. In this regard, the date for fixing the share offering price must be retroactive no later than 3 business days before the first day offered to investors.

If the Board of Directors deems it appropriate to consider the best interest of the Company, The board of directors may determine the offering price with a discount. But not more than 10 percent of the calculated price. In determining the said discount, The Board has considered the current market conditions.

- (2) Price determined through a process that is open to institutional investors showing their wishes to buy newly issued shares of the company at the book building price which has been surveyed by the securities company.

If the price under (1) does not reflect the true value and there is a reason for not being able to determine the offering price under (2), the Board may use the fair price as evaluated by the financial consultant listed on the account approved by the SEC following the announcement criteria. Capital Market Supervisory Board ThorJor. 72/2015 regarding the request for a listed company to offer newly issued shares to specific investors. The price allocated by the Board of Directors is reasonable when considering the benefits and interests as well as the effects that may occur on the existing shareholders of the company.

And empowering the Board of Directors or the person assigned by the Board to have the power to consider the selection of investors and the offering of newly issued ordinary shares at one time or several times within 12 months from the date of the resolution of the shareholders' meeting to approve the offer for sale of newly issued shares as well as having the power to specify other details related to the allocation of newly issued ordinary shares. Signing in relevant documents including the necessary and appropriate actions regarding the issuance and offering of the newly issued ordinary shares.

- Approved to propose the AGM to approve the capital increase of 140,000,000 Baht from the formerly registered capital of 585,335,328 Baht to the registered capital of 725,335,328 Baht by issuing 140,000,000 ordinary shares with a par value of 1.00 Baht per share for offering to the Private Placement and amendment of the Memorandum of Association, Article 4 following the increase of registered capital.

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 12 October 2018, the Board of Directors of WIIC Public Company Limited approved Wiik Water Company Limited (WW), to invest in WIIC PT Company Limited (Formerly WOG ITR Water Solution Company Limited) ("WIIC PT") 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 WIIC PT 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 WIIC PT's business operations at a total price of Baht 223 million. Total investment is Baht 300 million.
- ❖ WIIC PT 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.

Wiik PT Company Limited (WIIC PT)

The service providers under the Memorandum of Agreement on production and/or procurement of tap water (RO) to Patong Municipality, Kathu District, Phuket Province dated 16 July 2012, aged 30 years.

- ❖ On 23 January 2019, the Extraordinary General Meeting of Shareholders No.1/2019 of WIIC PT (Indirect 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 by calling for an increase of capital and registered with the Ministry of Commerce already on 29 May 2019
 - (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.

- ❖ On 21 June 2019, the Extraordinary General Meeting of Shareholders No. 2/2019 of WIIK PT (Indirect Subsidiary) approved the change of the Company's name as follows:

Former WOG ITR Water Solution Company Limited

New WIIK PT Company Limited

The Subsidiary registered the change of Company's name with the Ministry of Commerce on 25 June 2019.

Summarized of the Statement of income (Consolidated financial statements)

Unit : million Baht	Year 2019	Year 2018	Changed (%)
Income from sale pipe	897.77	890.38	0.83
Income from installation pipe	131.92	112.09	17.69
Incomes from the water management business			
- Sales and service of water supply	138.99	97.73	42.22
- Installation of water production systems and construction of turnkey water treatment systems	46.96	102.71	(54.28)
Other income	37.71	18.73	101.33
Total revenues	1,253.34	1,221.64	2.59
Cost from sale pipe	791.37	815.23	(2.93)
Cost from installation pipe	118.39	103.11	14.82
Cost from the water management business			
- Sales and service of water supply	88.50	61.68	43.48
- Installation of water production systems and construction of turnkey water treatment systems	34.69	81.63	(57.50)
Selling expenses	58.75	43.36	35.49
Administrative expenses			
- WIIK	55.63	53.03	4.90
- WW	41.87	20.35	105.75
Finance cost	42.25	34.20	23.54
Profit before income tax income (expenses)	21,843.52	9,051.28	141.33
Income tax income (expenses)	(0.28)	3.25	(108.62)
Profit for the year	21.57	12.30	75.37

Overview of the year 2019, the HDPE pipe industry has been affected by slowing the procurement of major projects related to the laying of pipes, both projects that are waiting for bidding, Project that is already bidding and wait for contracting, and projects that have been contracted but still unable to start work. The said situation began to unwind at the end of the year, resulting in the company and its subsidiaries' operating results in 2019 have changed more than 20% with the net

profit of 21.57 million Baht compared to the year 2018 with the net profit of 12.30 million Baht, with an increase of 9.27 million Baht from the previous year or 75.37%.

The project backlog and sales volume have a higher than the last year, the project is pending, or the project that is waiting to sign a contract can start operating at the end of the year. And the Company can fully utilize the production capacity at the end of the year 2019. However, the Company still has to wait to consider the situation in the future what will happen next. The Company believes that after the year 2020 budget of the government has been approved. All parties will accelerate budget disbursement, which will be good for the industrial sector, especially the construction material industry group.

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 2019, domestic trading prices of HDPE plastic resin were in the price range of Baht 36-47 per kilogram which increased when compared to the year 2018 which the trading in the price range of 47-52 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 2019 is estimated to grow by 2.6%. It is expected that export value will decline by 2.0% while private consumption and total investment tend to expand by 4.3 and 2.7% respectively. Headline inflation will be 0.8 percent and the current account is likely to register a surplus of 6.2% of GDP. The Thai economy in the third quarter of 2019 expanded slower than previously projected mainly due to

- (1) the slower-than-expected export growth reflected in the values of exports in the third quarter which started to show improving sign but was still slower than in the previous estimation due mainly to the intensified trade measures and the uncertainty of US – China trade negotiations throughout the third quarter which caused producers and exporters in the supply chain to continue slowing their production and trade activities;
- (2) the lower-than-assumed disbursement rate of Stated-owned Enterprises (SOEs) capita budget which led to public investment in the third quarter to expand at slower rate than previously expected and was consistent with some delays of key infrastructure projects for example a high-speed train from Bangkok to Nakhon Ratchasima; and
- (3) temporary effects from an adjustment in domestic car market due to shift in a new car model, together with shutdowns of some oil refinery plants. Combining with the sluggish recovery of export, manufacturing sector thus declined faster than expected. Consequently, those factors had led the Thai economy in the third quarter to grow by 2.4 percent, lower than in the previous projection.

Hence, the Thai economy in the first-three quarters of 2019 expanded by 2.5 percent, slightly below the lower bound of 2.7 – 3.2 percent of the projection. However, under the assumption that there will be additional trade protection measures, it is expected that the economy over the remaining year will continue to grow and the growth rate in 2019 is likely to remain close to a lower bound of 2.7 – 3.2 percent as in the previous forecast.

Expenditure Side

Private investment gradually accelerated, supported by the acceleration of investment in machinery and equipment, while the investment in construction remained consistent. In the third quarter of 2019, private investment increased by 2.4 percent, compared with a 2.1-percent growth in the previous quarter. The investment in machinery and equipment grew by 3.1 percent, accelerated from 2.4 percent in the previous quarter. The investment in construction remained stable at 0.0 percent, compared with a 0.9 percent growth in the previous quarter, in accordance with the decrease in sales of construction materials and the permitted construction area. The total value of projects applied for the investment promotion made to BOI was recorded at 81.5 billion Baht, decreased by 11.4 percent. Meanwhile, the value of projects applied for the investment promotion in Eastern Economic Corridor (EEC) was recorded at 49.9 billion Baht, increased by 75.1 percent. The Business Sentiment Index (BSI) stood at 48.5 level.

Production Side

Construction sector slowed down from the previous quarter, in accordance with slowing down expansion in the public construction, while the private construction slightly decreased. In the third quarter of 2019, construction sector expanded by 2.7 percent, slowed down from 3.4 percent in the previous quarter, owing to public construction which expanded by 5.1 percent, slowed down from 5.8 percent in the previous quarter. In details, government construction rose by 5.1 percent, slowed down from 8.1 percent and state-owned enterprises construction expanded by 4.9 percent, accelerated from 1.8 percent in the previous quarter. Private construction, stabilized with zero growth compared with 0.9 percent expansion in the previous quarter, following the contraction of residential construction and the slowdown of non-residential construction such as commercial buildings and factory building. Meanwhile, other construction accelerated from the previous quarter, following a favorable performance construction of the Mass Rapid Transit (MRT). Construction Materials Price Index declined by 2.4 percent compared with stabilized by 0.0 percent in the previous quarter. Such a zero expansion was attributed to the decline in price of steel and steel products (-13.3 percent), concrete (-1.8 percent), and cements (-0.5 percent). Meanwhile, prices of wood and wood products increased by 11.2 percent.

Fiscal Conditions

On the expenditure side, the total budget disbursement in the fourth quarter of fiscal year 2019 was at 748.4 billion baht¹, increased by 3.0 percent from the same quarter of FY2018 in which current and capital expenditure disbursements rose by 2.1 percent and 5.4 percent, respectively. Classified by sources of funds, the government disbursements were as follows: **(i) the 2019 annual budget disbursement** stood at 630.7 billion baht, increased from the same quarter last year by 0.8 percent. The disbursement rate was at 21.0 percent, greater than the rate in the same quarter last year of 20.5 percent. In detail, the current expenditure disbursement amounted to 511.8 billion baht, fell by 1.3 percent from the same quarter in FY2018 as a result of contraction of other expenses expenditure. The disbursement rate was at 20.9 percent, higher than 20.6 percent in the same quarter last year. The capital expenditure disbursement marked at 118.9 billion baht, increased from the same quarter last year by 10.5 percent. The rate of disbursement was at 21.6 percent, higher than 19.9 percent in the same quarter last year. The increase in capital expenditure disbursement was the result of expansions of land and building and specific grant expenditures; **(ii) the carry-over budget disbursement** stood at 56.8 billion baht, increased from the same quarter of FY2018 by 27.2 percent; **(iii) state-owned enterprises' capital expenditure budget** (excluding PTT) was anticipated to be disbursed at 63.7 billion baht², expanded from the same quarter last year by 3.2 percent; and **(iv) the off-budget loans** were

disbursed at 1,417.1 million baht due to the disbursement of 1,250.2 million Baht on the Water Resource Management and Road Transport System Project's loans and 167.0 million baht on the Development Policy Loan (DPL).

Crude Oil price

The crude oil price in the global market declined from the previous quarter and from the same period last year. In the third quarter of 2019, the average crude oil price in the 4 major markets (Dubai, Oman, Brent, and WTI) stood at 60.22 USD per barrel, declined by 18.1 percent from the same period last year, and declined from the previous quarter by 8.5 percent.

Key reasons for the decline in the global crude oil price included (i) an increase in OECD (US, Canada, and others) inventory to 2,890 million barrels (higher than 2,846 million barrels in the same period last year), (ii) world economic slowdown, causing the global demand increase slowly, and (iii) investor concern over key risks including uncertainties between the US - China trade negotiations that could affect the expansion of world economy.

3) Change in key accounting policy

-None-

4) Non-recurring items

-None-

5) Research and development activities of the Company

Product research and development is an activity that the Company places great importance on and continues to perform. Both the products that are currently produced and the development of new products to meet the current demands of customers and future directions. Including improving and developing production processes to be more efficient.

In the year 2019, the Company supported and promoted activities to improve processes in various fields under the activity name "World Class Operation (WCO)" continuously. This activity can improve production efficiency and reduce production costs by more than 7.9 million Baht.

The Company's research and development powered by the Research and Development (R&D) Department under cooperation with personnel from various departments within the Company makes it possible to improve the production process and develop machines to produce high-quality products with a higher value. For example, pipes of special thickness can be produced up to OD 600 mm (Hollow bar) which can be used to produce premium fittings such as equal three-way and machined reducing three-way size OD 400 and 450. mm., PN25 (Forming Tee 90 °) and successfully commercially available.

As well as a joint development with external agencies and other companies such as cooperation with the Thai-French Institute of Technology Innovation in technology development with serious research and development together in both hardware and software of the Data Logger (LDU). Currently, the Company can develop and manufacture welding control machines for use within the Company itself. And collaborating as a business alliance with other companies in businesses that are related to the product development plan which will focus on the development of value-added products in current business such as the development of various pipe fittings by injection molding. Including applying the Company's products to other businesses to be diverse which has collaborated with other companies to open a new business market that is likely to grow in the future such as the development of a floating solar mounting system. Currently, these products are in the process of continuous development.

The Company still researches and develops continuously to increase the option of products along with quality development to meet the customers demand and conduct cost reduction activities to increase business competitiveness.

In the year 2019, the Company has expenses for research and development with a total of 1.99 million Baht including supported the policy on knowledge development, research and development skills of personnel, as well as various technologies to create the Company's competitive advantage which is an important element of success And the sustainable growth of the Company.

14.2 Operating results and profitability

The operating results of the Company and its subsidiaries in the year 2019 changed over 20%. The Company and its subsidiaries have the net profit amount of Baht 21.57 million compared to Baht 12.30 million in the year 2018. The Company's profit increased by Baht 9.27 million or 75.37% due to the major reasons as follows;

Revenues

(Baht)	2019	Changed (%)	2018	Changed (%)	2017
Sales	1,007,325,417	3.45	973,771,744	(9.38)	1,074,583,056
Service income	208,313,663	(9.09)	229,138,483	87.81	122,003,469
Sales and service revenues	1,215,639,080	1.06	1,202,910,227	0.53	1,196,586,525
Other income					
Dividend income	320,000	(80.77)	1,664,000	48.57	1,120,000
Others	37,385,860	119.10	17,063,100	19.91	14,229,513
Total revenues	1,253,344,940	2.60	1,221,637,327	0.80	1,211,936,038

1) Sales and service revenues

Revenue from sales and services in 2019 increased from the last year by 12.73 million Baht or 1.06% because revenues from sales and installation of HDPE pipes increased by 27.22 million Baht or 2.72% while income from water management business decreased (14.49) million Baht or (7.23)% with details as follows.

(1) Incomes from sale pipe in the year 2019 increased from the year 2018 by Baht 7.39 million or 0.83% from;

- Domestic sales increased by Baht 68.51 million or 10.09%
- Export sales decreased by Baht (61.13) million or 28.96%. The major decreasing came from installation income from a customer in Lao.

(2) Incomes from installation pipe in the year 2019 increased from the year 2018 by Baht 19.83 million or 17.69% from;

- Domestic installation revenue increased by Baht 39.83 million or 187.23%
- Export installation revenue decreased by Baht (20.00) million or (22.02)%.

(3) Incomes from the water management business are categorized to two types.

- Income from water treatment and distribution increased by Baht 41.26 million, The major increasing came from WIIC PT Company Limited possessing a water treatment contract with Patong Municipality, Phuket Province of a subsidiary. It's started to recognize revenue from 4 January 2019 by Baht 36.05 million .
- Income from installation and sale of water treatment systems decreased by Baht (55.75) million, the major decrease was from the turnkey construction projects of water treatment & waste water treatment plants.

2) Other income

Other income increased from the year 2018 by Baht 18.98 million or 101.33% , the major increase came from Baht 19.30 million export delivery charge.

Expenses

(Baht)	2019	Changed (%)	2018	Changed (%)	2017
Cost of sales	868,534,430	(1.04)	877,684,996	1.53	864,419,477
Cost of services	164,459,071	(10.60)	183,954,545	99.29	92,304,459
Cost of sales and services	1,032,993,501	(2.70)	1,061,639,541	10.97	956,723,936
Selling and distribution expenses	58,749,146	35.48	43,364,893	(22.40)	55,879,163
Administrative expenses	97,505,965	32.88	73,377,169	(4.76)	77,041,644
Total expenses	1,189,248,612	0.92	1,178,381,603	8.14	1,089,644,743

3) Cost of sales and services

Cost of sales and service in 2019 decreased from the last year of (28.65) million Baht or (2.70)% with details as follows:

- (1) Cost of sales of pipes for the year 2019 was 88.15% of income. The cost per income rate decreased from the year 2018 which was 91.56 percent of income. The major reason was the cost of raw materials used in production was lower than the year 2018.
- (2) Cost of installation of pipes for the year 2019 was 89.75% of income. The cost per income rate decreased from the year 2018 which was 91.99 percent of income.
- (3) Costs from the water management business were categorized to two types.
 - Cost from sale and service of water supply for the year 2019 was 63.67% of income. The cost per income rate increased when compared to the year 2018 which was 63.11 percent of income.
 - Cost from installation of water production systems and construction of turnkey water treatment systems for the year 2019 was 73.87% of income. The cost per income rate decreased from the year 2018 which was 79.48 percent of income.

4) Selling and distribution expenses

Selling and distribution expenses for the year 2019 increased from year 2018 in amount of Baht 15.39 million or 35.49%, the major increase was from export expenses aligned with the increasing in revenue.

5) Administrative expenses

Administrative expenses for the year 2019 increased from year 2018 in amount of Baht 24.13 million or 32.88% as follows:

- Employee benefits expense increased in amount of 9.95 million Baht. This came from increment of number of staff to support new incoming projects.
- Consulting fees for the audit of the business condition and legal aspects of the subsidiary investment in the amount of Baht 2.25 million.
- In the year 2018, there was a reversal doubtful debt by Baht 7.69 million while there was the year 2019 was addition provision for doubtful debt in amount of Baht 2.02 million in the year 2019. As a result of increasing in expenses of Baht 8.90 million.
- Other expenses increased by Baht 2.22 million from normal business operating.

Finance cost and income tax income (expenses)

(Baht)	2019	Changed (%)	2018	Changed (%)	2017
Finance cost	(42,252,812)	23.53	(34,204,449)	47.02	(23,264,903)
Income tax income (expenses)	(276,754)	(108.51)	3,250,842	(137.09)	(8,765,565)

7) Financial cost

Financial cost in the year 2019 increased from year 2018 in amount of Baht 8.05 million or 23.54%, the increasing came from issuing debenture, bill of exchange, loans for general business operations and water management project.

8) Tax expenses

Tax expenses in the year 2019 was Baht 0.28 million while there was Baht 3.25 tax income in the year 2018. It is increased by Baht 3.53 million from increasing of profit.

PROFITABILITY RATIO		2019	2018	2017
Gross profit margin	(%)	15.02	12.54	20.05
Operating profit margin	(%)	5.27	3.60	10.22
Other income ratio	(%)	3.01	1.53	1.27
Cash to profitability	(%)	452.22	(292.47)	81.19
Net profit margin	(%)	1.72	1.01	7.45
Return on equity	(%)	2.35	1.33	9.67

Gross profit margin is 15.02% which increased from the year 2018 that gross profit margin is 12.54% with main reason of revenue from sales and installation of the HDPE pipe business increased from 2018 as well as the cost-to-income ratio in the HDPE pipe sales business in 2019 is 88.15% of revenue which decreased compared to 2018 with costs of 91.56% of revenue. The main reason is the price of raw materials used in production decreased from 2018, increasing gross profit.

Operating profit margin is 5.27% which increased from the year 2018 that operating profit margin is 3.60% as result of gross profit margin increased because the reasons mentioned above.

Cash to profitability is 452.22% increased from 2018 that cash to profitability was (292.47)% because in 2019, the Company has net cash from operating activities of Baht 289.86 million with mainly from advance received from customers in the Provincial Waterworks Authority Extension Project in the Eastern Economic Corridor Development Project (EEC) area.

Net profit margin is 1.72% increase from 2018 that net profit margin was 1.01% and return on equity is 2.35% increase from 2018 that return on equity was 1.33% as a result, in the year 2019, the Company's profit slightly increased from the last year.

14.3 Ability to manage assets

1) Receivables Management

In the year 2019, the Company had trade and other receivables of 407.90 million Baht, with a decrease (15.95) million Baht or (3.76)%, most of which decreased from receivables from sales and installation of the HDPE pipe business divided into trade receivables of 341.11 million Baht and other receivables of 66.79 million Baht. By having receivables past due over 12 months of 87.52 million Baht, with an increase of 30.49 million Baht from the previous year. Most of the receivables past due over 12 months, increasing from receivables in the water management business group of 41.49 million Baht. There are receivables from UFAS (Thailand) Company Limited of Baht 34.05 million from the purchase of rights under the agreements and various assets used in the business. In which the amount of creditors that the Company has to pay to UFAS (Thailand) Company Limited is 27.78 million Baht. The said overdue receivables have already set up an allowance for doubtful accounts of Baht 28.78 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		(Unit: Thousand Baht)	
	statements		Separate financial	
	2019	2018	2019	2018
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	3,535	70
Total trade receivables - related party	-	-	3,535	70
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	128,540	226,687	105,241	214,050
Past due				
Up to 3 months	79,346	105,552	57,859	57,668
3 - 6 months	41,418	10,026	20,851	1,293
Over 6 - 12 months	19,512	19,011	19,495	5,216
Over 12 months	87,521	57,028	46,027	45,809
Total	356,337	418,304	249,473	324,036
Less: Allowance for doubtful debts	(28,777)	(27,160)	(28,777)	(27,156)
Total trade receivables - unrelated parties - net	327,560	391,144	220,696	296,880
Retention receivables as per contract	13,549	10,783	9,302	7,545

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2019	2018
	2019	2018
Total	341,109	401,927
Total trade receivables - net	341,109	401,927
Other receivables		
Other receivables - related party (Note 6)	-	-
Other receivables - unrelated parties	473	-
Accrued income	7,325	4,575
Unbilled receivables - related party (Note 6)	-	-
Unbilled receivables - unrelated parties	58,990	17,345
Total other receivables	66,788	21,920
Total trade and other receivables - net	407,897	423,847

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

Credit Risk Management

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to related party. The Company and its subsidiaries 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 subsidiaries 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 2019 the Company had the key component of other assets (excluding trade and other receivables) as consolidated financial statements ended December 31, 2019 as follows.

(Baht)	2019	Changed (%)	2018	Changed (%)	2017
Current assets					
Cash and cash equivalents	94,394,077	(49.28)	186,107,694	46.52	127,022,000
Inventories	449,623,244	17.76	381,813,243	21.72	313,672,372
Advance payment to subcontractors	9,760,801	(49.77)	19,430,452	5,692.53	335,440
Other current assets	61,602,926	36.16	45,243,987	(19.83)	56,432,249
Non-current assets					
Restricted bank deposits	16,500,000	3.13	16,000,000	-	16,000,000
Advance payment for purchase of shares	5,000,000	(83.33)	30,000,000	-	-
Other long-term investments	21,245,632	-	21,245,632	-	21,245,632
Property, plant and equipment	892,723,368	30.20	685,653,857	(1.03)	692,821,565
Assets for production of filtrated water that must be transferred at end of agreement of subsidiary	8,558,887	-	-	-	-
Intangible assets	152,389,012	38.84	109,760,766	5.74	103,804,752
Deferred tax assets	17,056,057	1.80	16,755,253	24.44	13,465,007
Advance payment for plant and equipment	9,297,526	1,180.65	726,000	(65.04)	2,076,945
Other non-current assets	25,806,214	(32.40)	38,177,649	38.39	27,587,223

Current assets

■ Cash and cash equivalents

Cash and cash equivalents are Baht 94.39 million which decreased from the last year by Baht (91.71) million as working capital used in business.

■ Inventories

Inventories are Baht 449.62 million which increased from the last year by Baht 67.81 million with details inventories consisted of.

Thousand Baht	2019	Changed %	2018	Changed %	2017
Finished goods	279,385	27.25	219,558	35.14	162,465
Work in process	52,934	(29.33)	74,906	27.00	58,982
Raw materials	98,663	31.71	74,910	(10.77)	83,952
Spare parts and factory supplies	18,641	49.86	12,439	50.36	8,273
Total	449,623	17.76	381,813	21.72	313,672

Most of the increase from finished goods waiting to be delivered to customers and the purchase of plastic resins for stock-keeping in line with pipes orders.

- **Advance payment to subcontractors**

Advance payments to subcontractors are Baht 9.76 million, decreased by Baht (9.67) million which is mostly decreased from advance payments to subcontractors in construction of water pipeline systems project in Philippines.

- **Other current assets**

Other current assets are Baht 61.60 million which increased from the last year by Baht 16.36 million. Mostly decreased from VAT of a subsidiary, advance payment and others.

Non-current assets

- **Restricted bank deposits**

Restricted bank deposits are Baht 16.50 million which increased from the last year by Baht 0.50 million. It is fixed deposits that pledged to secure credit facilities with bank of Baht 16 million and increased from guarantee for electricity usage of a Subsidiary of Baht 0.5 million.

- **Advance payment for purchase of shares**

On 4 January 2019 (closing date), the subsidiary acquired the business with an objective of acquiring the right to manage the water production with Ultra filtration and Reverse Osmosis systems project and other assets used in the business of WIIC PT Company Limited ("WPT") (Formerly known as "WOG ITR Water Solution Company Limited ("WOG ITR")) as described in Note 12 to the financial statements. The subsidiary transferred the deposit for shares of Baht 25 million to purchase the ordinary shares of WPT, resulting the remaining deposit for shares of Baht 5 million for a desalination project located in Phuket province which is in such process.

- **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 892.72 million which increased from the last year by Baht 207.07 million, mainly from Tap water plant and other assets used in the business operations of WIIC PT Company Limited ("WPT") by the acquisition of WIIC Water Company Limited (a Subsidiary).

- **Assets for production of filtrated water that must be transferred at end of agreement of subsidiary**

Assets for production of filtrated water that must be transferred at end of agreement of subsidiary are assets for production of treated water of WIIC Water Company Limited (a Subsidiary) which will be transferred to the contract parties after the end of the 10-year agreement to produce and sell treated water, which will expire in 2029.

- **Intangible assets**

Intangible assets are Baht 152.39 million which increased from the last year by Baht 42.63 million by increasing from the rights to manage water treatment plants with ultrafiltration and reverse osmosis system and leasehold rights according to the memorandum of agreement on the production and/or procurement of tap water (RO) to Patong Municipality, Kathu District, Phuket Province (Service recipients) dated 16 July 2012, with period 30 years.

- **Deferred tax assets**

Deferred tax assets are Baht 17.06 million which increased from the last year by Baht 0.30 million by net from recording income tax expense and recording of deferred income tax assets from the deficit of subsidiaries under Accounting Standard No. 12 Income Tax.

- **Advance payment for plant and equipment**

Advance payment for plant and equipment is Baht 9.30 million which increased from the last year by Baht 8.57 million with mainly from the investment in the purchase of WEHOLITE INTERNAL WELDING MACHINE and other machinery.

- **Other non-current assets**

Other non-current assets are Baht 25.81 million which decreased from the last year by Baht (12.37) million, mostly decreased from value added tax credit of the Company and withholding tax will be refunded of a subsidiary.

EFFICIENCY RATIO		2019	2018	2017
Return on assets	(%)	1.04	0.66	5.53
Return on fixed assets	(%)	11.99	9.21	22.68
Assets turnover	(times)	0.60	0.66	0.74

Return on assets is 1.04% which decreased from the year 2018 with return on assets 0.66% as result of the Company has increased net profits from the last year with the main reason for revenue

from sales and installation of the HDPE pipe business increased from 2018 including the lower cost-to-income ratio because falling raw material prices, resulting in the Company's profits increased.

Besides, the Company's total assets increased 197.09 million Baht or 9.98% by mostly from Property, plant, and equipment increased by 30.20% from tap water plant and other assets used in the business operations of WIIC PT Company Limited ("WPT") by the acquisition of WIIC Water Company Limited (a Subsidiary), Intangible assets increased 38.84% from the rights to manage the waterworks and leasehold rights according to the memorandum of agreement of the production and/or procurement of tap water (RO) to Patong Municipality, Kathu District, Phuket Province. While cash and cash equivalents decreased (49.28)% from working capital used in the business, and trade and other receivables decreased (3.76)% from receivables in the group of HDPE pipe sales and installation business.

Return on fixed assets is 11.99% which increased from the year 2018 with return on fixed assets 9.21%. Assets turnover is 0.60 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 2019 the Company's capital structure are net cash from operating activities by most of these are advance payments from customers in the Provincial Waterworks Authority Extension Project in the Eastern Economic Corridor Development Project (EEC) area, for use as working capital and source of funds for investments in water management of subsidiaries with details of sources and uses of funds for the year 2019 as follows.

Cash flow	2019	Changed (%)	2018	Changed (%)	2017
Net cash from (used in) operating activities	289,859,265	(329.12)	(126,509,039)	(227.42)	99,287,864
Net cash from (used in) investing activities	(169,528,158)	122.55	(76,175,412)	(50.16)	(152,848,000)
Net cash from (used in) financing activities	(211,185,038)	(180.66)	261,834,865	400.67	52,296,862
Net increase (decrease) in cash and cash equivalents	(90,853,931)	(253.60)	59,150,414	(4,782.31)	(1,263,274)
Unrealised (loss) gain on exchange for cash and cash equivalents	(859,686)	1,228.32	(64,720)	(96.41)	(1,801,866)
Cash and cash equivalents at beginning of year	186,107,694	46.52	127,022,000	(2.36)	130,087,140
Cash and cash equivalents at end of year	94,394,077	(49.28)	186,107,694	46.52	127,022,000

- Net cash from operating activities is Baht 289.86 million. The change was quite large when compared to the year 2018 with net cash used in operating activities was (126.51) million Baht, which mostly from advance received from customers in the Provincial Waterworks

Authority Extension Project in the Eastern Economic Corridor Development Project (EEC) area.

- Net cash used in investing activities was (169.53) million Baht, with an increase of 122.55% compared to 2018 that had net cash used in investing activities in amount (76.18) million baht. Mostly is the purchase of property, plant, and equipment (143.53) million Baht from the acquisition of WIIC PT Company Limited ("WPT"), Net cash payment for investment in subsidiary (9.99) million Baht, Purchase of assets for production of filtrated water that must be transferred at end of agreement of subsidiary (9.05) million Baht, payment in advance for plant and equipment (8.80) million baht from investment in WEHOLITE INTERNAL WELDING MACHINE, and restricted bank deposits of (0.5) million Baht.
- Net cash used in financing activities was (211.19) million Baht, while in 2018, net cash received from financing activities was 261.83 million Baht. The Company's financing in 2019 from the issuance of bills of exchange of 150 million Baht, issuance promissory note to other party of 30 million Baht. As of December 31, 2019, the Company paid repayment to redeem the bills of exchange and promissory notes to the other party already. Besides, the Company has net cash used in financing activities such as repayment of short-term debentures (150) million Baht, bank overdrafts and short-term loans from financial institutions (25.41) million Baht, Repayments of long-term loans (20.93) million Baht, Dividend payment (11.24) million Baht, and pay the liabilities under financial lease (3.60) million Baht.

2) Investment expenditure

In 2019 the Company had investment expenditure of Baht (171.87) million such as the purchase of property, plant, and equipment (143.53) million Baht, the acquisition of WIIC PT Company Limited ("WPT"), Net cash payment for investment in subsidiary (9.99) million Baht, Purchase of assets for production of filtrated water that must be transferred at end of agreement of subsidiary (9.05) million Baht, payment in advance for plant and equipment (8.80) million baht from investment in WEHOLITE INTERNAL WELDING MACHINE, and restricted bank deposits of (0.5) million Baht. Most of the investment comes from the water management project of the subsidiaries.

3) Adequacy of liquidity

LIQUIDITY RATIO		2019	2018	2017
Current ratio	(times)	0.94	1.18	1.42
Quick ratio	(times)	0.46	0.68	0.80
Cash flow ratio	(times)	0.29	(0.17)	0.18

LIQUIDITY RATIO		2019	2018	2017
Accounts receivable turnover ratio	(times)	2.92	3.10	3.51
Average collection period	(days)	125.00	117.74	103.99
Inventory Turnover ratio	(times)	3.48	4.55	5.49
Average sale period	(days)	104.89	80.22	66.48
Payable turnover ratio	(times)	32.61	29.29	27.34
Repayment period	(days)	11.19	12.46	14.64
Current ratio	(days)	218.69	185.50	155.83

Current ratio is 0.94 times which was lower than the last year that shows the Company's current assets include cash, accounts receivable and inventories lower than short-term liabilities. Including in the year 2019, the Company has flexibility for short-term liabilities repayment lower than the year 2018.

Quick ratio is 0.46 times which was lower than the last year, reflecting the actual liquidity that the Company has assets can be converted into cash lower than short-term liabilities, while Cash flow ratio is 0.29 times increased from the last year. However, the cash flow from operations is still not enough to repay the Company's short-term liabilities.

Accounts receivable turnover ratio is 2.92 times with Average collection period 125 days that shows the Company use time for billing from the sales on credit more than the year 2018. 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 3.48 times with Average sale period 104.89 days increased from the last year. In 2017-2018, the Company had average sale period 66.48 days and 80.22 days respectively. 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 32.61 times with repayment period 11.19 days that shortened from the year 2018 with repayment period of 12.46 days because of the Company purchased raw materials during the year by the cash term to manage cost of raw materials.

The year 2019 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.

The project backlog and sales volume have a higher than the last year, the project is pending, or the project that is waiting to sign a contract can start operating at the end of the year. And the Company can fully utilize the production capacity at the end of the year 2019. However, the Company still has to wait to consider the situation in the future what will happen next. The Company believes that after the year 2020 budget of the government has been approved. All parties will accelerate budget disbursement, which will be good for the industrial sector, especially the construction material industry group.

4) Ability to repayment

The Company and its subsidiaries' total liabilities in the year 2019 were 1,250.49 million Baht, with an increase of 188.11 million Baht or 17.71% from the last year, with the liabilities size was 1,062.39 million Baht. Most of the liabilities were from short-term loans from financial institutions 525.33 million Baht, and advance received from customers 256.35 million Baht. Besides, in the year 2019, the Company had trade and other payables of 199.80 million Baht, with an increase of 164.12 million Baht, representing 459.91%, most of which were increased liabilities from the acquisition of WIIC PT Company Limited ("WPT").

The Company 's funds comes from the cash received from operating activities. Most of these are advance payments from customers in the Provincial Waterworks Authority Extension Project in the Eastern Economic Corridor Development Project (EEC) to be used as working capital for business operations and as a source of investment in the water management business of the subsidiaries. From the past operations, the Company can be paid liabilities according to conditions and have sufficient ability to pay off liabilities.

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

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank overdrafts	-	7.20	-	54	-	54
Short-term loans from						
financial institutions	3.75 - 4.44	3.75 - 4.22	<u>525,335</u>	<u>550,687</u>	<u>525,335</u>	<u>550,687</u>
Total short-term loans from financial institutions			<u>525,335</u>	<u>550,741</u>	<u>525,335</u>	<u>550,741</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.

FINANCIAL POLICY RATIO		2019	2018	2017
Debt to Equity ratio	(times)	1.36	1.16	0.84
Interest coverage ratio	(times)	8.16	(2.61)	5.55
Debt service coverage ratio	(times)	1.58	(0.75)	0.21
Dividend payout ratio	(%)	91.38	45.64	55.98

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 2019, the Company and its subsidiaries' debt-to-equity ratio was 1.36:1 (2018: 1.16:1) and the Company's was 1.08:1 (2018: 1.01:1).

Debt to equity ratio in the year 2019 was 1.36, increased from the year 2018 with the debt to equity ratio equal to 1.16 as a result of the total debt increased by 188.11 million Baht, representing 17.71% from the last year.

The interest coverage ratio is 8.16 times increased when compared to the last year at (2.61) times that shows the Company had cash flow from operating activities more than interest expense 8.16 times. However, the Company has a higher ability to pay interest compared to the previous year.

Debt service coverage ratio (cash basis) is 1.58 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 2019 the Company had net cash from operating activities of 289.86 million Baht, while the total investment expenditure is (171.87) million Baht. This is a result of advance payments from customers in the Provincial Waterworks Authority Extension Project in the Eastern Economic Corridor Development Project (EEC) area.

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 32 of the financial statements 2019 as follows.

1) Capital commitments

As at 31 December 2019, the Company and its subsidiaries had capital commitments of approximately Baht 1.5 million (2018: Baht 6.1 million), relating to the acquisition of machinery (The Company only: Baht 1.1 million (2018: Baht 5.5 million), relating to the acquisition of machinery).

2) Raw material purchase commitments

As at 31 December 2019, the Company and its subsidiaries had raw material purchase commitments amounting to Baht 174.0 million (2018: Baht 172.8 million and US dollar 0.4 million) (The Company only: Baht 174.0 million (2018: Baht 172.8 million and US dollar 0.4 million), relating purchasing of raw material).

3) Operating lease and service agreement commitments

The Company and its subsidiaries 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Payable:				
In up to 1 year	10.9	9.5	3.8	4.2
In over 1 and up to 5 years	7.9	11.4	1.2	5.2
Over 5 years	3.0	-	-	-

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 2019, the Licensing Fee and Royalty Fee was approximately Baht 3.0 million (2018: Baht 2.7 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 2019.

- (d) On 4 January 2019, the subsidiary purchased ordinary shares of WIik PT Company Limited (“WPT”) (Formerly known as “WOG ITR Water Solution Company Limited (“WOG ITR”)”), the subsidiary of Wiik Water Co., Ltd., 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). Under the agreement, WPT is responsible for providing engineers, technicians and person who has knowledge and specialty in design, procurement and installation of Reverse Osmosis systems including the acquisition of machinery and equipment used in the production of RO, and maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at WPT own expense. Moreover, WPT is also obliged to comply with certain provisions and conditions stipulated in the agreement.

- (e) On 31 March 2019, the subsidiary signed the water recycling agreement with a company (Buyer) in Wellgrow Industrial Estate for a period of 10 years from the first day the water supply system is operational. Under the agreement, the subsidiary is responsible for design, construct and install the water recycling system with standard stipulated in the agreement, including acquisition of machinery and equipment used in the production of filtrated water 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, including deliver and transfer ownership of machines, equipment and relevant items, in relation to the entire water recycling system to Buyer when that agreement terms have been expired. Buyer agrees to purchase filtrated water that the subsidiary produces in a volume to meet the demand of Buyer at the price stipulated in the agreement, with minimum guaranteed purchases of 475 cubic meters per day.
- (f) On 25 December 2019, the subsidiary signed the water supply agreement with a company (Buyer) for a period of 23 years from the first day the water supply system is operational. Under the agreement, the subsidiary is responsible for design, construct and install the water supply system with standard stipulated in the agreement, including acquisition of machinery and equipment used in the production of filtrated water 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, including deliver and transfer ownership of machines, equipment and relevant items, in relation to the entire water treatment system to Buyer when that agreement terms have been expired. Buyer agrees to purchase filtrated water that the subsidiary produces in a volume to meet the demand of Buyer at the price stipulated in the agreement, with minimum guaranteed purchases of 10,500 cubic meters per day.

5) Guarantees

- (a) As at 31 December 2019, the Company has guaranteed bank credit facilities of its subsidiaries amounting to US dollar 1 million and Baht 312 million (2018: US dollar 1 million and Baht 312 million).
- (b) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 57.6 million (2018: Baht 46.2 million and Philippine peso 21.5 million) issued by banks on behalf of the Company and its subsidiaries 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 (2018: Baht 35.0 million) to guarantee payment due to suppliers, Baht 16.1 million (2018: Baht

3.3 million and Philippine peso 21.5 million) to guarantee contractual performance, Baht 5.9 million (2018: Baht 4.9 million) to guarantee electricity use, among others, Baht 0.6 million to guarantee cash advance received from customers and retention (2018: Nil) and Baht 3.0 million to guarantee bid bond as at 31 December 2018 (2019: Nil).

14.6 Factors that affect the operating results in future

14.6.1 Economic outlook for 2020

1) Thai Economic Outlook

The National Economic and Social Development Board forecasted that The Thai economy has experienced increasing numbers of challenges for the rest of 2020 including (i) the drought condition that may put additional impacts on the agricultural sector, (ii) the slow and fragile global growth that can limit expansions of manufacturing production and export sectors, (iii) the COVID-19 outbreak that affects the tourism and other related service sectors, and (iv) the delay in the budgeting process for FY2020 which tends to lower the contribution from public expenditure and also limit the fiscal impacts in the first half of the year. Nevertheless, in the base case scenario, it is expected that limitations from the delayed budgetary process will end in the first quarter while the COVID-19 outbreak will subside within the second half. The economy will thus recover to a normal trend in the second half of the year. Under such conditions, it is expected that the economic growth would return to its normal pace in the second half of the year 2020, supported by (i) the recovery in global economy, which, in turn, causes the export and manufacturing sectors to resume their expansions at a low pace, (ii) the satisfactory expansion in domestic demand, (iii) supports from government measures, and (iv) the unusual low growth base during the last quarter of 2019.

2) Expanding in the range of 1.5 - 2.5%

The Thai economy in 2020 is projected to expand in the range of 1.5 - 2.5 percent (with the midpoint of 2.0 percent), compared with 2.4 percent in 2019. Headline inflation is estimated to lie within the range of 0.4 -1.4 percent and the current account is anticipated to record a surplus of 5.3 percent of GDP. The Thai economy in 2020 is likely to be confronted with additional limitations and risk factors including: (i) the drought condition that is likely to significantly impact agricultural production; (ii) the outbreak of COVID-19 in China and other countries particularly in the region which has affected the tourism and related sector; and (iii) the delay of budgeting process. These factors will directly affect the economic growth.

3) The drought condition

The drought condition: based on data on January 31, 2020 of the usable storage level of all dams across the country stood at 18,359 million cubic meters (25.9 percent of total reservoirs capacity), lower than at 27,813 million cubic meters (39.3 percent of total reservoirs capacity) in 2019, the lowest level in 4 years. This condition is comparable with the severe drought in 2015-2016 which had the usable storage level at the same period of 2015 at 19,733 million cubic meters (23.2 percent of total reservoirs capacity), down from 24,876 million cubic meters (35.4 percent of total reservoirs capacity) in 2014. The reduction of usable water was a major factor to the 6.5-percent contraction in agricultural sector in 2015. Although the effect of water deficiency on the agricultural sector and overall economy remains highly uncertain depending on the amount of rainfall level in the remaining of the year, the recent forecast by the Thai Meteorological Department suggests that the precipitation rate in 2020 will be lower than the average level, and hence the drought condition in 2020 is more likely to be more pronounced and more severe than expected. This drought possibility was not vividly noticeable during the previous projection.

4) The outbreak of COVID-19

The outbreak of COVID-19 which tends to put a significant impact on Thailand's tourism sector. A number of foreign tourists already decreased by 33.3 percent since the Chinese government implemented the travel ban for Chinese tour group to travel abroad (January 24 - February 13, 2020). Chinese tourists, in particular, declined by 76.2 percent from the same period last year. Nevertheless, there remains high uncertainties on the impacts both the direct impact to tourist reduction together with the impact to the transportation and supply chain disruptions due to the temporary suspension of manufacturing plants and other businesses in China and the indirect impact through the slowdown of the Chinese and the global economy. The magnitude of impact will depend mainly on contagion duration, intensification of the outbreak, as well as government measures to tackle with the COVID-19 epidemic. Nonetheless, in the baseline assumption, the estimation of the impact of COVID-19 outbreak on tourism sector was based on the replication of lengths, pattern, and affect from the SARs outbreak during 2003. Accordingly, the number of COVID-19 infections in China is expected to reach its peak in March and the Chinese government will lift the travel ban for Chinese tourist to travel abroad in early May (4 months after the World Health Organization (WHO) declared the global health emergency on the COVID-19 outbreak on January 30, 2020). Under this baseline assumption, the number of foreign tourists in the first quarter is expected to decrease by 31.5 percent⁸ including Chinese and other nationalities decreased by 50.5 percent and 23.8 percent respectively while it is expected that the impact will subside in the second quarter with a contraction of 4.2 percent in which that the Chinese

tourists will decline by 20.1 percent, on the other hand, tourists from other nationalities will increase by 2.1. Henceforth, the revenue from foreign tourists in 2020 is likely to be lower than 2019 by 150 billion Baht, and lower than the previous assumption by 230 billion Baht. Meanwhile, the impact from the supply chain disruption and suspended transportation in China tend to be limited as most operation resumption took place within February 17, 2020.

5) The delay of FY2020 budgeting process

The delay of FY2020 budgeting process: In the base case, the FY2020 annual government budget is expected to be disbursed within early April, delaying from February as expected in the previous assumption. Moreover, the disbursement rate of capital budget in the first quarter of FY2020 was lower than expected. Consequently, the disbursement rates of the government capital budget and state-owned enterprises' capital budget were revised down to 65.0 percent and 75.0 percent respectively.

The budget disbursement assumptions are as follows: (i) the FY2020 annual budget disbursement rate of 91.2 percent of the overall budget, downwardly revised from 92.0 percent in the previous projection due to the delay of budgetary process. In this projection, the FY2020 government annual budget is expected to be able to start disbursement in early April 2020, compared to the assumption of the previous projection that expected in February 2020. Moreover, the budget disbursement in the first quarter of FY2020 was also lower than expectation. Specifically, the FY2020 disbursement rates for the current and capital budgets are expected at 98.0 percent and 65.0 percent respectively, comparing with 98.0 percent and 70.0 percent of the previous assumptions; (ii) carry-over budget disbursement of 70.0 percent, revised downwardly from 73.0 percent in the previous forecast; and (iii) state-owned enterprises' capital budget disbursement of 75.0 percent, revised downwardly from 80.0 percent in the previous projection.

6) The world economy and trade volume in 2020

The world economy and trade volume in 2020 are expected to grow by 3.2 percent and 2.4 percent respectively, revised down from 3.3 percent and 2.8 percent in the previous projection due to the outbreak of COVID-19 which significantly affects the Chinese economy and other Asian economies particularly countries that highly depend on China aspectual in trade, investment, and tourism. Nonetheless, in our baseline assumption, it is assumed that the epidemic will be limited and will end in May. Therefore, the global economy and trade volume tend to gradually expand in 2020. The key supporting factors of this improvement are (i) the lessened pressure from US - China trade dispute; (ii) the conclusion of the USMCA; (iii) the progress of Brexit which diminishes the risk of No-deal Brexit; (iv) the clearer adjustment of supply chain and trade direction in response to the trade protection

measures; and (v) the continually accommodative monetary policy. Consequently, these key factors will support the global trade and investment to recover and will drive the emerging economies, newly industrialized economies, and Asian developing countries to grow satisfactorily.

7) The Thai Baht

The Thai Baht in 2020 is expected to be in the range of 30.7 - 31.7 baht per US dollar, depreciating from 31.0 baht per US dollar in 2019, and comparing with 30.5 - 31.5 baht per US dollar in the previous projection. This revision is in line with (i) the monetary policy direction of major central banks particularly the US Federal Reserves which are likely to maintain their expansionary monetary policies at the same level after continual easing their policies in 2019; (ii) the smaller surplus of current account as a result of the lower revenue from foreign tourists affected by the COVID-19 outbreak. In the baseline assumption, the revenue from foreign tourists in 2020 is expected to decrease by 150 billion Baht from the previous year; and (iii) the upward trend of long-term government bond yield of the US and of other advanced countries in the second half of the year.

8) Crude oil price

The average Dubai crude oil in 2020 is expected to be in the range of 57.0 - 67.0 US dollars per barrel with the mid-point forecast at 62.0 US dollars per barrel, close to the average price of 2019 at 63.3 US dollars per barrel and remaining the same level as the previous projection. There are several downward pressures on oil price namely (i) the slowdown of major economies particularly the US, Japan, and China, including the COVID-19 outbreak which will weaken the crude oil demand; (ii) the US's oil production that is likely to increase to 13.2 million barrels per day from 12.2 million barrels per day in 2019, due to the enhancing efficiency of pipeline transportation and oil drilling facility; and (iii) a new limit of sulfur in fuel set by the International Maritime Organization (IMO 2020), aiming to reduce environmental impacts of maritime transport, will also decrease demand of Dubai crude oil which produces high sulfur. Nevertheless, there remains the upside factors for oil price including (i) the possibility that both OPEC and other oil producer countries particularly Russia during the OPEC+ meeting on 5th - 6th March 2020 will decide to postpone the end of production reduction period from March 2020 to be until June 2020, as well as possibility of additional cut of their production from 1.7 million barrels per day to be 2.3 million barrels per day; and (ii) geo-political conflicts in Middle East region especially a conflict between US and Iran which later on lead to the additional US sanction on Iran and that possible affect oil production and export of Iran. Moreover, there remain concerns over the domestic unrest particularly in Iraq and Libya.

14.6.3 Business Plan 2020-2022

Main Products : PE Pipes & Fittings

1. Solid wall pipes

- Ongoing campaigning for project owners to realize the disadvantages of using low-quality PE pipes.
- Create opportunities for participation in projects related to the EEC.
- Provide technical advice, design, and piping to customers in the petrochemical refinery and power plant groups including build relationships and trust.

2. Weholite

- Create an image of being a leader in the quality of non-pressure pipes.
- Add Application with Uponor.
- Develop the technology of welding pipes and make a difference from other manufacturers.

3. Fitting

- Continuously improve the form and quality of the Fitting
- TIS and ISO registration
- Partnering with a well-known fitting manufacturer and jointly marketing in Thailand
- Develop an internet sales system.

New products

1. Data Logger Unit (LDU)

- Normally we imported from Italy. Currently, the Company has made prototype machines by ourselves. With the goal of developing a system that can generate good sales internationally.

2. Being a distributor of technological products for the development of pipeline systems.

Service business

1. Investing in water management business
2. Welding work for pipes in a large project that sells pipes
3. Plan for turn-key installation by focusing on projects that WIIC has potential and competitive advantage
4. Join the bidding for a pipe installation contract with contractors that are joint venture partners
5. Construction and pipeline installation in foreign countries
6. Developing a testing laboratory to meet the ISO17025 standards and accept external testing

14.6.4 SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ■ WIIC reputation was internationally recognized. ■ WIIC has the potential to receive specialized work. ■ WIIC has experienced personnel. ■ WIIC has lower financial costs than competitors. ■ WIIC 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"> ■ Shortage of water rises demand of pipes and water management projects. ■ Continuous investment in the Eastern Special Economic Zone ■ Demand from private power plants. ■ Continuous demand of submarine pipelines. ■ TIS for spiral PE pipe has been issued 	<ul style="list-style-type: none"> ■ More than 10 manufacturers produce mainly low quality pipes. ■ Most contractors have behaviors "Pay overdue" ■ Stronger Baht makes the profit from export decreased. ■ Delay of 2020 annual budget approval.

15. Report of Audit Committee

The Audit Committee of WIIC Public Company Limited consists of 3 independent directors such as Miss Pranee Rattakam is Chairman of Audit Committee, Mr.Theera Phetmalaigul and Mr.Tatchapong Thamputhipong 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 2019 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 2019.

The Audit Committee reviewed quarterly financial statements and the annual financial statements 2019 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 2020.** The Audit Committee considered and agreed to appoint EY Office Limited as the auditor of the Company and its subsidiaries for the year 2020 and proposed to the Board of Directors for consideration and proposed to the Annual General Meeting of Shareholders 2020 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 25, 2020

16. Report of Executive Committee

The Executive Committee of WIIC Public Company Limited consists of 6 executives such as (1) Mr. Wiboon Sangwithayanon as Chief Executive Officer (2) Mrs. Orawan Lekrungruangkit (3) Miss Rewadee Whanchid (4) Mr. Karn Siriphatras (5) Miss Chinanut Jariyarudeechai and (6) 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 2019, 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) 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.

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 25, 2020

17. Report of Nomination and Remuneration Committee

The Nomination and Remuneration Committee of WIIC 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 2019, the Nomination and Remuneration Committee held 5 meetings, summarized as follows.

- (1) The Nomination and Remuneration Committee are responsible for the selection of persons to replace directors and executives if the term expires, resign or other cases. This is to be in line with the good corporate governance guidelines of the Stock Exchange of Thailand and accordance with the regulations of WIIC Public Company Limited, The directors and executives of the Company Must be fully qualified according to the Public Limited Companies Act 1992 and the Securities and Exchange Act 1992 and proposed to the Board of Directors to consider and approve as follows.
 - Consider the term of directors, and approve the nominations who will serve as the new directors.
 - Consider and approve the appointment of new directors to replace the resigned directors.
 - Consider and approve the addition of 1 director position, to have a total of 9 directors as before.
- (2) The Nomination and Remuneration Committee considered the remuneration of Directors by considering the suitability of the duties, responsibility, and the Company's performance and propose to the Board of Directors to consider and approve as follows.
 - Consider and approve the payment of the directors' bonus for the year 2018.
 - Consider and approve the remuneration of the Board of Directors for the year 2019.
 - Consider and approve the payment of the directors' bonus for the year 2019.

In summary, the Nomination and Remuneration Committee complied with the duties and responsibilities defined in the Charter which approved by the Board of Directors by using knowledge and ability, prudence and sufficient independence for the benefit of all stakeholders equally.



(Miss Pranee Rattakam)

Chairman of the Nomination and Remuneration Committee

February 25, 2020

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

The Company's Board of Directors is responsible for financial statements of WIIC 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 Mr.Khitsada Lerdwana 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.

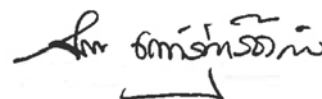
The Company's Board of Directors appointed the Audit Committee to be responsible for reviewing the Company's accounting policies, quality of financial reports, internal control system, internal audit system and risk management system. The opinion of the Audit Committee on this matter appears in the Audit 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 WIIC Public Company Limited and its subsidiaries as at 31 December 2019 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



(Mrs. Orawan Lekrungrangkit)

Director

19. Independent Auditor's Report

To the Shareholders of WIik Public Company Limited
(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Opinion

I have audited the accompanying consolidated financial statements of WIik Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, 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 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 Public Company Limited and its subsidiaries and of WIik Public Company Limited as at 31 December 2019, 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 2019, sales and service income amounted to Baht 1,216 million and directly affects the Group's profit and loss. The Group has both local and overseas 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: 25 February 2020

20. Financial Statements and Notes

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	7	94,394,077	186,107,694	83,086,514	40,748,989
Trade and other receivables	8	407,897,407	423,846,745	289,097,416	310,430,044
Inventories	9	449,623,244	381,813,243	414,931,901	350,597,526
Short-term loans to related party	6	-	-	195,000,000	190,000,000
Advance payment to subcontractors		9,760,801	19,430,452	-	9,955,441
Other current assets		61,602,926	45,243,987	27,954,190	27,860,812
Total current assets		1,023,278,455	1,056,442,121	1,010,070,021	929,592,812
Non-current assets					
Restricted bank deposits	10	16,500,000	16,000,000	16,000,000	16,000,000
Advance payment for purchase of shares	11	5,000,000	30,000,000	-	-
Investments in subsidiaries	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	892,723,368	685,653,857	516,198,210	520,094,878
Assets for production of filtrated water that must be transferred at end of agreement of subsidiary	15	8,558,887	-	-	-
Intangible assets	16	152,389,012	109,760,766	504,451	1,461,713
Deferred tax assets	26	17,056,057	16,755,253	11,808,052	16,352,645
Advance payment for plant and equipment		9,297,526	726,000	8,802,526	231,000
Other non-current assets		25,806,214	38,177,649	17,799,653	29,769,119
Total non-current assets		1,148,576,696	918,319,157	784,505,724	797,302,187
Total assets		2,171,855,151	1,974,761,278	1,794,575,745	1,726,894,999

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

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	525,334,685	550,741,203	525,334,685	550,741,203
Trade and other payables	18	199,801,609	35,684,435	49,000,425	28,564,544
Short-term debenture	19	-	148,888,619	-	148,888,619
Current portion of long-term loans	20	24,144,269	22,705,702	-	-
Current portion of liabilities under					
finance lease agreements	21	5,549,663	3,018,041	4,792,371	2,275,532
Advance received from customers		256,346,492	50,970,260	256,275,926	49,082,787
Other current liabilities		78,048,193	82,305,981	41,056,890	47,549,954
Total current liabilities		1,089,224,911	894,314,241	876,460,297	827,102,639
Non-current liabilities					
Long-term loans, net of current portion	20	102,275,667	124,646,458	-	-
Liabilities under finance lease agreements,					
net of current portion	21	12,214,407	5,700,446	10,888,427	3,617,173
Provision for long-term employee benefits	22	24,613,377	15,945,114	22,065,026	14,574,246
Deferred tax liabilities	26	21,530,640	21,285,704	21,162,229	21,162,229
Provision for decommissioning		535,335	495,513	-	-
Other non-current liabilities		100,000	-	100,000	-
Total non-current liabilities		161,269,426	168,073,235	54,215,682	39,353,648
Total liabilities		1,250,494,337	1,062,387,476	930,675,979	866,456,287

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

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital					
Registered					
725,335,328 ordinary shares of Baht 1 each					
(2018: 499,918,044 ordinary shares					
of Baht 1 each)	23	725,335,328	499,918,044	725,335,328	499,918,044
Issued and fully paid up					
437,427,042 ordinary shares of Baht 1 each					
(2018: 374,938,533 ordinary shares					
of Baht 1 each)	23	437,427,042	374,938,533	437,427,042	374,938,533
Share premium		277,162,132	277,162,132	277,162,132	277,162,132
Retained earnings					
Appropriated - statutory reserve	24	42,412,850	38,531,907	42,412,850	38,531,907
Unappropriated		79,709,874	137,092,314	22,248,826	85,157,224
Other components of shareholders' equity		84,648,916	84,648,916	84,648,916	84,648,916
Total shareholders' equity		921,360,814	912,373,802	863,899,766	860,438,712
Total liabilities and shareholders' equity		2,171,855,151	1,974,761,278	1,794,575,745	1,726,894,999

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

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales	27	1,007,325,417	973,771,744	906,185,275	892,264,970
Service income	27	208,313,663	229,138,483	131,917,766	110,897,077
Other income					
Dividend income	13	320,000	1,664,000	320,000	1,664,000
Others		37,385,860	17,063,100	49,238,621	22,191,957
Total revenues		1,253,344,940	1,221,637,327	1,087,661,662	1,027,018,004
Expenses					
Cost of sales		868,534,430	877,684,996	798,375,347	816,854,281
Cost of services		164,459,071	183,954,545	118,574,383	101,673,834
Selling and distribution expenses		58,749,146	43,364,893	58,749,146	43,364,893
Administrative expenses		97,505,965	73,377,169	57,064,195	53,030,537
Total expenses		1,189,248,612	1,178,381,603	1,032,763,071	1,014,923,545
Profit before finance cost and income tax incomes (expenses)		64,096,328	43,255,724	54,898,591	12,094,459
Finance cost		(42,252,812)	(34,204,449)	(34,225,179)	(26,499,900)
Profit (loss) before income tax incomes (expenses)		21,843,516	9,051,275	20,673,412	(14,405,441)
Income tax incomes (expenses)	26	(276,754)	3,250,842	(4,828,293)	3,226,156
Profit (loss) for the year		21,566,762	12,302,117	15,845,119	(11,179,285)
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		(1,330,485)	336,282	(1,134,800)	(217,934)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,330,485)	336,282	(1,134,800)	(217,934)
Other comprehensive income for the year		(1,330,485)	336,282	(1,134,800)	(217,934)
Total comprehensive income for the year		20,236,277	12,638,399	14,710,319	(11,397,219)
Earnings per share	28				
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company		0.0493	0.0281	0.0362	(0.0256)
Diluted earnings per share					
Profit (loss) attributable to equity holders of the Company		0.0493	0.0281	0.0362	(0.0256)

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

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Cash flow statement

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before tax	21,843,516	9,051,275	20,673,412	(14,405,441)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	73,031,222	57,701,944	38,631,961	35,640,407
Doubtful accounts (reversal)	1,241,809	(6,904,266)	1,245,340	(2,666,319)
Bad debt	375,827	-	375,827	-
Reduction of inventories to net realisable value	1,667,282	2,797,564	1,667,282	2,797,564
Write-off inventories	102,981	2,029,395	102,981	2,029,395
Gain on disposal and write-off of property, plant and equipment	(1,083,451)	(605,012)	(1,083,451)	(605,012)
Recersal of loss on impairment of property, plant and equipment	(28,201)	-	(28,201)	-
Write-off withholding income tax	623,733	1,567,605	614,287	367,605
Gain on cancellation of financial lease agreement	-	(39,548)	-	-
Long-term employee benefits expenses	7,306,387	2,848,654	6,342,281	2,126,199
Unrealised loss on exchange	749,951	440,929	733,198	439,049
Dividend income	(320,000)	(1,664,000)	(320,000)	(1,664,000)
Interest income	(844,631)	(1,773,486)	(12,630,825)	(6,954,898)
Interest expenses	42,252,812	34,204,449	34,225,179	26,499,900
Profit from operating activities before changes in operating assets and liabilities	146,919,237	99,655,503	90,549,271	43,604,449
Operating assets (increase) decrease				
Trade and other receivables	21,113,717	(64,064,600)	19,991,336	(27,287,460)
Inventories	(69,580,264)	(72,967,830)	(66,104,638)	(62,415,331)
Advance payment to subcontractors	9,669,651	(19,095,012)	9,955,441	(9,955,441)
Other current assets	(5,402,755)	12,748,985	1,593,188	14,210,867
Other non-current assets	11,981,518	(10,590,426)	11,969,466	(10,165,041)
Operating liabilities increase (decrease)				
Trade and other payables	17,258,596	(24,165,519)	19,492,348	(27,372,060)
Advance received from customers	205,376,232	(35,296,365)	207,193,139	(13,784,364)
Other current liabilities	(4,282,070)	25,248,896	(6,495,762)	5,812,122
Employee benefit paid during the year	(301,230)	(734,400)	(270,000)	(734,400)
Other non-current assets	100,000	-	100,000	-
Cash from (used in) operating activities	332,852,632	(89,260,768)	287,973,789	(88,086,659)
Cash paid for interest expenses	(41,022,799)	(34,241,891)	(32,932,863)	(26,459,376)
Cash paid for corporate income tax	(3,778,741)	(3,006,380)	(2,351,040)	(1,777,664)
Cash returns from withholding tax	1,808,173	-	-	-
Net cash from (used in) operating activities	289,859,265	(126,509,039)	252,689,886	(116,323,699)

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

WIIK Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in restricted bank deposits	(500,000)	-	-	-
Cash payment in advance for purchase of shares	-	(30,000,000)	-	-
Net cash payment for investment in subsidiary	(9,992,717)	-	-	-
Cash payment for short-term loans to related party	-	-	(120,000,000)	(190,000,000)
Cash receipt from repayment of short-term loans to related party	-	-	115,000,000	-
Dividend received from other long-term investment	320,000	1,664,000	320,000	1,664,000
Acquisition of property, plant and equipment	(143,528,504)	(37,008,396)	(20,026,610)	(26,667,707)
Proceeds from sales of property, plant and equipment	1,173,271	612,850	1,173,271	612,850
Acquisition of assets for production of filtrated water that must be transferred at end of agreement of subsidiary	(9,045,873)	-	-	-
Acquisition of intangible assets	-	(12,498,943)	-	-
Increase in cash payment in advance for plant and equipment	(8,802,526)	(726,000)	(8,802,526)	(231,000)
Interest income	848,191	1,781,077	12,336,741	6,394,240
Net cash used in investing activities	(169,528,158)	(76,175,412)	(19,999,124)	(208,227,617)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(25,406,518)	175,669,797	(25,406,518)	175,669,797
Cash receipt from issuance promissory note to third party	30,000,000	-	-	-
Repayment of promissory note to third party	(30,000,000)	-	-	-
Cash receipt from issuance bill of exchange	150,000,000	-	150,000,000	-
Repayment of bill of exchange	(150,000,000)	-	(150,000,000)	-
Repayment of long-term loans	(20,932,224)	(19,924,470)	-	-
Cash receipt from issuance of short-term debentures	-	150,000,000	-	150,000,000
Repayment of short-term debentures	(150,000,000)	-	(150,000,000)	-
Cash receipt from exercise of warrants	-	2,665	-	2,665
Payment of liabilities under finance lease agreements	(3,604,417)	(2,715,227)	(2,861,907)	(1,950,570)
Dividend paid	(11,241,879)	(41,197,900)	(11,241,879)	(41,197,900)
Net cash from (used in) financing activities	(211,185,038)	261,834,865	(189,510,304)	282,523,992
Net increase (decrease) in cash and cash equivalents	(90,853,931)	59,150,414	43,180,458	(42,027,324)
Unrealised loss on exchange for cash and cash equivalents	(859,686)	(64,720)	(842,933)	(62,840)
Cash and cash equivalents at beginning of year	186,107,694	127,022,000	40,748,989	82,839,153
Cash and cash equivalents at end of year	94,394,077	186,107,694	83,086,514	40,748,989
Supplemental disclosure of cashflow information				
Non-cash transactions				
Acquisition of motor vehicle under finance lease agreements	12,650,000	2,796,087	12,650,000	1,925,050
Increase in other payables from acquisition of property, plant and equipment	127,362,784	2,080,844	932,040	2,080,844
Transferred cash payment in advance for plant and equipment to plant and equipment	231,000	2,076,945	231,000	2,076,945
Provision for decommissioning of plant and equipment	39,822	36,872	-	-
Transferred advance payment for purchase of shares to investment in subsidiary	25,000,000	-	-	-

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

WIIG Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

Consolidated financial statements							
		Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity Other comprehensive income Surplus on revaluation of assets	Total shareholders' equity
	Note			Appropriated	Unappropriated		
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	23	533	2,132	-	-	-	2,665
Dividend paid	31	-	-	-	(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
Balance as at 1 January 2019		374,938,533	277,162,132	38,531,907	137,092,314	84,648,916	912,373,802
Profit for the year		-	-	-	21,566,762	-	21,566,762
Other comprehensive income for the year		-	-	-	(1,330,485)	-	(1,330,485)
Total comprehensive income for the year		-	-	-	20,236,277	-	20,236,277
Increase in share capital from stock dividend	23, 31	62,488,509	-	-	-	-	62,488,509
Dividend paid	31	-	-	-	(73,737,774)	-	(73,737,774)
Transferred unappropriated retained earnings to statutory reserve	24	-	-	3,880,943	(3,880,943)	-	-
Balance as at 31 December 2019		437,427,042	277,162,132	42,412,850	79,709,874	84,648,916	921,360,814

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

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2019

(Unit: Baht)

Separate financial statements							
	Note	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	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	23	533	2,132	-	-	-	2,665
Dividend paid	31	-	-	-	(41,243,103)	-	(41,243,103)
Balance as at 31 December 2018		<u>374,938,533</u>	<u>277,162,132</u>	<u>38,531,907</u>	<u>85,157,224</u>	<u>84,648,916</u>	<u>860,438,712</u>
Balance as at 1 January 2019		374,938,533	277,162,132	38,531,907	85,157,224	84,648,916	860,438,712
Profit for the year		-	-	-	15,845,119	-	15,845,119
Other comprehensive income for the year		-	-	-	(1,134,800)	-	(1,134,800)
Total comprehensive income for the year		-	-	-	14,710,319	-	14,710,319
Increase in share capital from stock dividend	23, 31	62,488,509	-	-	-	-	62,488,509
Dividend paid	31	-	-	-	(73,737,774)	-	(73,737,774)
Transferred unappropriated retained earnings to statutory reserve	24	-	-	3,880,943	(3,880,943)	-	-
Balance as at 31 December 2019		<u>437,427,042</u>	<u>277,162,132</u>	<u>42,412,850</u>	<u>22,248,826</u>	<u>84,648,916</u>	<u>863,899,766</u>

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

WIik Public Company Limited and its subsidiaries

(Formerly known as “Wiik & Hoeglund Public Company Limited”)

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

WIik 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

On 25 December 2019, the Company registered the change of its name from “Wiik & Hoeglund Public Company Limited” to “WIik Public Company Limited” with the Ministry of Commerce.

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 “WIIC Public Company Limited (“the Company”) and the following subsidiaries company (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2019</u> Percent	<u>2018</u> Percent
<u>Investments in subsidiaries</u>				
Wiik Water Company Limited	Pipe installation services and water management	Thailand	100.00	100.00
WIIC PT Company Limited (Formerly known as “WOG ITR Water Solution Company Limited”) (held by Wiik Water Company Limited)	Water production with Ultra filtration and Reverse Osmosis systems	Thailand	100.00	-

- b) The Company is deemed to have control over an investee or subsidiaries 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) Subsidiaries 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 subsidiaries is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries 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 subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are 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 recognised 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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements, except for reclassification of commission paid to obtain a contract which is recorded commission as selling and distribution expenses to cost of sales in statement of comprehensive income for the year ended 31 December 2018 amounting to Baht 9.51 million (the Company only: Baht 9.51 million), for comparison purpose without any affecting to net profit (loss) or shareholders' equity previously reported.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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 subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries 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

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns and discounts.

Rendering of services

Service revenue is recognised over time when services have been rendered taking into account the stage of completion, measuring based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion.

The recognised revenue which is not yet due per the contracts has been presented as “Unbilled receivables” under the caption of trade and other receivables in the statement of financial position. The amount recognised as contract assets are reclassified to trade receivables when the Company's and its subsidiaries' right to consideration is unconditional such as upon completion of services and acceptance by the customer.

The obligation to transfer goods or services to a customer for which the Company and its subsidiaries have received consideration (or an amount of consideration is due) from the customer is presented under the caption of “Advances received from customers” in the statement of financial position. Advances received from customers are recognised as revenue when the Company and its subsidiaries performs under the contract.

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 subsidiaries 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 Assets for production of filtrated water that must be transferred at end of agreement of subsidiary

Assets for production of filtrated water that must be transferred at end of agreement of subsidiary are carried at cost less any accumulated amortisation and any provision for impairment losses (if any).

Assets for production of filtrated water that must be transferred at end of agreement of subsidiary has estimated useful lives 10 years.

Amortisation of assets from production of filtrated water is included in determining income.

4.8 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
Right to manage the water production plant with		
Ultra filtration and Reverse Osmosis	24	years
Leasehold	24	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.

4.9 Related party transactions

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

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

4.10 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.

4.11 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.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries 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.

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries 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.

4.14 Provisions

Provisions are recognised when the Company and its subsidiaries 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.

4.15 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 subsidiaries 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 subsidiaries 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 subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries 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 subsidiaries 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 subsidiaries 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 subsidiaries 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.

	Consolidated		Separate		(Unit: Million Baht)
	financial statements		financial statements		Transfer Pricing
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	Policy
Transactions with subsidiaries company					
(eliminated from the consolidated financial statements)					
Sales	-	-	8	2	Market price
Interest income	-	-	12	6	4.3 to 7.8 percent per annum (2018: 4.3 to 7.8 percent per annum)

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Trade and other receivables - related party (Note 8)				
Trade receivables				
Subsidiary	-	-	3,535	70
Total trade receivables - related party	-	-	3,535	70
Other receivables				
Subsidiary	-	-	869	754
Total other receivables - related party	-	-	869	754
Total trade and other receivables - related party	-	-	4,404	824

Short-term loans to related party

As at 31 December 2019 and 2018, the balances of short-term loans between the Company and its subsidiary and the movements are as follows:

	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at	Increase	Decrease	Balance as at
	1 January 2019	during the year	during the year	31 December 2019
Short-term loans				
Subsidiary				
Wiik Water Company Limited	190,000	120,000	(115,000)	195,000
Total	190,000	120,000	(115,000)	195,000

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company and its subsidiaries had employee benefits expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	For the years ended 31 December			
	Consolidated		Separate	
	2019	2018	2019	2018
Short-term employee benefits	33,803	33,279	23,871	24,580
Post-employment benefits	2,662	1,556	2,055	1,048
Total directors and managements remuneration	36,465	34,835	25,926	25,628

Guarantee obligations with related parties

The Company had outstanding guarantee obligations with its subsidiaries, as described in Note 32.5 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 (2018: Baht 88 million) as collateral against long-term loan of its subsidiary.

7. Cash and cash equivalents

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2019	2018	2019	2018
Cash	165	135	95	95
Bank deposits	94,229	185,973	82,992	40,654
Total	94,394	186,108	83,087	40,749

As at 31 December 2019, bank deposits in saving and current accounts carried interests between 0.05 and 1.00 percent per annum (2018: between 0.10 and 1.00 percent per annum).

8. Trade and other receivables

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2019	2018	2019	2018
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	-	-	3,535	70
Total trade receivables - related party	-	-	3,535	70
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	128,540	226,687	105,241	214,050
Past due				
Up to 3 months	79,346	105,552	57,859	57,668
3 - 6 months	41,418	10,026	20,851	1,293
Over 6 - 12 months	19,512	19,011	19,495	5,216
Over 12 months	87,521	57,028	46,027	45,809
Total	356,337	418,304	249,473	324,036
Less: Allowance for doubtful debts	(28,777)	(27,160)	(28,777)	(27,156)
Total trade receivables - unrelated parties - net	327,560	391,144	220,696	296,880
Retention receivables as per contract	13,549	10,783	9,302	7,545
Total	341,109	401,927	229,998	304,425
Total trade receivables - net	341,109	401,927	233,533	304,495

	Consolidated financial		(Unit: Thousand Baht)	
	statements		Separate financial	
	2019	2018	2019	2018
<u>Other receivables</u>				
Other receivables - related party (Note 6)	-	-	860	754
Other receivables - unrelated parties	473	-	-	-
Accrued income	7,325	4,575	-	-
Unbilled receivables - related party (Note 6)	-	-	9	-
Unbilled receivables - unrelated parties	58,990	17,345	54,695	5,181
Total other receivables	66,788	21,920	55,564	5,935
Total trade and other receivables - net	407,897	423,847	289,097	310,430

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					
	Reduce cost to net					
	Cost		realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	303,562	242,902	(24,177)	(23,344)	279,385	219,558
Work in process	52,934	74,906	-	-	52,934	74,906
Raw materials	99,570	74,983	(907)	(73)	98,663	74,910
Spare parts and factory supplies	18,641	12,439	-	-	18,641	12,439
Total	474,707	405,230	(25,084)	(23,417)	449,623	381,813

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	288,246	242,902	(24,177)	(23,344)	264,069	219,558
Work in process	44,649	49,515	-	-	44,649	49,515
Raw materials	99,570	74,983	(907)	(73)	98,663	74,910
Spare parts and factory supplies	7,551	6,614	-	-	7,551	6,614
Total	440,016	374,014	(25,084)	(23,417)	414,932	350,597

During the current year, the Company reduced cost of inventories by Baht 2 million (2018 : 3 million) (The Company only: Baht 2 million (2018 : 3 million)), to reflect the net realisable value. This was included in cost of sales.

10. Restricted bank deposits

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

11. Advance payment for purchase of shares

On 4 January 2019 (closing date), the subsidiary acquired the business with an objective of acquiring the right to manage the water production with Ultra filtration and Reverse Osmosis systems project and other assets used in the business of WIik PT Company Limited ("WPT") (Formerly known as "WOG ITR Water Solution Company Limited ("WOG ITR")) as described in Note 12 to the financial statements. The subsidiary transferred the deposit for shares of Baht 25 million to purchase the ordinary shares of WPT, resulting the remaining deposit for shares of Baht 5 million for a desalination project located in Phuket province which is in such process.

12. Investments in subsidiaries

Details of investments in subsidiaries 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	
	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)				
Wiik Water Co., Ltd.	170,000	170,000	100.00	100.00	199,662	199,662	-	-
	0	0						
Total					199,662	199,662	-	-
Less: Allowance for impairment loss					(7,515)	(7,515)		
Total investments in subsidiaries - net					192,147	192,147		

On 4 January 2019 (closing date), the subsidiary acquired the business 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 WIIC PT Company Limited ("WPT") by purchasing ordinary shares of WPT 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.

The subsidiary considers this acquired the business as acquisitions of assets. The net book values of assets and liabilities acquired as at the acquisition date which were summarised below.

	(Unit: Thousand Baht)
Cash	7
Trade and other receivables	6,797
Other assets	17,479
Long-term loans	35,000
Building and equipment	230,932
Leasehold (Note 16)	12,516
Trade and other payables	(12,635)
Payables for purchasing of assets	(260,718)
Long-term loans	(33,000)
Other liabilities	(124)
Net assets (liabilities) acquisition	(3,746)
Cash payment for investment in subsidiary (including cash payment in advance for purchase of shares)	35,000
Right to manage the water production plant with Ultra filtration and Reverse Osmosis (Note 16)	38,746
	(Unit: Thousand Baht)
Cash payment for investment in subsidiary	35,000
Less: Cash payment in advance for purchase of shares	(25,000)
Cash payment for investment in subsidiary during the year	10,000
Less: The subsidiary's cash acquired at the acquisition date	(7)
Net cash payment for investment in subsidiary	9,993

On 23 January 2019, the Extraordinary General Meeting of Shareholders of WIIC PT Company Limited, the subsidiary of Wiik Water Co., Ltd., 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.

The Subsidiary made additional payment for the shares in proportion to its shareholding, amounting to Baht 27,875,000, in February 2019 and the remaining amounting to Baht 27,875,000, in May 2019. WPT registered the increase in its registered and paid-in capital with the Ministry of Commerce on 29 May 2019.

On 21 June 2019, the Extraordinary General Meeting of the shareholders of WOG ITR Water Solution Company Limited passed resolutions approving the change of its name from “WOG ITR Water Solution Company Limited” to “WIIC PT Company Limited” and registered with the Ministry of Commerce on 25 June 2019.

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	
	2019	2018	2019 (%)	2018 (%)	2019	2018	2019	2018
Nakhonluang Capital Public Co., Ltd.	467,549	467,549	3.42	3.42	21,246	21,246	320	1,664
K-Tech Construction Public Co., Ltd.	1,276,326	1,276,326	-	-	30	30	-	-
Total					21,276	21,276	320	1,664
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								
	Land	Land improvement	Building and improvements	Leasehold improvement	Machinery and equipment	Motor vehicles	Furniture, fixtures and office equipment	Assets under installation	Building under construction	Total
Cost/Revaluation										
1 January 2018	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
Additions	-	-	1,903	-	33,343	35	2,223	1,827	779	40,110
Increase from acquisition of subsidiary (Note 12)	-	-	28,086	-	203,049	-	-	-	-	231,135
Disposals and write-off	-	-	-	-	(5,468)	(410)	(1,440)	-	-	(7,318)
Transfer in (out)	-	-	-	-	18,678	-	-	(10,401)	(8,277)	-
31 December 2019	240,941	9,657	284,569	5,151	970,341	27,004	28,746	114	-	1,566,523
Accumulated depreciation										
1 January 2018	-	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
Depreciation for the year	-	721	6,822	5	50,321	3,267	2,775	-	-	63,911
Increase from acquisition of subsidiary (Note 12)	-	-	24	-	179	-	-	-	-	203
Depreciation on disposals and write-off	-	-	-	-	(5,378)	(410)	(1,440)	-	-	(7,228)
31 December 2019	-	8,432	137,330	5,136	482,001	16,088	20,923	-	-	669,910

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis							
	Land	Land improvement	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 2018	-	-	-	-	3,911	-	7	-	-
Decrease during the year	-	-	-	-	(28)	-	-	-	(28)
31 December 2019	-	-	-	-	3,883	-	7	-	3,890
Net book value									
31 December 2018	240,941	1,946	124,096	20	279,949	14,148	8,368	9,194	7,498
31 December 2019	240,941	1,225	147,239	15	484,457	10,916	7,816	114	-
Depreciation for the year									
2018 (Baht 47 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)									51,159
2019 (Baht 59 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)									63,911

(Unit: Thousand Baht)

Separate financial statements

	Separate financial statements									
	Revaluation	Cost basis								
	basis	Land	Building and	Leasehold	Machinery	Motor	Furniture, fixtures	Assets under	Building	Total
Land	improvement	improvements	improvement	and equipment	vehicles	and office equipment	installation	under construction		
Cost/Revaluation										
1 January 2018	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
Additions	-	-	708	-	30,784	35	1,444	90	779	33,840
Disposals and write-off	-	-	-	-	(5,468)	(410)	(1,440)	-	-	(7,318)
Transfer in (out)	-	-	-	-	12,411	-	-	(4,134)	(8,277)	-
31 December 2019	240,941	7,967	245,503	4,623	566,302	16,911	23,883	102	-	1,106,232
Accumulated depreciation										
1 January 2018	-	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
Depreciation for the year	-	383	5,151	2	27,439	2,717	1,983	-	-	37,675
Depreciation on disposals and write-off	-	-	-	-	(5,378)	(410)	(1,440)	-	-	(7,228)
31 December 2019	-	7,533	134,895	4,621	413,064	7,373	18,658	-	-	586,144

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis								
		Land	Building and	Leasehold	Machinery	Motor	Furniture, fixtures	Assets under	Building	
	Land	improvement	improvements	improvement	and equipment	vehicles	and office equipment	installation	under construction	Total
Allowance for diminution in value										
31 December 2018	-	-	-	-	3,911	-	7	-	-	3,918
Decrease during the year	-	-	-	-	(28)	-	-	-	-	(28)
31 December 2019	-	-	-	-	3,883	-	7	-	-	3,890
Net book value										
31 December 2018	240,941	817	115,051	4	133,661	12,220	5,757	4,146	7,498	520,095
31 December 2019	240,941	434	110,608	2	149,355	9,538	5,218	102	-	516,198
Depreciation for the year										
2018 (Baht 32 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)										34,643
2019 (Baht 35 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)										37,675

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 2019 and 2018 would have been as follows:

	(Unit: Thousand Baht)	
	Consolidated and Separate financial statements	
	<u>2019</u>	<u>2018</u>
Land	135,130	135,130

As at 31 December 2019, the Company and its subsidiaries had vehicles under finance lease agreements with net book values amounting to Baht 20 million (2018: Baht 12 million) (The Company only: Baht 18 million 2018: Baht 9 million).

As at 31 December 2019, the Company and its subsidiaries 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 314 million (2018: Baht 295 million) (The Company only: Baht 311 million 2018: Baht 292 million).

The Company has mortgaged its land and construction thereon and machinery with net book value as at 31 December 2019 of Baht 345 million (2018: Baht 351 million) as collateral against the Company and its subsidiaries' credit facilities received from financial institutions.

15. Assets for production of filtrated water that must be transferred at end of agreement of subsidiary

(Unit: Thousand Baht)

	Consolidated financial statements	
	Machinery and Equipment	Total
Cost		
31 December 2018	-	-
Additions	9,046	9,046
31 December 2019	9,046	9,046
Accumulated amortisation		
31 December 2018	-	-
Amortisation for the year	487	487
31 December 2019	487	487
Net book value		
31 December 2018	-	-
31 December 2019	8,559	8,559
Amortisation for the year		
2018		-
2019		487

Amortisation of such assets for production of treated water has been included as part of cost of sales of treated water.

Assets for production of treated water of the subsidiary will be transferred after the end of the 10-year agreement to produce and sell treated water, which will expire in 2029.

16. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements						
	License for use of water supply system	Customer list	License for the products under WEHOLITE Trademark	Right to manage the water production plant with Ultra filtration and Reverse Osmosis	Leasehold	Computer software	Total
As at 31 December 2019							
Cost	110,000	12,257	3,720	38,746	12,516	14,513	191,752
Less Accumulated amortisation	(19,711)	-	(3,611)	(1,601)	(518)	(13,922)	(39,363)
Net book value	90,289	12,257	109	37,145	11,998	591	152,389
As at 31 December 2018							
Cost	110,000	12,257	3,720	-	-	14,513	140,490
Less Accumulated amortisation	(14,215)	-	(2,867)	-	-	(13,647)	(30,729)
Net book value	95,785	12,257	853	-	-	866	109,761

(Unit: Thousand Baht)

	Separate financial statements		
	License for the products under WEHOLITE trademark	Computer software	Total
As at 31 December 2019			
Cost	3,720	14,205	17,925
<u>Less</u> Accumulated amortisation	(3,611)	(13,809)	(17,420)
Net book value	109	396	505
As at 31 December 2018			
Cost	3,720	14,205	17,925
<u>Less</u> Accumulated amortisation	(2,867)	(13,596)	(16,463)
Net book value	853	609	1,462

A reconciliation of the net book value of intangible assets for the years ended 31 December 2019 and 2018 are presented below.

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Net book value at beginning of year	109,761	103,805	1,462	2,459
Acquisition of computer software	-	242	-	-
Acquisition of customer list	-	12,257	-	-
Increase from acquisition of subsidiary (Note 12)				
- Right to manage the water production plant with Ultra filtration and Reverse Osmosis	38,746	-	-	-
- Leasehold	12,516	-	-	-
Amortisation for the year	(8,634)	(6,543)	(957)	(997)
Net book value at end of year	152,389	109,761	505	1,462

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 32.4 (b) 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

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

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank overdrafts	-	7.20	-	54	-	54
Short-term loans from						
financial institutions	3.75 - 4.44	3.75 - 4.22	525,335	550,687	525,335	550,687
Total short-term loans from financial institutions			525,335	550,741	525,335	550,741

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.

18. Trade and other payables

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - unrelated parties	38,901	24,461	30,376	18,421
Other payables - unrelated parties	160,901	11,223	18,624	10,144
Total trade and other payables	199,802	35,684	49,000	28,565

19. 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. Board of Directors and/or Executive Directors are authorised to determine other details and conditions regarding the issuance and offering of debentures.

On 14 June 2018, the Company issued and sold the debentures amounting to Baht 150 million. 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 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated and separate financial statements
Balance as at 1 January 2019	148,889
Add: Amortisation of debentures issuing costs	1,111
Less: Repayment short-term debentures	(150,000)
Balance as at 31 December 2019	-

20. Long-term loans

		(Unit: Thousand Baht)			
Interest rate (%)	Repayment schedule	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
MLR - 1.75	Monthly installments as from November 2016 - July 2024	54,876	65,150	-	-
MLR - 1.75	Monthly installments as from March 2017 - August 2025	71,544	82,202	-	-
Total		126,420	147,352	-	-
Less: Current portion		(24,144)	(22,706)	-	-
Long-term loans, net of current portion		102,276	124,646	-	-

Movement of the long-term loan account during the year ended 31 December 2019 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	147,352	-
Less: Repayment	(20,932)	-
Balance as at 31 December 2019	126,420	-

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.

21. Liabilities under finance lease agreements

	(Unit: Thousand Baht)			
	Consolidated financial		Separate	
	statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	20,850	9,907	18,684	6,942
Less: Deferred interest expenses	<u>(3,086)</u>	<u>(1,189)</u>	<u>(3,003)</u>	<u>(1,049)</u>
Total	17,764	8,718	15,681	5,893
Less: Portion due within one year	<u>(5,550)</u>	<u>(3,018)</u>	<u>(4,792)</u>	<u>(2,276)</u>
Liabilities under finance lease agreements - net of current portion	<u>12,214</u>	<u>5,700</u>	<u>10,889</u>	<u>3,617</u>

The Company and its subsidiaries have 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	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Future minimum lease payments	6,910	3,752	13,940	6,155	20,850	9,907
Deferred interest expenses	<u>(1,360)</u>	<u>(734)</u>	<u>(1,726)</u>	<u>(455)</u>	<u>(3,086)</u>	<u>(1,189)</u>
Present value of future minimum lease payments	<u>5,550</u>	<u>3,018</u>	<u>12,214</u>	<u>5,700</u>	<u>17,764</u>	<u>8,718</u>

(Unit: Thousand Baht)

	As at 31 December					
	Separate financial statements					
	Less than 1 year		1-5 years		Total	
	2019	2018	2019	2018	2019	2018
Future minimum lease payments	6,110	2,951	12,574	3,991	18,684	6,942
Deferred interest expenses	(1,318)	(675)	(1,685)	(374)	(3,003)	(1,049)
Present value of future minimum lease payments	<u>4,792</u>	<u>2,276</u>	<u>10,889</u>	<u>3,617</u>	<u>15,681</u>	<u>5,893</u>

22. Provision for long-term employee benefits

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

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Provision for long-term employee benefits at beginning of year	15,945	14,251	14,574	12,910
Included in profit or loss:				
Current service cost	3,315	2,517	2,416	1,812
Interest cost	485	331	447	314
Past service costs	3,506	-	3,479	-
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumptions changes	-	665	-	647
Financial assumptions changes	1,663	(321)	1,419	(168)
Experience adjustments	-	(764)	-	(207)
Benefits paid during the year	<u>(301)</u>	<u>(734)</u>	<u>(270)</u>	<u>(734)</u>
Provision for long-term employee benefits at end of year	<u>24,613</u>	<u>15,945</u>	<u>22,065</u>	<u>14,574</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 3.5 million (The Company only: Baht 3.5 million) as a result. The Company and its subsidiaries reflects the effect of the change by recognising past service costs as expenses in the income statement of the current year.

The Company and its subsidiaries expect to pay of long-term employee benefits during the next year by Baht 1.6 million (Separate financial statements: Baht 1.3 million) (2018: Baht 0.3 million, separate financial statements: Baht 0.3 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 6.41 - 9.62 years (Separate financial statements: 6.41 years) (2018: 6.74 - 9.35 years, separate financial statements: 6.74 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.5 - 1.6	2.5 - 2.7	1.5	2.5
Future salary increase rate	4.0	4.0	4.0	4.0
Staff turnover rate	0.0 - 39.0	0.0 - 39.0	0.0 - 37.0	0.0 - 37.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1.5)	1.8	(1.3)	1.5
Salary increase rate	2.0	(1.7)	1.7	(1.5)
Turnover rate	(1.6)	0.3	(1.4)	0.2

(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

23. Share capital/Warrant

As at 15 June 2018, the final exercise date, 533 WIILK-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.

According to the resolution of the Extraordinary General Meeting of Shareholders 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.

On 29 April 2019, the Company adjusted the rights of the Company's ordinary share warrants No.2 ("WIILK-W2") under article 4.2 (d) on page 15 and article 4.2 (e) on page 16 in order to protect the rights of the warrant holders, as follows.

New exercise ratio	1 warrant to 1.185 ordinary shares
New exercise price	Baht 4.221 per share

As at 31 December 2019, the outstanding warrants to purchase ordinary shares of the Company No.2 ("WIILK-W2") which did not exercise 124,971,656 units.

On 23 April 2019, the Annual General Meeting of the Company's shareholders passed resolution 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 Company registered the increase in its registered capital with the Ministry of Commerce on 15 May 2019.

On 22 May 2019, the Company distributed a stock dividend of 62,488,509 shares to 3,067 of its shareholders, leaving 1,247 dividend shares. The Company registered the increase in its registered capital with the Ministry of Commerce on 30 May 2019.

On 18 December 2019, the Extraordinary General Meeting of the Company's Shareholders passed the following resolutions.

1. Approved the decrease in the Company's registered capital from Baht 585,336,575 to Baht 585,335,328 by canceling the 1,247 ordinary shares remaining after distribution of the stock dividend. The Company registered the decrease in its capital with the Ministry of Commerce on 23 December 2019.
2. Approved the issuance and allocation of up to 140,000,000 new ordinary shares with a par value of Baht 1 per share, to be offered through Private Placements at a price of Baht 1.50 per share, and the authorisation of the Board of Directors or the authorised director to act on behalf of the Company in determining whether the shares are to be allocated and offered in a single tranche or multiple tranches, as appropriate.
3. Approved an increase in the Company's registered capital from Baht 585,335,328 to Baht 725,335,328 by issuing 140,000,000 new ordinary shares with a par value of Baht 1 each, to reserve the offering through Private Placements. The Company registered the increase in its registered capital with the Ministry of Commerce on 25 December 2019. At the present, the Company is in the process of offering such shares through Private Placement.

24. 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.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries and wages and other employee benefits	157,537	135,913	122,595	112,979
Depreciation and amortization	73,031	57,702	38,632	35,640
Rental expenses from operating lease agreements	16,276	15,825	9,428	10,712
Raw materials and consumables used	685,564	745,494	672,063	727,833
Changes in inventories of finished goods and work in progress	(38,688)	(75,805)	(40,478)	(69,743)

26. Income tax

Income tax expenses (incomes) for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	<u>277</u>	<u>(3,251)</u>	<u>4,828</u>	<u>(3,226)</u>
Income tax expenses (incomes) reported in				
profit or loss	<u><u>277</u></u>	<u><u>(3,251)</u></u>	<u><u>4,828</u></u>	<u><u>(3,226)</u></u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax on actuarial gain (loss)	<u>333</u>	<u>84</u>	<u>284</u>	<u>(54)</u>
Total	<u><u>333</u></u>	<u><u>84</u></u>	<u><u>284</u></u>	<u><u>(54)</u></u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Accounting profit (loss) before tax	21,844	9,051	20,673	(14,405)
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by				
income tax rate	4,369	1,810	4,135	(2,881)
Set up of temporary differences				
on deferred tax for the year	(1,105)	(1,176)	(49)	(202)
Effects of:				
Promotional privileges (Note 27)	(2,687)	(2,771)	-	-
Dividends received are excluded from				
taxable profit	(64)	(333)	(64)	(333)
Non-deductible expenses	1,384	833	948	334
Additional expense deductions allowed	(1,620)	(1,614)	(142)	(144)
Total	(2,987)	(3,885)	742	(143)
Income tax expenses (incomes) reported in				
profit or loss	277	(3,251)	4,828	(3,226)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	515	123	515	122
Allowance for diminution in value of inventories	5,017	4,683	5,017	4,683
Allowance for asset impairment	778	784	778	784
Provision for long-term employee benefits	4,923	3,189	4,413	2,915
Other provision	12	10	12	10
Unused tax loss	5,811	7,966	1,073	7,839
Total	17,056	16,755	11,808	16,353
Deferred tax liabilities				
Revaluation surplus of land	21,162	21,162	21,162	21,162
Customer list	369	124	-	-
Total	21,531	21,286	21,162	21,162

27. 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
2.3 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 subsidiaries' operating revenues for the years ended 31 December 2019 and 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Promoted operations		Non-promoted operations		Total	
	2019	2018	2019	2018	2019	2018
Sales and service income						
Domestic sales and service income	40,737	39,623	954,173	861,428	994,910	901,051
Export sales and service income	-	-	220,729	301,859	220,729	301,859
Total sales and service income	<u>40,737</u>	<u>39,623</u>	<u>1,174,902</u>	<u>1,163,287</u>	<u>1,215,639</u>	<u>1,202,910</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Promoted operations		Non-promoted operations		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Sales and service income						
Domestic sales and service income	-	-	817,374	701,303	817,374	701,303
Export sales and service income	-	-	220,729	301,859	220,729	301,859
Total sales and service income	-	-	1,038,103	1,003,162	1,038,103	1,003,162

28. Earnings per share

Basic earnings per share is calculated by dividing profits (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, after adjusting the number of ordinary shares to reflect the impact of the stock dividend as described in Note 31 to the financial statements.

Diluted earnings per share is calculated by dividing profit (loss) for the period attributable to the equity holder at the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of the stock dividend plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The prior year's basic and diluted earnings per share has been recalculated as if the stock dividend had been distributed, at the beginning of the earliest period reported.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss) for the period (Thousand Baht)	21,567	12,302	15,845	(11,179)
Weighted average number of ordinary shares (Thousand shares)	437,427	437,427	437,427	437,427
Earnings (loss) per share (Baht per share)	0.0493	0.0281	0.0362	(0.0256)
Diluted earnings (loss) per share (Baht per share)	0.0493	0.0281	0.0362	(0.0256)

There is no calculation of diluted earnings per share for the years ended 31 December 2019 and 2018 since the exercise price of warrant exceeded the fair value of the Company's ordinary shares.

29. 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 subsidiaries 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 subsidiaries' operating segments for the year ended 31 December 2019 and 2018 as follow.

(Unit: Thousand Baht)

	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
For the year ended 31 December 2019					
Revenue from external customers	1,029,685	185,954	1,215,639	-	1,215,639
Revenue between segments	8,418	-	8,418	(8,418)	-
Other income	36,928	171	37,099	(238)	36,861
Interest income	12,631	236	12,867	(12,022)	845
Total Revenue	1,087,662	186,361	1,274,023	(20,678)	1,253,345
Cost of sale and service	(881,973)	(91,596)	(973,569)	7,749	(965,820)
Selling and distribution expenses	(58,749)	-	(58,749)	-	(58,749)
Administrative expenses	(53,410)	(38,444)	(91,854)	206	(91,648)
Income tax incomes (expenses)	(4,828)	4,845	17	(294)	(277)
Interest paid	(34,225)	(20,050)	(54,275)	12,022	(42,253)
Depreciation and amortisation	(38,632)	(35,981)	(74,613)	1,582	(73,031)
Total expenses	(1,071,817)	(181,226)	(1,253,043)	21,265	(1,213,778)
Segment profit	15,845	5,135	20,980	587	21,567

(Unit: Thousand Baht)

	The production and installation of the pipeline	The water management	Total Segment reporting	Eliminations and adjustments	Consolidated financial statements
For the year ended 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	(878,970)	(122,982)	(1,010,952)	1,938	(1,009,014)
Selling and distribution expenses	(43,365)	-	(43,365)	-	(43,365)
Administrative expenses	(45,236)	(22,374)	(67,610)	(691)	(68,301)
Income tax incomes	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

Major customers

For the year 2019, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 115 million and Baht 115 million, arising from sales by the producing plastic pipes and fittings and providing related piping system design, welding and installation services. (For the year 2018, the Company and its subsidiaries 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.)

30. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries 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 2019 amounting to approximately Baht 4 million (2018: Baht 4 million) (The Company only: Baht 3 million 2018: Baht 3 million) to the fund.

31. Dividend payment

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed resolution approved the payment of a dividend of Baht 0.11 per share, or a total of Baht 41.2 million, which was paid in May 2018.

On 23 April 2019, the Annual General Meeting of the Company's shareholders passed resolution approved the appropriation of Baht 3.88 million 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 73.74 million which comprised by

1. A cash dividend of Baht 0.03 per share or a total of Baht 11.25 million.
2. A stock dividend at a rate of 1 dividend share for every 6 shares held total stock dividend 62,488,509 shares at par value of Baht 1 each, or a total of Baht 62,488,509 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.

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2019, the Company and its subsidiaries had capital commitments of approximately Baht 1.5 million (2018: Baht 6.1 million), relating to the acquisition of machinery (The Company only: Baht 1.1 million (2018: Baht 5.5 million), relating to the acquisition of machinery).

32.2 Raw material purchase commitments

As at 31 December 2019, the Company and its subsidiaries had raw material purchase commitments amounting to Baht 174.0 million (2018: Baht 172.8 million and US dollar 0.4 million) (The Company only: Baht 174.0 million (2018: Baht 172.8 million and US dollar 0.4 million), relating purchasing of raw material).

32.3 Operating lease and service agreement commitments

The Company and its subsidiaries 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Payable:				
In up to 1 year	10.9	9.5	3.8	4.2
In over 1 and up to 5 years	7.9	11.4	1.2	5.2
Over 5 years	3.0	-	-	-

32.4 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 2019, the Licensing Fee and Royalty Fee was approximately Baht 3.0 million (2018: Baht 2.7 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 2019.

- (d) On 4 January 2019, the subsidiary purchased ordinary shares of WIIC PT Company Limited ("WPT") (Formerly known as "WOG ITR Water Solution Company Limited ("WOG ITR")"), the subsidiary of Wiik Water Co., Ltd., 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). Under the agreement, WPT is responsible for providing engineers, technicians and person who has knowledge and specialty in design, procurement and installation of Reverse Osmosis systems including the acquisition of machinery and equipment used in the production of RO, and maintain such machinery and equipment in good and workable condition throughout the term of the agreement, at WPT own expense. Moreover, WPT is also obliged to comply with certain provisions and conditions stipulated in the agreement.
- (e) On 31 March 2019, the subsidiary signed the water recycling agreement with a company (Buyer) in Wellgrow Industrial Estate for a period of 10 years from the first day the water supply system is operational. Under the agreement, the subsidiary is responsible for design, construct and install the water recycling system with standard stipulated in the agreement, including acquisition of machinery and equipment used in the production of filtrated water 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, including deliver and transfer ownership of machines, equipment and relevant items, in relation to the entire water recycling system to Buyer when that agreement terms have been expired. Buyer agrees to purchase filtrated water that the subsidiary produces in a volume to meet the demand of Buyer at the price stipulated in the agreement, with minimum guaranteed purchases of 475 cubic meters per day.

- (f) On 25 December 2019, the subsidiary signed the water supply agreement with a company (Buyer) for a period of 23 years from the first day the water supply system is operational. Under the agreement, the subsidiary is responsible for design, construct and install the water supply system with standard stipulated in the agreement, including acquisition of machinery and equipment used in the production of filtrated water 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, including deliver and transfer ownership of machines, equipment and relevant items, in relation to the entire water treatment system to Buyer when that agreement terms have been expired. Buyer agrees to purchase filtrated water that the subsidiary produces in a volume to meet the demand of Buyer at the price stipulated in the agreement, with minimum guaranteed purchases of 10,500 cubic meters per day.

32.5 Guarantees

- (a) As at 31 December 2019, the Company has guaranteed bank credit facilities of its subsidiaries amounting to US dollar 1 million and Baht 312 million (2018: US dollar 1 million and Baht 312 million).
- (b) As at 31 December 2019, there were outstanding bank guarantees of approximately Baht 57.6 million (2018: Baht 46.2 million and Philippine peso 21.5 million) issued by banks on behalf of the Company and its subsidiaries 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 (2018: Baht 35.0 million) to guarantee payment due to suppliers, Baht 16.1 million (2018: Baht 3.3 million and Philippine peso 21.5 million) to guarantee contractual performance, Baht 5.9 million (2018: Baht 4.9 million) to guarantee electricity use, among others, Baht 0.6 million to guarantee cash advance received from customers and retention (2018: Nil) and Baht 3.0 million to guarantee bid bond as at 31 December 2018 (2019: Nil).

33. Fair value hierarchy

As at 31 December 2019 and 2018, the Company and its subsidiaries 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Financial assets measured at fair value				
Land (level 3)	240,941	240,941	240,941	240,941

34. Financial instruments

34.1 Financial risk management

The Company and its subsidiaries' 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 investments, bank overdrafts and short-term loans, promissory note to third party, bills of exchange, 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 subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and short-term loans to related party. The Company and its subsidiaries 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 subsidiaries 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 subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, promissory note to third party, bills of exchange, short-term debentures, bank overdrafts and short-term and long-term loans. However, since most of the Company and its subsidiaries' 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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(% per annum)											
Financial Assets												
Cash and cash equivalents	4	-	-	-	89	42	1	144	94	186	0.05 to 1.00	0.10 to 1.00
Trade and other receivables	-	-	-	-	-	-	408	424	408	424	-	-
Deposits at bank with restrictions	-	-	-	-	17	16	-	-	17	16	1.00 to 1.05	1.00
Other long-term investment	-	-	-	-	-	-	21	21	21	21	-	-
	4	-	-	-	106	58	430	589	540	647		
Financial liabilities												
Bank overdrafts and short-term loans	525	551	-	-	-	-	-	-	525	551	3.75 to 4.44	3.75 to 7.20
Trade and other payables	-	-	-	-	-	-	200	36	200	36	-	-
Short-term debentures	-	149	-	-	-	-	-	-	-	149	-	7.65
Long-term loans	-	-	-	-	126	147	-	-	126	147	4.60	4.85
Liabilities under finance lease agreements	6	3	12	6	-	-	-	-	18	9	0.21 to 20.35	0.21 to 20.35
	531	703	12	6	126	147	200	36	869	892		

(Unit: Million Baht)

	As at 31 December											
	Separate financial statements											
	Fixed interest rates				Floating		Non-interest				Effective	
	Within 1 year		1 - 5 years		interest rate		bearing		Total		interest rate	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	(% per annum)											
Financial Assets												
Cash and cash equivalents	-	-	-	-	83	41	-	-	83	41	0.05 to 1.00	0.10 to 1.00
Trade and other receivables	-	-	-	-	-	-	289	310	289	310	-	-
Short-term loans to related party	195	190	-	-	-	-	-	-	195	190	4.32 to 7.82	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	-	-
	<u>195</u>	<u>190</u>	<u>-</u>	<u>-</u>	<u>99</u>	<u>57</u>	<u>310</u>	<u>331</u>	<u>604</u>	<u>578</u>		
Financial liabilities												
Bank overdrafts and short-term loans	525	551	-	-	-	-	-	-	525	551	3.75 to 4.44	3.75 to 7.20
Trade and other payables	-	-	-	-	-	-	49	29	49	29	-	-
Short-term debentures	-	149	-	-	-	-	-	-	-	149	-	7.65
Liabilities under finance lease agreements	<u>5</u>	<u>2</u>	<u>11</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>6</u>	<u>0.75 to 20.35</u>	<u>0.75 to 20.35</u>
	530	702	11	4	-	-	49	29	590	735		

Foreign currency risk

The Company and its subsidiaries' exposures to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries' seek to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year. As at 31 December 2019, the Company and its subsidiaries have no forward exchange contracts.

As at 31 December 2019 and 2018, 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	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	1.1	-	0.2	29.9767	32.4498
Philippine peso	19.7	48.8	25.4	24.2	0.5946	0.6183

Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	1.1	-	0.2	29.9767	32.4498
Philippine peso	19.7	48.8	25.4	24.2	0.5946	0.6183

34.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' 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.

35. Capital management

The primary objective of the Company and its subsidiaries' 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 2019, the Company and its subsidiaries' debt-to-equity ratio was 1.36:1 (2018: 1.16:1) and the Company's was 1.08:1 (2018: 1.01:1).

36. Events after the reporting period

On 25 February 2020, a meeting of the Company's Board of Directors passed the following resolutions. These resolutions will be proposed for approval by the Annual General Meeting of the Company's Shareholders.

1. Approved the appropriation of Baht 792,256 of the 2019 net profit to the statutory reserve and the payment of a dividend of Baht 0.03 per share, or a total of Baht 13,122,811.
2. Approved the decrease in the Company's registered capital from Baht 725,335,328 to be Baht 585,335,328 by canceling allotment the ordinary shares for offering to the Private Placement at a price of Baht 1.50 per share, amount of 140,000,000 shares with a par value of Baht 1 per share.
3. Approved the issuance and allocation of not exceeding 140,000,000 new ordinary shares with a par value of Baht 1 per share, to offer to the Private Placement, by authorised to the Board of Director of the Company to determine the offering price at the market price during the offering period and not the low price according to SEC ruling.
4. Approved the increase of the Company's registered capital from Baht 585,335,328 to be Baht 725,335,328 by issuing 140,000,000 new ordinary shares at par value of Baht 1 each to reserve the offering of newly issued ordinary shares offered to the Private Placement.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2020.