

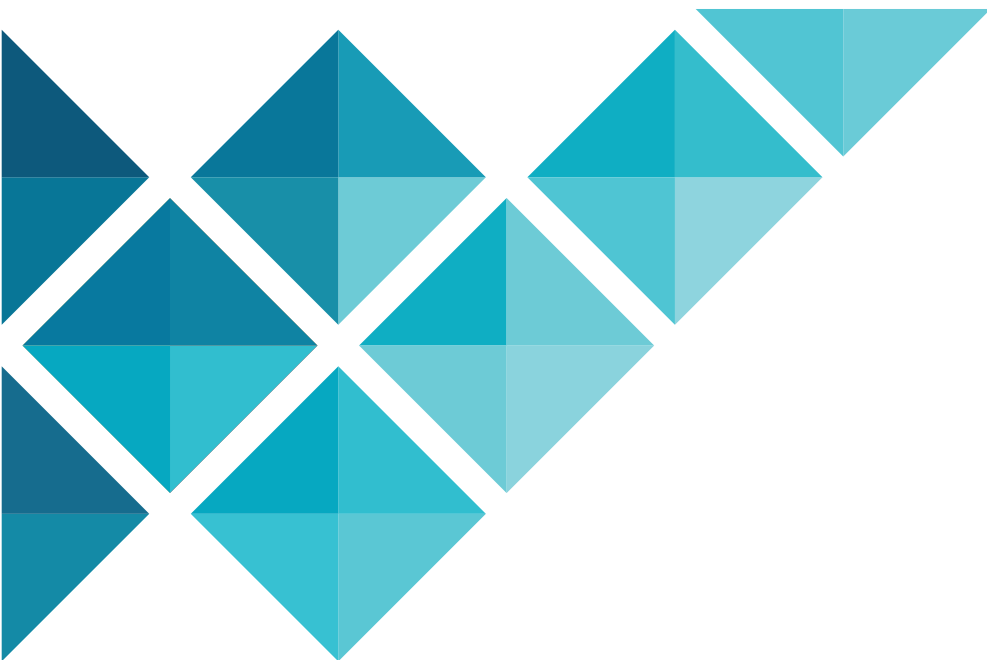


HYDROTEK



ANNUAL REPORT **2016**
รายงานประจำปี 2559

Hydrotek Public Company Limited





Vision

To be a sustainable leader
of engineering and construction
of environmental engineering services
in ASEAN

Mission

1. Provide full-range services from engineering, procurement, construction, installation, and commissioning which focusing on international quality standard, work efficiency, reasonable price and on time delivery.
 2. Manage and control construction cost efficiently.
 3. Develop human resource and study as well as develop technology regularly and constantly.
 4. Build good relationship with customer via its excellent and impressed after sales service.
 5. Expand its business with stability and sustainability under building and development organization framework to be a high efficiency organization.
 6. Participate in building and support better living in society.
- 

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Message from the Board of Directors

In 2016, the company encountered with unfavorable business environment which caused the impact on business operations, especially fluctuations in the global economy including the China-ASEAN economic deflection that were affected on Thailand's economy as well. The construction of private sector's investment, the delay of bidding in construction project of both sector (public and private), drought, price fluctuations of oil and construction materials, political issues, and intense competition in the market that will be directly affected to construction industrial. Project budgetary have been revised with several reasons such as increasing of labor wedge, material price, additional scope of work, upgrading of material quality and an adjustment of contract value due to delay in project handover which are the factor of turnover under the project estimation, besides an intense competition from unrecoverable of domestic economy.

The Company recognize that the uncertain external factors that unavoidable need to be solved. In this case, Strategies of sustainable growth are going to be prepared and developed competitiveness in all area to achieve the sustainable growth in the future.

Approaching 2017, the company expects that the trend of construction industry to be better together with the government policy which is remaining to push to investment and development of basic infrastructure as the key point for economic recovery. The company continues to focus on improving internal control and enterprise risk management improvement, effective cost management and employees' skill development, which could create value for the company to operate as planned by consideration of interests of shareholders and all stakeholders.

Finally, behalf of the Board of Directors, we would like to express gratitude to all shareholders, customers, business partners, supplier, financial institutions, the public and private sectors, as well as all stakeholders for your continued support and trust in the company. The Board would ensure that we will operate by good governance principle for sustainable growth.



(Mr.Slib Soongswang)
Chairman of the Borad

The Board of Directors



1. Mr. Slib Soongswang

Vice Chairman of the Board /
Member of the Risk Management Committee /
Member of the Nomination and Remuneration Committee /
Chief Executive Officer

2. Mr. Danai Amornpatchara

Director / Member of the Risk Management Committee /
Member of the Nomination and Remuneration Committee /
President

3. Mr. Air Chief Marshal Chainan Thumasujarit

Director / Chairman of Audit Committee /
Chairman of the Nomination and Remuneration Committee /
Independent Director

4. Mr. Anant Gatepithaya

Director / Member of Audit Committee /
Chairman of the Risk Management Committee /
Member of the Nomination and Remuneration
Committee / Independent Director

5. Mr. Kamphol Panyagometh

Director / Member of the Audit Committee /
Member of the Nomination and Remuneration
Committee / Independent Director

Financial Highlight

(Unit: Million Baht)

Item	2014	2015	2016
	Update and Reclassified		
Total Assets	668.34	753.55	468.39
Total Liabilities	387.83	560.33	397.85
Total shareholders' Equity	280.51	193.22	70.53
Construction Income	531.83	664.83	365.23
Service Income	57.79	78.15	40.66
Total Revenues	597.41	745.04	414.73
Gross Profit (Loss)	(88.13)	(10.64)	(16.56)
Net Profit (Loss)	(177.63)	(87.96)	(124.72)
Earnings (Loss) per share (Baht)	(0.62)	(0.23)	(0.33)

Financial Ratio

Item	2014	2015	2016
Gross Profit Margin (%)	(16.68)	(1.43)	(4.08)
Net Profit Margin (%)	(29.80)	(11.91)	(31.41)
Return on Equity (%)	(65.43)	(37.45)	(98.79)
Return on Assets (%)	(28.13)	(12.48)	(21.32)
Debt to Equity (times)	1.38	2.90	5.64
Book Value per Share (Baht)	0.99	0.50	0.18

Business Policy and Overview

Hydrotek Public Company Limited operates construction, management and investment in environmental engineering business which Water Treatment Plant service is a main income. The company is one of leaders for major customer services and able to provide services from less complicated services which are highly competitive to experience based services which are less competitive such as Water Treatment Plant for petrochemical industry, desalination plant, wastewater treatment plant and wastewater recycle plant. With 30 year-experience, the Company understands customers' need and has various types of service provide for customers' need.

- 1) Construction (Engineering, Procurement and Construction): the Company can offer individual service or total solution service
- 2) Operation and Maintenance
- 3) Water Operator of Water Treatment Plant and Wastewater Treatment Plant

The Company has 4 services

1. Water Treatment Plant such as Portable Water Plant, Desalination Plant and Demineralization Plant
2. Wastewater Treatment Plant and Wastewater Recycle Plant
3. Solid Waste Treatment Plant
4. Waste to Energy





The company's vision and mission are reviewed annually with review and approval from the company's Board of Directors No. 2/2016 on 24 February 2016. And No. 2/2017 on 24 February 2017.

Vision

To be a sustainable leader of engineering and construction of environmental engineering services in ASEAN

Mission

1. Provide full-range services from engineering, procurement, construction, installation, and commissioning which focusing on international quality standard, work efficiency, reasonable price and on time delivery.
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3. Develop human resource and study as well as develop technology regularly and constantly.
4. Build good relationship with customer via its excellent and impressed after sales service.
5. Expand its business with stability and sustainability under building and development organization framework to be a high efficiency organization.
6. Participate in building and support better living in society.

Change and Major Development in Past 3 Years

Year	Change and Major Development
2014	<p>- The Board of the Directors' Meeting No. 1/2014 which was held on 27 February 2014 and No. 2/2014 which was held on 7 March 2014 have passed the important resolutions which can be summarized as follows:</p> <ol style="list-style-type: none"> 1. Approved the decrease of the registered capital from the existing registered capital of Baht 195,000,000 to the new registered capital of Baht 194,984,380 by canceling the registered but unissued ordinary shares in the number of 15,620 shares at a par value of Baht 1 per share; and approved the amendment to Clause 4. of the Memorandum of Association of the Company re: Registered Capital to be in accordance with the decrease of the registered capital, and this matter will be proposed to the shareholders' meeting for further consideration and approval. 2. Approved the increase of the registered capital from the existing registered capital of Baht 194,984,380 to the new registered capital of Baht 389,968,760 by issuing new ordinary shares in the number of 194,984,380 shares at a par value of Baht 1 per share; and approved the amendment to Clause 4. of the Memorandum of Association of the Company re: Registered Capital to be in accordance with the increase of the registered capital, and this matter will be proposed to the shareholders' meeting for further consideration and approval. 3. Approved the allotment of the capital increase shares in the number of 194,984,380 shares with a par value of Baht 1 per share to existing shareholders by way of a rights issue (Rights Offering) proportionately to their shareholding, in whole or in part by one tranche or several tranches, at the subscription ratio of 1 existing ordinary share to 1 new ordinary share, whereby the shareholders shall have the right to subscribe for shares in excess of their entitlement. The offering price shall be at Baht 1 per share, and the subscription period are scheduled to be from 26 May to 30 May 2014. In case there are remaining new ordinary shares from the subscription by existing shareholders, the Board of Directors shall have the power and discretion to allot such remaining new ordinary shares to existing shareholders of the Company proportionately to their shareholding. The Board of Directors shall also have the power to consider determining and amending the terms, conditions and offering details, such as the closing date of the share register book to determine the right of the shareholders to subscribe for new ordinary shares (XR), the date and time of offering, the offering price, the subscription ratio, the methods

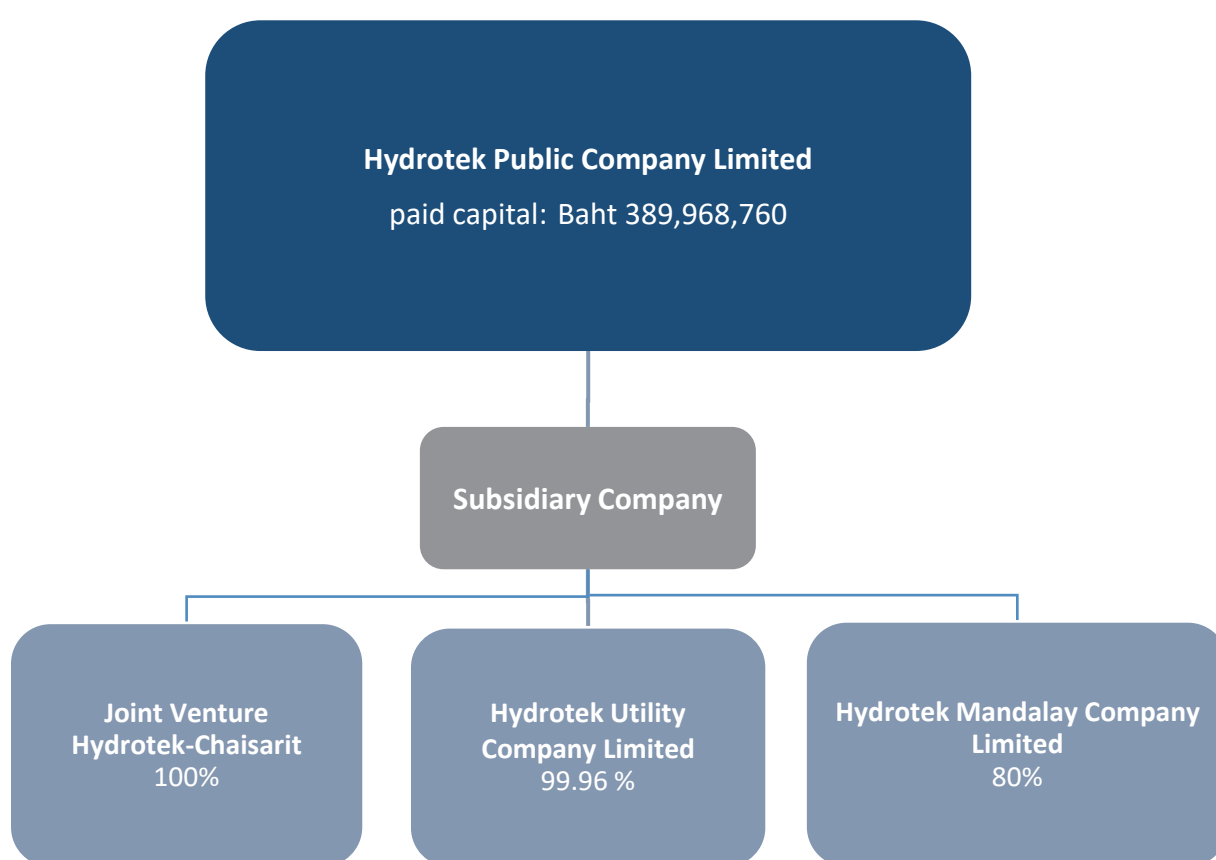
Year	Change and Major Development
2014	<p>and conditions of payment, and other details relating to the offering of the new ordinary shares (including the new ordinary shares which the existing shareholders have waived their subscription rights) to existing shareholders, including to take any other action necessary and relevant to the offering of the new ordinary shares to existing shareholders in all respects, and to appoint any substitute to perform the acts.</p> <p>This matter will be proposed to the shareholders' meeting for further consideration and approval.</p> <p>4. Approved the increase of the number of directors of the Company in the number of 2 persons from 6 persons to 8 persons by appointing Mr. Paitoon Goserakwong and Mr. Danai Amornpatchara to be the new directors of the Company.</p>
2015	<ul style="list-style-type: none"> - The Board of Directors' Meeting No.7/2014 which was held on 13 August 2014, approved to establish Hydrotek Utility Company Limited, which registered on 13 January 2015, registered capital of Baht 1,000,000 Ordinary shares in the number of 10,000 shares at a par value of Baht 100 per share. The company's proportion is 99.96% and the Director and executives' proportion of 0.04%. The objective is to operate in investment project, which operate and selling portable water and related businesses. - The Board of Directors' Meeting No.6/2015 which was held on 13 August 2015 approved to establish Hydrotek Supreme Mandalay Company Limited, which registered on 15 July 2015 with registered capital of Dollars 500,000 at a par value of Dollar 1 per share. The company's proportion is 80% The objective is to operate in investment project, which construct, operate and maintenance of the Central Wastewater Treatment Plant and Collection System for Mandalay Industrial Zone, The Republic of the Union of Myanmar, in term of 30 years and extendable for a period of 10 years each for 2 extensions. Total investment is 500.00 million baht. The company's proportion investment is 400.00 million baht. according to basis for determination of consideration value. Moreover, the transaction equals to 46.42% of the total assets as at 30 June 2015
2016	<ul style="list-style-type: none"> - The Board of Directors' Meeting No.4/2016 which was held on 13 May 2016 has approved the disposal all of ordinary shares of UAC Hydrotek Company Limited to UAC totaling 49,997 shares or 49.997% of paid up capital. - The Board of Directors' Meeting No.5/2016 which was held on 26 May 2016 has approved the disposal all of ordinary shares of UAC Hydrotek Company Limited to UAC and HYDRO sells all ordinary shares of UAC HYDROTEK at the book value price, on 31 March 2016, of Baht 33.37 per share, which is Bath 1,668,399.89

Shareholding Structure of the Company and Its Subsidiaries

Hydrotek Public Company Limited is to operate the construction, management and investment in environmental engineering business are following:

- 1) Construction (Design, Supply, Construction, Installation & Commissioning), the company can offer individual service or total solution service
- 2) Operation and Maintenance
- 3) Investment in Water Treatment and Wastewater Treatment System Project

Shareholding Structure of the Company as follows:

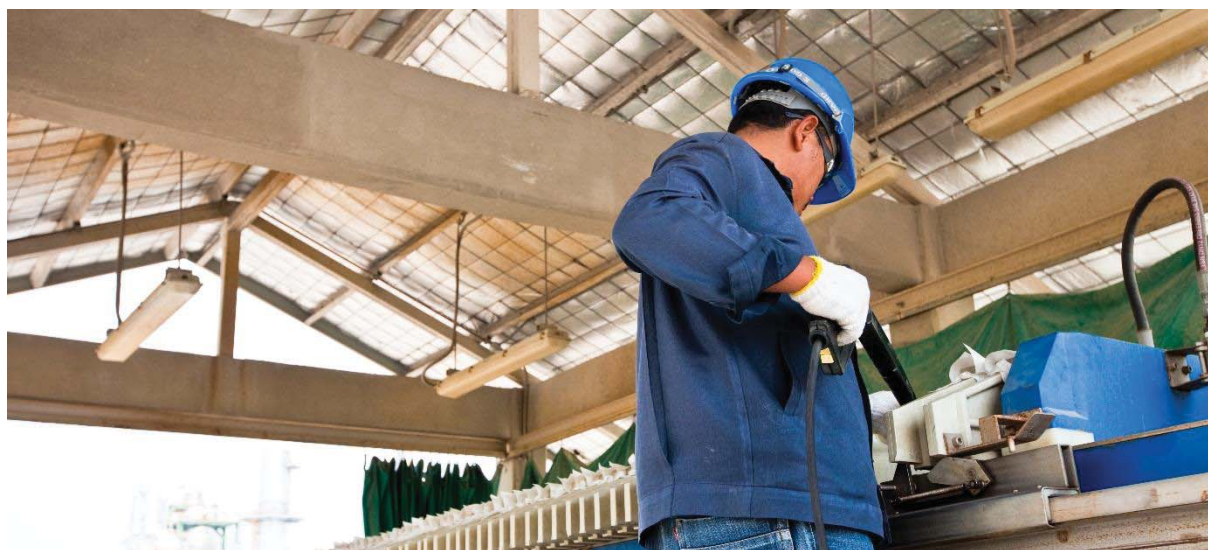


Subsidiary Companies' Business Operation

- Hydrotek-Chaisarit joint venture was achieved an agreement on 24 February 2014 with registered capital of Baht 1,000,000. The Company's proportion of 100%. The objective of the joint venture operation is to submit proposal for the construction bid of the medical waste treatment systems.
- Hydrotek Utility Company Limited was established on 13 January 2015 with registered capital of Baht 10,000,000 which divided into 100,000 common shares, at a par value of Baht 100 per share. The Company's proportion is 99.96% and the Director and executives' proportion is 0.04%. The objective is to operate in investment project, which operate and selling portable water and related businesses.

- Hydrotek Supreme Mandalay Company Limited was established on 15 July 2015 with registered capital Dollars 500,000 at a par value of Dollar 1 per share. The company's proportion is 80% The objective is to operate in investment project, which construct, operate and maintenance of the Central Wastewater Treatment Plant and Collection System for Mandalay Industrial Zone, The Republic of the Union of Myanmar.

Nature of Business



Hydrotek Public Company Limited is to operate the construction, management and investment in environmental engineering business, as listed:

1. Construction (Engineering, Procurement and Construction): the Company can offer individual service or total solution service.

The Company can offer individual service or total solution service from engineering, procurement, construction and installation including commissioning. The clients will be responsible for the entire investment costs, employ the Company to undertake the construction and pay the construction costs to the Company as specified in the contract. The total solution service offers full service, convenience and reduces burden in procurement of equipment. In seeking experienced engineering consultant and contractor for construction work, the Company will hire a subcontractor who delivers good work and previously worked with the Company.

2. Operation and Maintenance (O&M)

The O&M clients are clients who previously employed the Company to undertake EPC. The Company will be responsible for the operation of the system to produce water as per the customer's required quality and quantity. The contract period of the operation and maintenance will be 3 to 6 years. The clients will pay monthly fees calculated from the quantity of produced water and unit price. The Company will be responsible for the entire costs of water production such as chemicals, raw water, and salary.

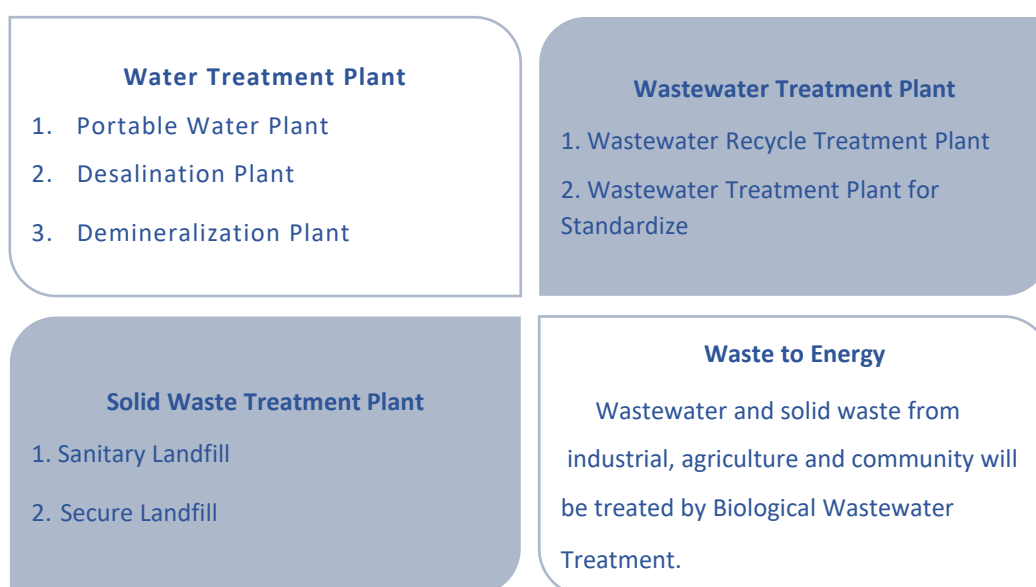
3. Water Operator of Water Treatment Plant and Wastewater Treatment Plant (Water Operator)

In form of Build ,Own and Operate (BOO) and Build, Operate and Transfer (BOT), The Company will be responsible for the entire costs incurred from investment and management. The project period will be 10-30 years. The investment cost depends on capacity and size of the project. The contract will provide exclusivity to the Company. The client cannot hire another company to provide similar service during contract period.

Revenues structure classified by services

Type of Revenues	2014		2015		2016	
	MB	%	MB	%	MB	%
1. Construction	531.83	89.65	664.83	89.48	365.23	89.98
2. Operation and Maintenance	57.79	9.74	78.15	10.52	40.66	10.02
3. Sales	3.63	0.61	0.00	0.00	0.00	0.00
4. Water Operator	0.00	0.00	0.00	0.00	0.00	0.00

Products



1. Water Treatment Plant

Water Treatment is the process of taking raw water from natural sources such as river, canal, lake, reservoir and the sea and converting into water, which has quality and quantity required by clients. The products from the process are portable water, desalination water and demineralised water for consumption, agriculture and industrial or factory located near the sea or area where water is expensive. Each type of water requires different technologies, which has different level of complexities. Water Treatment Plant can be divided as followings:

1.1 Portable Water Plant

Portable Water Plant Process starts with taking raw water into production process to obtain portable water to use in consumption, agriculture and some industrials, which do not require high quality water. The portable water must have Total Dissolved Solid (TDS) less than 500 milligrams per liter and meet the standards set by the Provincial Waterworks Authority (PWA) and Metropolitan Waterworks Authority (MWA). These standards are physical characteristics and chemical

characteristics. Physical characteristics include color, taste, odor and turbidity, whilst chemical characteristics are amount of solute and hardness, poisonous characteristics (heavy metal) such as mercury, lead and arsenic. The clients are community and factories. The Portable Water Plant Process is shown in the exhibit below.

Portable Water Plant Process

1. Intake raw water. This water still has high turbidity, solute and heavy metals.
2. Improve quality of raw water by adding alum or lime (Calcium Hydroxide) to assist sedimentation process and improve pH.
3. Sedimentation: Raw Water with alum or lime will flow into sediment tank for small sediments to combine into heavier sediments and sink to the bottom of the sediment tank. The water will have more clarity.
4. Filtration: The water from sedimentation process will pass through sand filter to separate fine particles.
5. Disinfection: Add chlorine and kept in storage for further distribution.
6. Quality check and control.
7. Distribute portable water from water tank or pressure portable water into pipeline system.

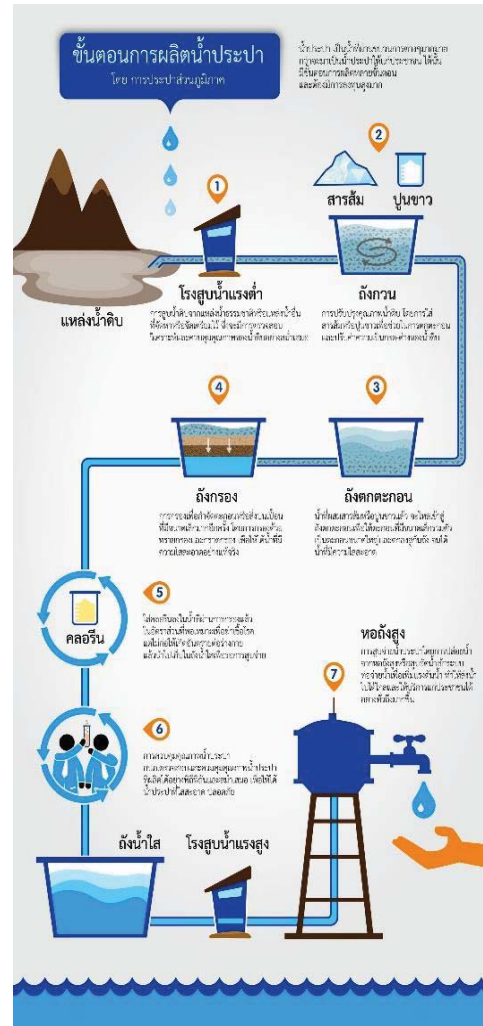
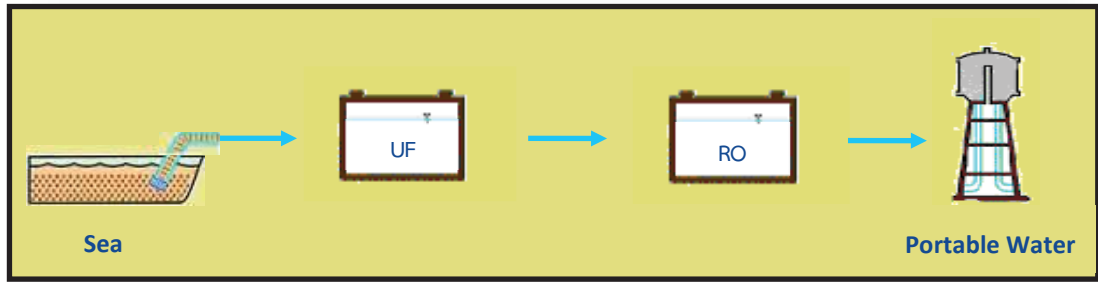


Diagram of Portable Water Plant Process (Source: Provincial Waterworks Authority)

Byproduct from Portable Water Plant Process is sludge, the majority of which is soil, organic substances, which do not have negative impact on environment. Moreover, in Portable Water Plant Process, there is no hazardous chemical. The chemical used in the process only helps combine small sediment into heavy sediment. The Company will dispose sludge by landfill.

1.2 Desalination Plant

Desalination plant is the process that converts sea water into water. Clients are community and manufacturing plants that are located near or by the sea or are in the area where water is expensive or scarcity. Desalination plant process uses sea water, which has high turbidity and high Total Dissolved Solid (TDS), as high as 35,000-45,000 milligrams per liter (mostly Sodium and Chloride). Desalination plant process is similar to portable water plant process but employs more complex technology, which uses MF or UF and RO which called Sea Water Reverse Osmosis (SWRO).



Desalination Plant Process

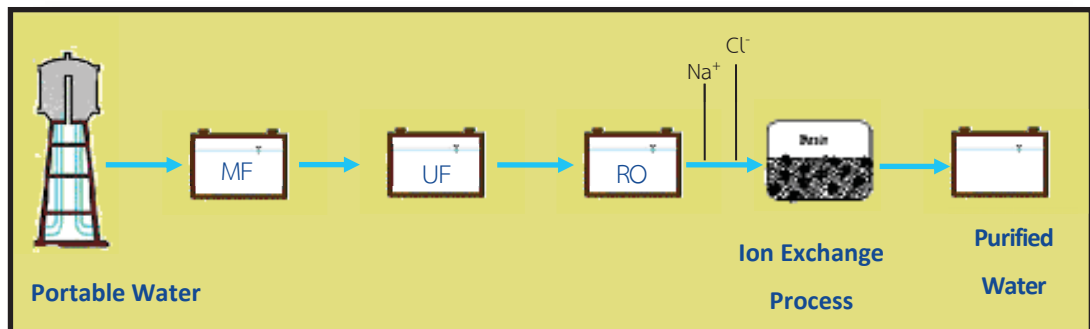
1. Intake sea water from the sea.
2. Flow sea water to pass membrane filtration process by using MF or UF, to separate suspension.
3. RO will filter Sodium Chloride to obtain portable water.
4. Store into storage tank for further usage.

Byproduct from the process is high concentrated saline since desalination process separates Sodium Chloride from sea water. Therefore, the byproducts will be water and high concentrated saline. High concentrated saline does not have negative impact on environment. Solute in high concentrated saline is Sodium Chloride, which is one of solutes of sea water.

Water from desalination process can be processed into purified water by passing demineralization plant process.

1.3 Demineralization Plant

Demineralization Plant is to filter solute, such as minerals, from portable water plant. This needs Ion Exchange technology, which is more complex than technology used in Portable Water Plant, to produce water at required purity level. The clients are power plants, oil refineries, circuit board manufacturer and drinking water industry. If the water does not meet the required standards, it could cause problem in production since some solutes, such as Calcium Carbonate, Silica, will reduce the efficiency of machine and equipment.



Demineralization Plant Process

1. Portable Water flows into mineral filtration process to separate small minerals by passing filtration process with membrane. The process has to start with MF or UF and is followed by RO until the water has only Sodium Ion (Na^+) and Chloride Ion (Cl^-).
2. The water will flow to Ion Exchange Process in which Na^+ and Cl^- will be separated by Resin (Insoluble Polymer with ion exchange qualification), purifying water.
3. Quality check and quality control.
4. Store in the storage for further use.

Byproduct from the process is high concentrated saline (Sodium Chloride: NaCl), which is used in washing the resin. Sodium Chloride has no impact to environment but it has high concentration, which needs to be brought down to allowed level prior to discharging.

The purified water has no benefit to body because all minerals are separated from the water. Hence, drinking water manufacturers add some beneficial minerals during production process to add value to drinking water (mineral water).

2. Wastewater Treatment Plant

Wastewater Treatment Plant eliminates contaminants occurred from production process from factory or household. The treatment will completely eliminate or partially eliminate contamination to the level that meets water quality standard in accordance with the Notification the Ministry of Science, Technology and Environment No.3 B.E. 2539 (1996) regarding to effluent (wastewater, sewage) standards for different sources (for example, industrial, building, housing estate and agriculture). The wastewater from different sources has different chemicals or contaminants, which can be divided into 5 categories as followings:

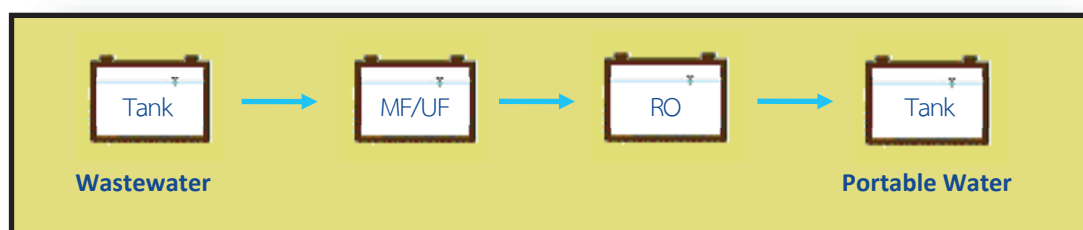
- 1. Wastewater with organic substances:** from consumption, Biochemical Oxygen Demand (BOD) measures the condition of wastewater. BOD shows the amount of Oxygen required by bacteria to decompose organic substances. Wastewater with low BOD, when discharged into river or canal, will not have negative impact. On the other hand, wastewater with high BOD will cause lower Oxygen in the water and kill fishes or other living things in such resources.
- 2. Wastewater with chemical substances:** Chemical Oxygen Demand (COD) measures the condition of wastewater. COD shows the amount of Oxygen used in oxidization process to obtain Carbon Dioxide (CO_2) and water (H_2O).
- 3. Wastewater with suspension:** It has Total Dissolved Solid (TDS) at the level, which requires treatment. TDS value is the amount of dissolved solids, which flow through glass fiber filter. After filtering out suspension, liquid will be evaporated, leaving the solute.
- 4. Wastewater with heavy metals**
- 5. Wastewater with other chemical substances**

Wastewater treatment plant services depend on the categories of the wastewater and the level of treatment needed by clients. Level of treatment ranges can be recycling or general treatment (treatment to

meet wastewater standards by Pollution Control Department, Ministry of Natural Resources and Environment). The Company has two types of wastewater treatments as follows:

2.1 Wastewater Recycle Plant

Wastewater Recycle Plant is wastewater treatment process for industrials and industrial estates to improve the quality of wastewater until it can be used again in the production process. Wastewater Recycle Plant improves quality of wastewater from production process which no cost for raw water, therefore, the costs of water reduce. Moreover, Wastewater Recycle Plant preserves environment and reduces water usage from water resources.



Wastewater Recycle Plant Process

1. Flow Wastewater through membrane filtration system, MF or UF, to separate suspension.
2. Flow Wastewater from membrane filtration system into RO to filter solute from wastewater and store in the storage for further usage.

2.2 Wastewater Treatment Plant

Wastewater Treatment Plant is wastewater treatment process for industrials and communities to meet the standards for discharging into water resources. The services can be divided into 3 categories based on type of wastewater as followings:

1. **Physical and Chemical Treatment** It is a preliminary treatment for wastewater from industrials and large communities by screening, grease and oil separation, chemical precipitation and heavy metal treatment.
2. **Biological Treatment** It used biological concept. The Company designs and builds a system which raises microorganism to decompose pollutant in wastewater. This treatment is suitable for wastewater from communities, municipalities, industrials and industrial estates.
3. **Sludge Treatment** It treats sludge from Physical, Chemical and Biological Treatment by removing water from sludge. This sludge becomes drier and reduces in volume, which is easier to transport. The machines used in removing water from sludge are filter press, belt press or centrifuge. This sludge treatment is used for Wastewater Treatment Plant from communities, municipalities, industrials and used for sludge from Water Treatment Plant.

Wastewater Treatment has two groups of clients categorized by sources of wastewater as follows:

1) Wastewater Treatment from Communities

Most wastewater from Thailand's communities has organic substances in the water resources, which has BOD at 100 milligrams per liter. Biological Treatment is an appropriate method, using bacteria in treatment. There are two methods as follows:

Aerobic Digestion	Anaerobic Digestion
<ul style="list-style-type: none"> Aerobic Digestion is a treatment using bacteria to decompose organic substances in wastewater by adding oxygen into wastewater in order for bacteria to multiply and rapidly decompose. Bacteria will consolidate and sink to the bottom, gaining clearer water 	<ul style="list-style-type: none"> Anaerobic Digestion is popular among communities since it is simple and has lower costs. This treatment uses bacteria to decompose organic substances without adding oxygen. This process takes a long time and byproduct is pungent gas, which causes odor pollution for communities

Because Wastewater Treatment from Communities is simple, the Company has a lot of competitors. To avoid this competition, the Company focuses on Wastewater Treatment from Industrials, which requires extensive experiences and chemical method, which is more complex than from Communities.

2) Wastewater Treatment from Industrials

Wastewater from industrial has more contaminants than from community. Types of contaminants depend on types of industrials. Biological Treatment alone is insufficient since chemical substances and solute cannot be eliminated by Biological Treatment. Wastewater Treatment from Industrials needs chemical treatment, which is complex, together with Physical, Chemical and Sludge Treatments.

Wastewater Treatment Plant Process

1. Pretreatment

Prior to taking wastewater into the process, Pretreatment separates large solids to prevent them from clogging and damaging the pipes. The steps in Pretreatment include:

- Screening separates large solids with screen. There are two types of screen, including coarse and fine screen.
- Crushing is reduction of size or volume of large solids by passing the crusher to reduce the size prior to sending to Grit Removal Process.
- Grit Removal is elimination of sand by reducing flow speed of wastewater in order for sand to sink to the bottom.

- Oil and Grease Removal is elimination of oil and grease from households, canteens, restrooms, gas stations and some industrials by storing wastewater in tank for a certain period in order for oil and grease float to surface for removal.

2. Secondary Treatment

It is designed to eliminate organic substances in forms of solute or colloid. It is also called Biological Treatment since it uses bacteria in decomposing organic substances. At present, Wastewater Treatment needs Secondary Treatment to improve the quality of wastewater to meet effluent standards. Biological Treatment has two categories, including:

Aerobic Digestion	Anaerobic Digestion
<ul style="list-style-type: none"> •Add sufficient oxygen into wastewater to prevent pungent odor and allows bacteria to reproduce and decompose organic substances at faster rate. Bacteria will consolidate and sink to the bottom of the sediment tank 	<ul style="list-style-type: none"> •uses anaerobic bacteria in decomposing organic substances. This method is time-consuming and has pungent odor

3. Advanced Treatment

Advance Treatment treats wastewater from the Secondary Treatment Process by removing heavy metals or some other germs, which cannot be eliminated in the Secondary Treatment before discharging to public water resources. Advanced Treatment is not widely preferred as the process is too complicated with high cost. Most users applying this treatment will be for recycle.

3. Solid Waste Treatment Plant

Solid waste usually comes from communities and industrials. Solid waste comprises food scraps, paper, broken glass, scraps of wood, plastic, soil, leaves, ashes, etc. The volume of solid waste depends on sources of solid waste. The most common treatment is incineration, composting, recycling, animal feeds and sanitary landfill.

The Company's main service is landfill because of simple process, low costs and environmental preservation. The Company bids the works directly from government agencies, which provide landfill site, which has to meet standards by Pollution Control Department, including proximity to origins of the waste, land size, geography, soil quality and level of underground water. Landfill can be divided into two categories as follows:

3.1 Sanitary Landfill is designed for non-hazardous waste. Sanitary Landfill has two methods, including:

Area Method	<ul style="list-style-type: none"> • Is best-suited for area with holes or low area which needed to be reclaimed, such as pond, river bank or other areas which soils are digged for other usage. In this_method, waste is pushed into layers, spread, compacted, covered and compacted and then filled with soil and compacted again
Trench Method	<ul style="list-style-type: none"> • is best-suited for flat land. The process begins with excavating land to construct a trench with the width of at least twice the size of equipment to be used. The depth depends on ground water level. Normally the trench has 2-3 meters in depth and slopes to one side for good drainage when it rains. The removed soil will be used as cover material. After the trench is complete, solid waste will be filled, spread and compacted in the trench

3.2 Secure Landfill is to cater for treated hazardous waste which passes the stabilization. This process starts with placing waste, spreading, compacting, covering (with soil) and compacting by tractor, then covering with soil and re-compacting. The top covering (soil) requires 60 centimeter in thickness. The minimum distance between each soil layer is 60 centimeters. The area will be filled at the required level. Once the trench is filled, waste is left to decompose. During waiting for decomposing, the investigation is required and the area has to be fenced to protect any attack. During decomposing, landfill expands in volume and generating leachate (liquid from decomposition process). Leachate needs to be treated prior to discharging into water resources or can be recycled.

The Company plans for Waste to Energy business, which uses solid waste to generate fuel to be used in industrials. Solid Waste is decomposed under Anaerobic Decomposition. This decomposition yields landfill gas, comprising of methane (CH₄), Carbon Dioxide (CO₂) and other gases. Methane represents around 45%-60% of total gases and can be used for power plant as for fuel, using with gas pipe line and fuel for vehicles. Moreover, Waste to Energy has indirect benefits by not releasing Methane into atmosphere. Methane is one of greenhouse gases, causing global warming. Methane causes global warming 21 times more than Carbon Dioxide.

3.3 Production of Refuse Derived Fuel : RDF

Burning refuse always creates difficulties due to its uncertainty and non-homogeneousness of the refuse which varies from community and season to others. Moreover, refuse has low heating value while it has high ash volume and humidity. All these cause difficulty for combustor designer and operator and difficulty in controlling environmental impact. Processing refuse by several processes to improve its physical and chemical qualifications to transform it to 'Refuse Derived Fuel (RDF)' can solve the above problems and they can generate energy, too.

RDF process is to improve and transform refuse to be solid fuel having good qualifications in terms of heating value, humidity, size and density which is suitable for being fuel for boiler to generate electricity or heat. It will have constant physical and chemical compositions. General characteristics of the RDF are as follows:

- It is sanitized due to heating so it reduces risks in exposure to germs.
- It is odorless.
- The size is appropriate to feed the incinerator-boiler.
- Its density is higher than normal refuse and bio mass which is convenient for storage and transport.
- Its heating value is higher compared with bio mass and humidity is low.
- It reduces impacts from burning

This technology starts from separating refuse which cannot be burnt metal, glass and stone, harmful and recyclable garbage from the refuse. In some cases, magnetic separator is used to separate metal scraps from the refuse and Eddy Current Separator is used to separate aluminum. After that the refuse is fed to chopper to reduce size and to incinerator to reduce humidity by heat from steam or hot air. The refuse's weight will decrease at almost 50% (the remaining humidity is not higher than 15%). Finally, the refuse is sent to pallet compressor to produce RDF which is appropriate in size and density to transport to sell as fuel. In some cases, CaO is added to the refuse during compression process to control and reduce toxic gases generated from burning.

Design of processes in transforming refuse to fuel depends on current refuse management. For example, if recyclable refuse (such as metal and glass) can be separated from the refuse before entering the process, the process may not need metal or glass separation activity.

Generally, separated garbage can be reused such as metal, aluminum and glass. And organic materials such as food scraps which are high in humidity can be fed to organic gas or soil conditioner production process. Moreover, refuse which is reduced in size is composed of paper, wood and plastic which can be directly burnt as 'Coarse RDF (c-RDF)' or dried and densified to produce 'Densified RDF (d-RDF)'. Consideration of type of RDF produced depends on burning technology, location of plant, refuse and place of fuel use.

Composition of RDF depends on composition of refuse feedstock, storage method and processing system. Qualifications of the RDF are heating value, humidity value, ash volume and sulfur and chloride. Moreover, processing of refuse can reduce humidity causing the heating value to be higher.

Use of RDF is in the forms of electricity and heat which can be used on production site or somewhere else. Moreover, it can be used in co-firing to reduce use of coal in some industries such as cement industry. The combustors transforming RDF to energy are stoker, fluidized bed combustor, gasification combustor or pyrolysis .

4. Waste to Energy

Waste to Energy is designed to use wastewater or solid waste from industrials, agricultures and communities, such as sugar factory, tapioca starch plant, palm oil plant, pig manure and waste from communities. Waste will be treated by Biological Wastewater Treatment, using bacteria. It can be divided into 2 processes as follows.

<p>Aerobic Digestion</p>	<ul style="list-style-type: none"> •Organic substances are decomposed into Carbon Dioxide. Microorganism increases 50% (reproduction) by converting organic substances in wastewater. The advantages of this process are high efficiency and short time for treatment. Disadvantage is expensive due to aerator costs and sediment treatment. Moreover, this process cannot be used when wastewater has high organic substances due to insufficient oxygen to be provided
<p>Anaerobic Digestion</p>	<ul style="list-style-type: none"> •80%-90% of total organic substances are decomposed into Methane and Carbon Dioxide, together called Biogas. Bacteria used in this process grow slowly and require more time. Moreover, efficiency is low due to high Hydraulic Retention Time (time to store wastewater). The treatment system requires large facilities and cannot adjust well with changing in environment. At time, the treatment has Hydrogen Sulfide as byproduct

Aerobic Digestion requires aerators to add oxygen into wastewater, consuming more energy and costs. Byproducts are Carbon Dioxide and water. Anaerobic Digestion's byproduct is Biogas.

The volume of Biogas depends on quantity and quality of waste. Animals waste yields approximately 20-22 cubic meters per ton of animals waste. Wastewater from industrials yields 2-200 cubic meters per ton of wastewater. High quantity of Biogas can be obtained from high COD of wastewater, treatment with heat (Mesophilic Process), and continuous stirring.

Marketing and Competition

1. Marketing

1.1 Product or Service Strategy

The company offers various environmental engineer solutions as water production system, waste water treatment system and waste disposal system. The company also generates income from complete tap water system management and maintenance services ranging from construction and system maintenance. This is because both activities complement each other and they have made the company continuously generate income although the projects have been completed. The company can cover variety of customers' requirement from basic work yet highly competitive to state-of-the-art work requiring high-end engineering technology with less tense competition such as water production service for petrochemical industry, water desalination and recycling waste water treatment. The service starts from construction as designed by customers or total solution starting from design, construction, procurement, installation and commissioning, management and maintenance of tap water system and investment in producing and selling treated water. For construction, the company has emphasized standard practice and on time completion under management who have been experienced in environmental engineering for 30 years. The company has policy to expand to service requiring higher engineering expertise since the competition is less intense and nature of the business is in line with the company's strength. In the past, the company had experiences in SWRO Project of PTT Global Chemical Public Company Limited and RIL Project of RIL 1996 Company Limited. The company is the only Thai company to provide total solution as same as international service providers from Japan, Germany and USA.

Apart from variety of solutions offered to the customers, the company prioritizes quality of construction work, efficient service and on time completion with the use of experienced and knowledgeable workforce. It also checks quality of work in every step by ensuring design to meet the customers' requirement and to be efficiently used, hiring sub-contractors who are reliable under supervision of project engineers and consultants, procuring equipment and materials according to specifications and amount and installation of equipment in up-to-standard practice to get efficient system.

1.2 Price Strategy

The company has clear policy to bid or submit proposal to customers. Before entering into contract, the company will evaluate its readiness considering experiences and expertise of the company and readiness of workforce and team members. The company's cost policy is to refer construction and service cost and estimated expense plus margin (Cost plus Margin method) which is set at not less than 10% of estimated budget. However, if it is necessary to do work with lower margin, the company will report to the company's Board of Directors later at least once per quarter.

1.3 Place Strategy

The company gets awarded from 2 channels as bidding and being contacted directly from customers. For bidding, the company focuses on an event with high possibility which is normally government agencies' work. The company always monitors bidding news via media as the Internet, newspaper and advertisement that specify primary specification of bidders such as experiences of work similar to the bid work and being a registered vendor in vendor list. The company will buy bid proposal package to study details and budget of the project and present to authorized persons to approve according to the company's authorization table. For direct contact from customers, private agencies who get recommendations from existing customers and business partners of the company and project consultants of the customers and walking-in customers contact the company due to reputation in the business, sincerity to customers, quality and efficient work, good relationship with customers and business partners and good after-sale service.

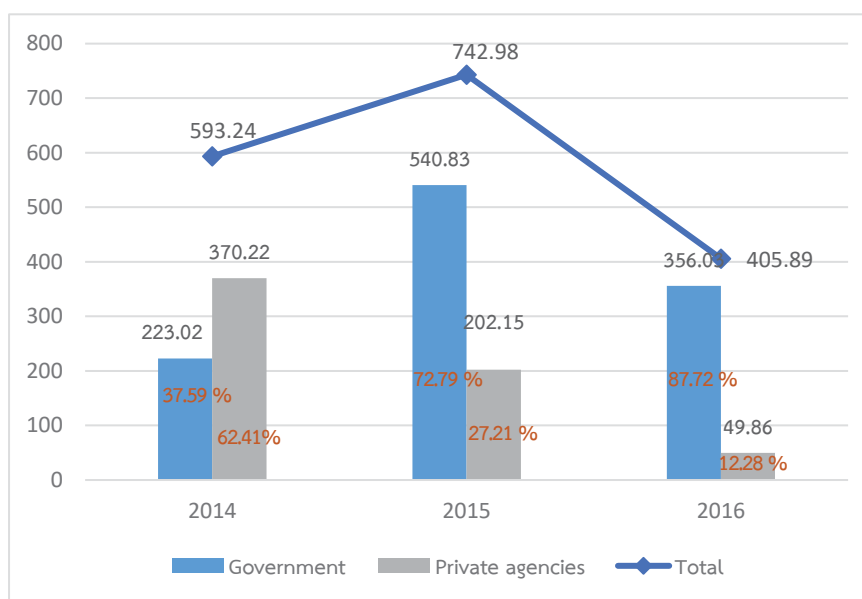
1.4 Promotion Strategy

The company's promotion strategy and public relation focus on quality and standard of construction to create efficient system to satisfy the customers and after-sale services and consulting to create good relationship with customers to retain them. Moreover, the company aims to expand its customer base to other businesses as construction and environmental engineering management which require high engineering expertise for high potential and growing business as energy and industrial estate sectors.

2. Target Group Customer

The company's customers are divided into 2 as government agencies and private agencies for which the company serves as Main contractor or Sub-contractor. Before entering into contract, the company will evaluate its capability to prevent risk from delay in completing the work. The factors to consider are work in the past or experiences, readiness of workforce and team members and profitability which must comply with the company's policy. At the same time, the company considers prospective customers to avoid risk from unsettled payment. The government and private agency customers have different methods of awarding channel, conditions and specifications of contractors and terms and conditions in contracts. The government agencies have bidding process while private agencies both disseminate bidding news via media and directly contact the company (by recommendation from existing customers and/or business partners or walking-in). The government agencies have conditions in construction contract for adjustment of price using Escalation Factor or K (K means index to measure value of work on the day the contractor wins the bid compared with that on the handing over day. K is only included in contracts with government agencies, state enterprises and agencies under local administration organization law and other agencies appointed by law to have the same status as local administration body while this index does not appear in private agencies' contracts. The ratio between the government and private agency customers in 2014 – 2016 are shown in the table below.

Customers	2014		2015		2016	
	MB	%	MB	%	MB	%
Government	223.02	37.59	540.83	72.79	356.03	87.72
Private agencies	370.22	62.41	202.15	27.21	49.86	12.28
Total	593.24	100.00	742.98	100.00	405.89	100.00



3. Competitions

At present, great number of entrepreneurs has paid more attention to environment preservation to be in line with law and government’s regulation due to Global Warming. And due to this environmental preservation trend, there have been more registered environment preservation entrepreneurs in the business with target customers as government agencies which are taking charge of water management as Provincial Waterworks Authority (PWA), Metropolitan Waterworks Authority (MWA), Bangkok Metropolitan Administration (BMA), Sub-district and District Municipality Offices all over the country and private agencies. The competition is on price, quality of work, on time completion and after-sale services while technology of each service is similar among competitors. Considering the company’s competitors based on type of work as construction, system management and maintenance of tap water system, details are shown as follows:

3.1 Competition in construction business

Construction business covers water production system, waste water treatment system and recycling waste water treatment system for which competitors are both Thai and joint venture. Contract will cover total solutions starting from design, construction, installation and commissioning. This kind of contract enables contractors to manage cost more efficiently than partial contract especially the one with design or construction work alone. Therefore, construction entrepreneurs have fierce competition in terms of price, quality and on time completion.

3.2 Competition in system management and maintenance of tap water system business

Competition in this business, is multifaceted as price, amount of water produced and quality of water determined or agreed and fast service. At present, competition is intense since it employs basic technology. The competition focuses on price/rate of service, water quality, on time delivery and after sale service.

3.3 Competition in water production and water treatment project investment

In terms of tap water production investment, both domestic and international competitors compete on price since Provincial Waterworks Authority will compare price of water sold to people. The project will cover small area for which PWA's service does not cover. Moreover, the project requires huge investment so the company requires appropriate source of fund to reduce financial expense. And for investment in waste water treatment system, at present, the company focuses on investment in ASEAN countries which starts to pay more attention to waste water treatment by launching regulations and laws on this issue. The competition is mostly against foreign competitors in terms of price, water quality, on time delivery and after-sale service.

Risk Factors

Hydrotek Public Company Limited have to focus on the implementation of the risk management process as a tool to achieve value added and highest benefits to stakeholders which is in accordance with Good Corporate Governance and transparency operating.

The Risk Management Committee appointed Risk Management Unit to manage corporate risk in systematic way and evaluated enterprise risks that has both internal and external factors with appropriate risk management process. The committee set up risk management measurement and appointed the unit to prepare risk management report in unit level reporting to the Risk Management Committee. Units will meet with Risk Management Unit before presenting progress of risk management plan implementation for which the Risk Management Committee will report the risk management result to the Board of Directors. Risk factors affecting the company's business are as follows:

1. Strategic Risk

Risk from competition in the industry

The company has 2 groups of customers as government agencies which are taking charge of water management such as Provincial Waterworks Authority (PWA), sub-district and district municipality offices in provinces all over the country and other government agencies such as universities and private sector customers such as petrochemical, energy, steel, food and beverages industries and industrial estates. The company's revenue is from services provided to government and private sectors (both revenue from construction service and system management service) which are various in nature and the company does not depend on any particular customer. However, due to high competition in construction service and as there are large direct competitors to the company, the company's risk are that some private sector agencies use service of other service providers or the company may not win bid of government agencies. And if the company cannot find any other work to compensate for such loss, there may be disruption in revenue which will significantly affect the company's goal achievement.

The government agency customers such as PWA and Bangkok Metropolitan Administration have clear vendor selection criteria in which every construction vendor has to register in vendor list in order to be eligible for bid proposal. The company is classified as first level vendor of PWA and BMA (for route work such as piping and building work such as water tank) which expands the company's chance to be hired by such agencies and sub-contracting from the company's customer. Moreover, competition in the water system construction depending on high engineering technology is not intense. And that the company is one of few private companies which provide service in every level of complexity ranging from work using basic to high engineering technology enables the company to serve variety of customers as petrochemical, energy (power plant) and food and beverages. Therefore, it does not have to depend on any specific customer.

For policy to retain continuity in revenue, the company has defined direction to efficiently control cost to prepare competitive budget and retain profitability and construction quality to create customers' trust and larger opportunity to be awarded other projects in the future.. From this practice, the company is certain to minimize degree of competition to a certain extent.

Risk from setting strategy

In order to efficiently run business to create competitiveness, the company has set up goal and strategy which are appropriate for current situation by analyzing internal factors as human resources, administration, and finance etc. and external factors as policy and politics, economic, social and environmental factors. The company may have risk in wrongly analyzing the internal and external factors, hence, it may use inappropriate strategy.

At present, business running in the industry is in fierce competition. Impacted by domestic and international economic volatility and change in the domestic and international politics, the company has arranged review of vision and mission and business plan on annual basis to create continuity in business and to catch up with ever-changing situation. The company holds monitoring and evaluation meeting periodically to review and adjust the work plans to current situation and to achieve the company's goals.

Risk from revenue uncertainty or the continuous of revenue

The Company provides its total solution service through two channels which are auction for construction service or bidding projects and direct contact from employer (via introduction from its existing customers, business partner, project consultants including direct contact). The process of awarding the project by bidding method under the regulations of employers focuses on the competitive price mainly. The Company is possible to take risk from revenue uncertainty or the continuous revenue if the Company cannot be awarded from the bidding of new projects or even cutting the budget of the government which will affect the Company's performance to reach its target.

The Company realizes such risk, therefore, it has determined business guidelines to sustain its constant revenues by maintain its construction quality standard. The Company focuses since system design, equipment procurement, construction, and installation. Therefore, the operation after construction will be very efficiency, which is able to treat water and wastewater with high quality at specified quantity, to build customer satisfaction and creditability which will bring more assignments for future project. Besides, the Company has been registered as 1st class contractor by PWA's project, and also the 1st class contractor of road works and building works by Bangkok Metropolitan Administration (BMA). And the Company has been registered as 2nd class contractor of the piping president by drilling, pipelines water service pipes by digging place, civil work and construction of pumping stations and water tanks by the Metropolitan Waterworks Authority (MWA). And Hydrotek - Salcon Consortium is in the process of registering with MWA also. These would support the Company's reliability of its service provided to its customers and other employers. It will cause the Company at the certain level to be able to generate continuous revenue.

Risk from Water Operator of Water Treatment Plant and Wastewater Treatment Plant

Currently, the Company expands its business operation to Water Operator of Water Treatment and Wastewater Treatment Plant for government sector and private sector in several industries. The features of such construction service for the employers are that the Company has to be responsible for all occurred expenses of the investment and management of the projects. The period is 10-30 years. The Company may face the risk from the employer which is probable not to pay the service fee to the Company due to lack of liquidity or the employer liquidates before the period of work in the agreement has expired. This will have impact on the Company's operating result in the future.

According to the provision of service of the mentioned above, before awarding or bidding the project, the Company will consider the qualification of the employers by its financial position, reliability of its executives together with profitability ratio as the Company's policy. In addition, the Company diversifies to government agency to protect the risk from not to be receive the service fee. Therefore, the Company believes that the effect from such risk is very low.

Risk from additional work apart from those mentioned in contract

For the company's service as design, procurement, construction and installation of machine and equipment and commissioning of any system or turn-key service, the customer will be responsible for all investment and hire the company to construct building and system and pay to the company following the contract's terms. The company has risk in change of the customer's requirement after agreeing to sign contract within budget mutually agreed by adding scope of work. In normal case, additional work will be agreed later and the company has to bear the cost arising from the additional work for a certain period. If the additional scope of work is not agreed, the company has to bear cost of the additional work which reduces profitability or loss.

The company's direction to deal with this risk is to clearly define scope of work and check details of contracts carefully before executing. If the customer has additional scope of work, the company will negotiate to expand the scope of work and additional cost with the customers. The addendum must be signed before additional work is done.

Risk from political instability

The company's main revenue comes from both government and private sectors in similar proportion. Therefore, the company may be affected by political shift in terms of politics and administration in national, regional and local levels that may affect the company's on-going projects due to delay in payment. Moreover, contracts not yet signed may be cancelled due to change in the government's spending policy. If the budget is cut, number of future projects may be affected and the company may not be able to achieve the goal.

However, the company has closely followed up and analyzed the political situation by arranging monthly meetings of every party to follow up project progress and adjust work plan to response to changing situation and solve problems immediately. The company has checked quality of construction work to be in line with requirement in the contract to expedite acceptance of work and payment of the customers. The company also follows up payment process to prevent lack of cash flow that may affect the company's business as a whole.

2. Construction Risk**Risk from delay of project**

The construction agreement between the Company and each employer is determined the certain period of service which the Company has to deliver the project. It may have some projects getting in trouble of delay of project operation. Mostly, the problem is resulted from employers, for example, revision of construction plan and area preparation for the contractor to work within determined time, Late area delivery and approval of other agencies' area. These consideration and approval may effect timing and cost. However, the Company has reduced the risk of delays. The company has been cooperating and coordinating with employers to ensure construction completion. Otherwise, the problem is caused by the contractor, for example, construction work cannot complete on time, or the cause of uncontrollably external factors, such as, natural disaster and the protest of residences around the project area. If the delay derived from the Company as contractor, the Company will be in charge of the additional expenses as a fine from the employers who are eligible to claim the Company according with the condition specified in the agreements. It would affect the profitability of the projects.

The company is aware of such problem, so it defined clear policy on work flow and prevention of risk by creating plan and timeline according to Critical Path Method. It has held meetings to present construction project plan in advance for every quarter as planning to complete construction before due in contracts, preparing procurement/hire plans and defining directions to management risks from incidents that might cause delay. Moreover, the company coordinates and cooperates with relevant parties to expedite problem solving to complete work within the contract's due or in time.

Risk from the obligation of the completed project after delivery

The Company provides engineering environmental service related with total solution of water treatment including design, construction, procurement, installation, test-run and wastewater treatment. The contracts of the service always specify that the Company has to be responsible for damages, breakdown and errors which might occur after delivering the works to the employers during the period of 1-2 years. Thus, the Company probably takes risk from the obligation in such the period.

However, the Company has set the measurement for strict construction operation by controlling the quality of work according to the standard from design and standard material and equipment procurement as well as regular inspection by site engineer during construction every period and engineer has to send the result report to executive who is the project controller before delivering work to employer. The Company has never faced such risk. However, the Company bought insurance to cover the damage that may occur after project delivery for all projects.

Risk from the effect of natural disaster

The Company has realized the risk that might occur from natural disaster, thus the Company has set the measurement to protect the risk from natural disaster including flooding, lightning, earthquake, storm by considering the appropriateness to buy Construction Erection All Risks Insurance for each project with domestic leader insurance company. The condition is to protect damages from flooding and all kinds of natural disaster and insurance amount for compensation the damages which may occur to the construction and assets of the Company has to be the actual payment amount.

Apart from such risk protection, the Company also has set policy to preserve the right with regard to the construction period with the employer by sending letter to ask for period extension to cover the missing period which the Company cannot enter into the construction area.

Subcontractor Risk

The Company Subcontractor Risk arises since the company cannot find subcontractor due to various problems such as subcontractor shortage, lack of subcontractors' labor, and a few subcontractor, etc. Moreover, there have been a risk from subcontractor's failure to work as planned by the reason of subcontractor's liquidity, delay of handover which may cause the construction halted and delay in handover works to customer.

However, prior to making a contract with any subcontractor, the subcontractor prequalification shall be done based on reliability and inspection of quality of works undertaken by short-listed subcontractor. If the company discovers that any subcontractor has a lack of liquidity and cannot deliver works as planned, the scope of subcontractor's work will be reducing and new subcontractor shall be searched to mitigate the captioned risk.

In addition, the company has kept create a good connection with subcontractors for working acquaintance causing those become the company's business alliances ready for subcontracting continually and new subcontractors have been increasingly selected to support future addition works.

3. Financial Risk

Liquidity Risk

The Company has revenues from construction, services and water operator by receiving payment for construction in form of due payment or percent of completion as specified in the agreement. For services and water operator, the Company will receive monthly payment calculated from quantity of produced or treated multiplied by pay rate per unit. When consider the type of clients, the government agency clients are the group of clients who have already been approved the budget from the government but may have a delay in disbursement. For the private clients, if there is any short in financial liquidity, it may affect the ability to pay service fee to the Company.

The Company has realized such risk and has set the protection measurement. Before accepting any construction, service and water operator tasks, it has to consider the employer thoroughly by considering various information especially financial information, operation result, creditability and security of the employer's business. Such operation will assist the Company to face no risk of not receiving payment from the employer. In addition, for foreign customers, the Company will consider and select government agency first with reasonable price, therefore, our customers could pay service fee to the Company from their margin.

Risk from volatility of construction material price

The Company operates the construction and environmental engineering management business, therefore, the Company has to set the price of construction material and equipment for the whole construction period to maintenance profit. The Company may face the risk from the price volatility of construction material and equipment which will affect the Company's operation result and profitability. The major construction material and equipment are steel, concrete, pipe, pump and valve.

The Company realizes that such risk may occur, therefore, it has set policy to protect and reduce such risk. The Company will estimate the construction cost from construction drawing to calculate quantity and value of construct material of that project. Then, the company's procurement risk management policy is to compare prices of raw materials from more than 1 vendor to get best price and payment condition, to agree on validity of main construction material price to control at least 50% of the total construction material and to order in bulk gathering volume from several projects to build negotiation power to receive lower price to control cost to a certain extent. Some projects, the Company employs turnkey subcontractor (the subcontractors are responsible for both equipment cost and labor cost) or probably let the subcontractors responsible for labor cost only and the Company will be responsible for material purchase to control the cost. This also make the Company protects and reduces risk from the price volatility of materials and equipment partially.

Interest rate risk

The interest rate risk is the changing interest rate in the market; the company also could be in difficult situation of the increasing interest rate in the future. Because the company took loan for the investment and the interest has been set as floating rate loan reference from the MLR of the bank. As a result; if in the future that bank increases the interest rate, there will be effect on the company's cost, cash flow, operation. To reduce risk of the interest rate, the company comprehends the necessity of closely monitoring the change but because majorities of debts are short term and letter of guarantee. The company has fairly low risk as a result.

4. Compliance Risk**Risk from projects disapproved by the public**

Some government projects may not be done public hearing with local people since they do not understand advantages and disadvantages of the project. So the project may be delayed since the company cannot enter the construction area and it also loses opportunity to get work from other new customers. Such risk is external factor that the customers have to take care of to hand over the area to the company.

However, the Company coordinates with the customers to reserve the right to extend the period and adjust construction plan. Moreover, communication to local people to create trust from them that the project will not affect the society and environment is made to create their acceptance.

Legal Disputes

1. Litigation to the Thai Arbitration Institute: Black Case No. 108/2559

Between	Hydrotek Public Company Limited	“Solicitor”
	Pa Sang Municipal	“Objector”

This case has been litigated in the Thai Arbitration Institute by the Claimant on October 6, 2016, to claim for a compensation of damages in the total amount of 17,766,038.58 Baht (Seventeen million Seven Hundred Sixty-Six Thousand Thirty-Eight Baht Fifty-Eight Satang)

As of February 28, 2017, the case was still pending for the objection due to the Objector requested to extend the deadline until March 18, 2017.

2. Administrative Case at the Administrative Court: Black Case No.1729/2559

Between	Hydrotek Public Company Limited	“Plaintiff”
	Muang Tak Municipality	“1st Defendant”
	The Mayor of Muang Tak Municipal	“2nd-Defendant”
	Collectively called	“Defendants”

This case has been litigated in the Administrative Court on November 7, 2016, to claims for service fees and damages plus interest until the date of filing as a total of 52,573,041.13 Baht (Fifty-Two Million Five Hundred Seventy-Three Thousand Forty-One Baht Thirteen Satang), and a refund of the guarantee money, in accordance with the Bank Guarantee of Export-Import Bank of Thailand, plus interest until the date of filing as a total of 10,603,209.65 Baht. (Ten Million Six Hundred-Three Thousand Two Hundred-Nine Baht Sixty-Five Satang) The case has been accepted by the Administrative Court on December 30, 2016.

As of February 28, 2017, the case was pending for the submission of testimony of the Defendants.

3. Civil Case at the Bangkok South Civil Court: Black Case No. Poh. Bor. 1733/2559

Between	Hydrotek Public Company Limited	“Plaintiff”
	Krungthai Bank	“Defendants”

This case has been litigated in the Bangkok South Civil Court on November 15, 2016, to claims for contract security fund plus interest until the date of filing as a total of 15,817,074.68 Baht. (Fifteen Million Eight Hundred-Seventeen Thousand Seventy-Four Baht Sixty-Eight Satang)

As of February 28, 2017, the case was pending for the submission of defense testimony of the Defendant.

4. Reorganization Case at the Central Bankruptcy Court: Black Case No. 29/2559

Between	M.V.S. Development 1688 Company Limited	“Plaintiff”
	Hydrotek Public Company Limited	“Objector”

The Claimant has submitted their request to process business reorganization on October 19, 2016, while the Objector has submitted its objection, and reaffirm to fine and claims for a compensation of damages in the total amount of 96,565,447.52 Baht (Ninety-Six Million Five Hundred-Sixty-Five Thousand Four Hundred Forty-Seven Baht Fifty-Two Satang), due to the breach of contract by the Plaintiff, on the same date.

As of February 28, 2017, the Central Bankruptcy Court has appointed both parties to attend the cogitation of request of business reorganization on March 15, 2017.

General Information

Company Name in Thai	: บริษัท ไฮโดรเทค จำกัด (มหาชน)
Company Name in English	Hydrotek Public Company Limited
Registration Number	0107554000097
Nature of Business	<p>Construction, Operation and Maintenance, and Water Operator for environmental engineering business which are :</p> <ol style="list-style-type: none"> 1. Construction (Engineering, Procurement, and Construction: EPC) 2. Operation and Maintenance (O&M) 3. Water Operator of Water Treatment Plant and Wastewater Treatment Plant (Water Operator) <p>The company has 4 products:</p> <ol style="list-style-type: none"> 1. Water Treatment Plant such as Portable Water Plant, Desalination Plant and Demineralization Plant 2. Wastewater Treatment Plant, and Wastewater Recycle Plant 3. Solid Waste Treatment Plant, using solid waste to landfill for decomposing and the process will generate Methane to be used as fuel. 4. Waste to Energy, using wastewater with high COD (Chemical Oxygen Demand) from industrial for processing to yield Biogas and Methane to be used as fuel
Head Office	1 TP&T Tower, 14thFloor, Soi Vibhavadee-Rangsit 19, Chatuchak, Chatuchak, Bangkok, 10900, Thailand
Telephone Number	(66) 2-936-1661-2
Facsimile Number	(66) 2-936-1669
Website	www.hydrotek.co.th
Paid-up Capital	Bath 389,968,760 , 389,968,760 shares
Par Value	Bath 1 per share

References

Registrar

Thailand Securities Depository Company Limited

93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand

Tel: (66) 2-009-9000

Fax: (66) 2-009-9991

Auditor

Mr. Suchart Panitcharoen Certified Public Accountant No. 4475

SP Audit Company Limited

503/21 K.S.L Tower 12th Fl., Sri Ayudhya Road, Phayathai, Ratchathewi Bangkok 10400

Tel: (66) 2-642-6172-4

Fax: (66) 2-642-6253

Remark: Investors can find additional the company's information from Annual Registration Statement (56-1) at www.sec.or.th or www.hydrotek.co.th

Registered and paid-up capital

The company's registered capital of Baht 389,968,760 of which has been paid up 389,968,760 ordinary shares at the par value of Baht 1 per share.

Shareholders

Major Shareholders as at 31 December 2016

	No. of Shares	%
Mr. Kitti Jivacate	52,324,654	13.42
Mr. Slib Soongswang's group	40,526,641	10.39
- Mr. Slib Soongswang	40,444,141	10.37
- Ms. Sujin Srichaiphani	30,000	0.01
- Ms. Suda Srichaiphani	10,000	0.00
- Mrs. Kobkul Patanaporn	42,500	0.01
Ms. Wilawan Charumanophat	24,908,200	6.40
Mr. Parin Patanaporn	16,014,053	4.11
Mrs. Waranee Sareewiwattana	13,930,300	3.57
Mrs. Salaya Charuchinda	12,306,000	3.16
Mr. Jiaranai Lertruchkul	10,989,626	2.82
Ms. Chavitsa Jivacate	9,790,000	2.51
Ms. Ladda Lertruchkul	7,735,900	1.98
Mr. Tapparak Surathantnont	7,470,000	1.92
Total	195,995,374	50.28

Remark: Mr. Slib Soongswang's group comprised of Mr. Slib Soongswang, sister of his wife and his sister

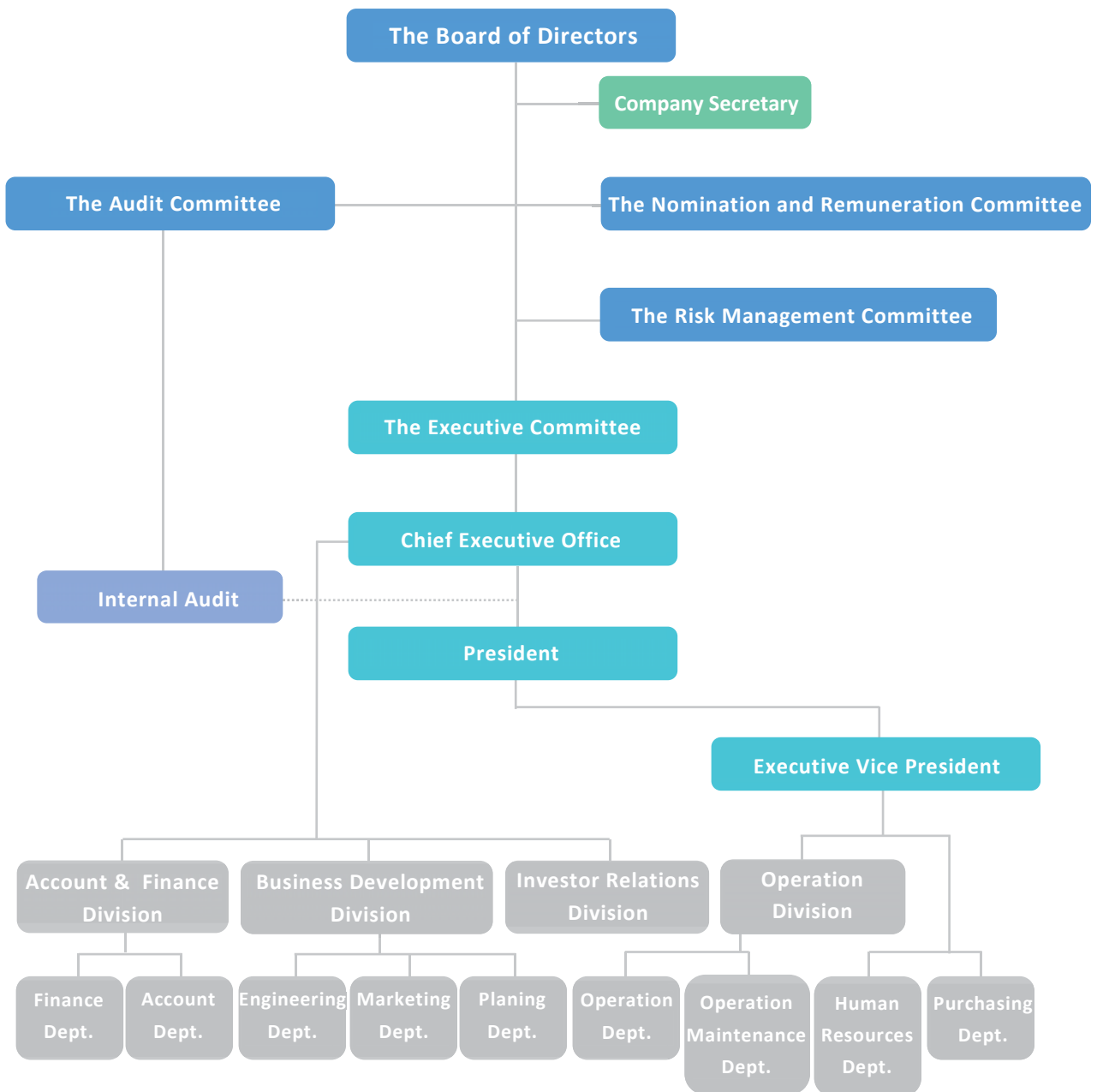
Restriction on foreign shareholders

Foreign shareholders can collectively hold the Company's issued shares by not more than 49.00%. As at 31 December 2016, shares held by foreigner were at 0.00%

Dividend Policy

The Company's dividend payout policy is at a minimum of 40% of net profit after tax and legal reserve. The dividend payment may change subject to investment plan, necessity and appropriateness in the future under the condition that it has to maximize the benefit of the shareholders such as have to reserve for loan repayment or business expansion or in case that there are any changes of the market conditions which may affect the Company's cash flows in the future by authorizing the Company's the Board of Directors to consider. The resolution of the Board of Directors to approve the dividend payment will be proposed to the shareholders' meeting for approval except for interim dividend payment which the Board of Directors has power to approve the interim dividend payment and report to shareholder's meeting for acknowledgement.

Organization Chart



Directors and Management Structure

The Company's management structure consists of 5 groups of directors such as the Board of Directors, the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee and the Executive Committee. Directors were considered from knowledge and experience in the field of business, morals, responsibility, transparency and ethic.

1) The Board of Directors

As at 17 January 2017, the Company's Board of Directors comprised of 5 directors as follows:

- | | |
|---|---|
| 1. Mr. Slib Soongswang | Chairman of the Board / Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee |
| 2. Mr. Danai Amornpatchara | Director / Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee |
| 3. Air Chief Marshal Chainan Thumasujarit | Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee / Independent Director |
| 4. Mr. Anant Gatepithaya | Director / Member of the Audit Committee / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Independent Director |
| 5. Mr. Kamphol Panyagometh | Director / Member of the Audit Committee / Member of the Nomination and Remuneration Committee / Independent Director |

Ms. Nuntanut Soongswang is secretary of the Board of Directors and the secretary of the Company.

Authorized Directors: Mr. Slib Soongswang or Mr. Danai Amornpatchara sign on behalf of the company with the Company's seal affixed.

Restriction of Directors' power: None

Remark: * Ms. Nuntanut Soongswang was appointed from the Board of Directors' meeting no.6/2016 as the Company's secretary in replacement of Ms. Paphada Amornmanus, effective from 22 June 2016 onwards.

Scope of Duties and Responsibilities of the Board of Directors

- | | |
|---|--|
| 1) To determine or change the Company's authorized directors. | 3) To decide on material issues such as business plan, budget, large investment project, management authority and other issues as specified by laws. |
| 2) To determine policy, strategy, business trend and monitor and ensure that the administration operate efficiently and effectively according to the policy, strategy and business trend that have been set in order to maximize economic value to shareholders and sustain growth except for policy or any operation that required the approval from the shareholders' meeting | 4) To evaluate performance and determine remuneration of the management.
5) To responsible for performance and operation of the management by performing with high determination and caution. |

- 6) To provide accounting system, financial reports and credibility audit as well as ensure the process for the evaluation of the appropriateness of the internal control and internal audit to be effective and efficient, risk management, financial reports and following up the result.
- 7) To ensure that there is no conflict of interest between related persons and the Company.
- 8) To determine internal rules or regulations.
- 9) To report the Board of Directors' responsibilities for financial statements preparation by presenting with the auditor's opinion in the annual report and covering all material issues according to the Code of Best Practice for Directors of Listed Companies.
- 10) Power for the following tasks which can be implemented only obtain the approvals from Shareholders' Meeting which any directors or related persons who might be involved with either conflict of interest transaction or beneficial conflict transaction with the Company or its subsidiaries shall not be granted the right to vote in that matter.
- (a) Matters stipulated by Laws must be obtained the resolutions from Shareholders' Meeting.
- (b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by the Laws or regulations of the Stock Exchange of Thailand must be obtained the resolutions from Shareholders' Meeting.
- Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.
- (a) To sale or transfer all or major parts of the Company's business.
- (b) To purchase or acquire of other company or other private company.
- (c) To make, amend or terminate the contract related to the rent of all or some major parts of the Company's business. The appointment of other person who will manage the Company's business or the merging with other person in order to share profit and loss.
- (d) To amend the Memorandum of Associations or the Articles of Associations.
- (e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.
- (f) Other matters as stated by the Laws related to Securities and / or regulations of the Stock Exchange of Thailand which must be obtained the approval from The Board of Directors' meeting and shareholders' meeting with the votes mentioned above.
- 11) The Board of Directors may appoint a set of directors as appropriate to be Executive Committee to perform the tasks as assigned by the Board of Directors.

Besides, the following matters must be approved by the Board of Directors with majority vote of the directors attending the meeting and approved by the Shareholders'

Such authorization will not entitle the Executive Committee to approve on any matters that might be conflict of interest to himself or related person or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) as well as stated that has to obtain the approval from shareholders' meeting in case entering into related transaction and acquisition or disposition of major assets to comply with the SET's regulations.

Scope of Duties and Responsibilities of Chairman of the Board

- 1) To ensure operation of the Board with the standard of corporate governance.
- 2) Set the agenda and run the meeting. The Objective for achieve efficiency and effectiveness to implement its business.
- 3) To determine the policy with the Board and management for set goals.
- 4) To support the Board and executive to development of strategy.

2) The Executive Committee

As at 31 December 2016, the Executive Committee of the Company comprised of 5 persons as follows:

1. Mr. Slib Soongswang	Chairman of the Executive Committee
2. Mr. Danai Amorpatchara	Member of the Executive Committee
3. Mr. Wasit Panichvorapongsa	Member of the Executive Committee
4. Mr. Tanat Supajarnan	Member of the Executive Committee
5. Mrs. Phanalee Noragitt	Member of the Executive Committee

Scope of duties and responsibilities of Executive Committee

- 1) To plan and determine policy, direction, strategy and management structure according to and supporting the economic and market condition and propose to the Board of Directors for approval.
- 2) To determine business plan, budget and authority table and propose to the Board of Directors for approval.
- 3) To monitor in order to ensure that the Company is operated in accordance with the approved policy, plan and strategy.
- 4) To consider for entering into business agreement, agreement related to asset acquisition or rights for benefit of the Company as well as determine process and negotiation method in order to enter into such agreement.
- 5) To approve the bidding price at the project amount of not exceed 800,000,000 Baht per project.
- 6) To approve the capital expenditure as stated in annual budget which approved by the Board of Directors or according to the principle as approved by the Board of Directors.
- 7) To manage financial plan with financial institutions for account opening, lending, borrowing, credit line sourcing, providing collateral, pledge, mortgage, guarantee and others including exchange, accepting pledge, consignment, rent or rent out land and properties and registration for the rights of land and properties complying with objectives for the benefit of the Company's operation and propose to the Board of Directors for approval.
- 8) To consider the Company's profit and loss and propose the interim dividend payment or annual dividend payment to the Board of Directors for approval.
- 9) To have power to employ, appoint, transfer, remove, expel, determine wage rates, give gratuities and rewards, raise salaries, considerations and bonuses for employees up from President level.
- 10) To perform other tasks to support the above assignments or as periodically instructed by the Board of Directors.

Executive Committee and the management may authorize the Company's executive staff to approve a single financial transaction or several transactions as Executive Committee and management deem appropriate.

Such authorization will not entitle the Executive Committee and the management or the person authorized by the Executive Committee and the management to approve on any matters that might be conflict of interest to himself or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) according to the regulations of the Capital Market Supervisory Board or other related agencies.

The Board of Directors has power to change scope of duties and responsibilities of the Executive Committee and the management as necessary or deemed appropriate.

3) Executives

As at 31 December 2016, the executives of the Company comprised of 5 persons as follows:

- | | |
|-------------------------------|--|
| 1. Mr. Slib Soongswang | Chief Executive Officer |
| 2. Mr. Danai Amorpatchara | President |
| 3. Mr. Wasit Panichvorapongsa | Vice President – Operation Division |
| 4. Mr. Tanat Supajarunan | Vice President – Business Development Division |
| 5. Mrs. Phanalee Noragitt | Vice President – Account & Finance Division |

Scope of duties and responsibilities of Chief Executive Officer

- 1) To monitor, oversee and approve normal operation of the Company and may authorize President, executive or other person to perform day-to-day normal operation for specific matter under control of Chief Executive Officer and within time frame as Chief Executive Officer deemed appropriate and Chief Executive Officer may cancel, remove, change or amend such authority.
- 2) To perform as assigned by the Board of Directors or the Executive Committee and the management.
- 3) To be responsible for the administration of taxes, risk and management as well as to propose annual budget to the Board of Directors and to oversee human resources management and allocation to be in line with outline and guideline of budget under laws, regulations and the Company's Articles of Association.
- 4) To consider and approve the bidding price for the project amount not exceed 600,000,000 Baht per project.
- 5) To have power to approve and authorize the expenditure for asset and service procurement for the benefit of the Company with the amount of not exceed 200,000,000 Baht as well as to approve financial transaction which is under annual budget as approved by the Board of Directors.
- 6) To have power to represent the Company to deal with external individual for any related business that is benefit to the Company.
- 7) To approve the appointment of any advisors that is necessary to the Company's operation.
- 8) To perform other tasks as assigned by the Board of Directors of Executive Committee and the management occasionally.

Chief Executive Officer is under control and reports directly to the Executive Committee and the management and has to perform according to guideline and policy as set by the Executive Committee and the management.

Chief Executive Officer is not entitled to approve on any matters that might be conflict of interest to himself or related party or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) according to the regulations of the Capital Market Supervisory Board or other related agencies.

The Board of Directors has power to change scope of duties and responsibilities of Chief Executive Officer as necessary or deem appropriate.

Scope of duties and responsibilities of President

- 1) To monitor, oversee and approve normal operation of the Company and may authorize executive or other person to perform day-to-day normal operation.
- 2) To manage and monitor the general operation of the Company.
- 3) To perform as assigned by the Board of Directors or Executive Committee and the management or Chief Executive Officer.
- 4) To have power to employ, appoint, transfer, remove, expel, determine wage rates, give gratuities and rewards, raise salaries, considerations and bonuses for employees below President level as well as appoint employee representative as the committee of the Company's provident fund.
- 5) To consider and approve the bidding price for the project amount not exceed 300,000,000 Baht per project.
- 6) To have power to approve and authorize the expenditure for asset and service procurement for the benefit of the Company with the amount of not exceed 50,000,000 Baht as well as to approve financial transaction which is under annual budget as approved by the Board of Directors.
- 7) To authorize the issuance of instructions, regulations, announcements, memorandums so that the Company is operated in compliance with the policy and for the Company's interest as well as for the discipline of the organization.
- 8) To have power to represent the Company to deal with external individual for any related business that is benefit to the Company.
- 9) To approve the appointment of any advisors that is necessary to the Company's operation.
- 10) To perform other tasks as assigned by the Board of Directors of Executive Committee and the management or Chief Executive Committee occasionally.

President is under control and reports directly to the Chief Executive Officer and has to perform according to guideline and policy as set by the Executive Committee and the management.

President is not entitled to approve on any matters that might be conflict of interest to himself or his related party or other matter that may cause any beneficial conflict whatsoever with the Company or subsidiary (if any) according to the regulations of the Capital Market Supervisory Board or other related agencies.

The Board of Directors has power to change scope of duties and responsibilities of President as necessary or deem appropriate.

4) Company Secretary

Qualification of Secretary

- 1) Having knowledge and understanding in the company's business which are construction, management and investment.
- 2) Understanding duties and responsibilities of secretary.
- 3) Having knowledge and understanding in laws, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 4) Having knowledge and understanding in good corporate governance and code of conduct.

Scope of duties and responsibilities of Secretary

- 1) To perform duties with responsibility, carefulness and honesty according to laws and related regulations.
- 2) To assist in the Board of Directors' activities and advise the directors on company's regulation and relevant agencies' regulations.
- 3) To take care of information disclosure in scope of responsibilities according to good corporate governance.
- 4) To administrate and coordinate the Board of Directors and sub committees' meeting and shareholders' meeting include ensure and coordinate to perform in objectives, company's regulation, the Board of Directors and shareholders' resolutions as well as legal requirements and related regulations.
- 5) To prepare and keep notices, minutes of the Board and Shareholders' meeting and annual report.
- 6) To contact and communication with shareholders and the related regulatory units.

5) Remuneration of the Board of Directors and Executives

5.1 Remuneration of the Board of Directors

Name	The Board of Directors' Remuneration and meeting allowance for the year 2016				
	The Board of Director	The Audit Committee	The Risk Management committee	The Nomination and Remuneration Committee	Premium payment 2016
1. Mr. Paitoon Goserakwong	360,000	-	-	-	-
2. Mr. Slib Soongswang	180,000	-	-	-	-
3. Air Chief Marshal Chainan Thumasujarit	180,000	180,000	-	10,000	-
4. Mr. Anant Gatepithaya	180,000	60,000	20,000	5,000	-
5. Mr. Kamphol Panyagometh	180,000	60,000	-	5,000	-

Remark: * Mr. Slib Soongswang was appointed from the Board of Directors' meeting no.1/2017 as a Chairman in replacement of Mr. Paitoon Goserakwong, the resigning Director. The appointment shall be effective on 17 January 2017.
* Mr. Paitoon Goserakwong resigned as a director. The resignation was effective on 5 January 2016.

5.2 Executives' Remuneration

The Company has set policy to determine the amount of the Chief Executive Officer President and Executive Vice President by consideration of the Nomination and Remuneration Committee. According to the following criteria:

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

Executives' Remuneration	Fiscal year 2016	
	No. of executives	Amount (Baht)
Salary	6	12,124,000
Bonus	-	0
Provident Fund	6	448,225
Others*	6	698,307
Total		13,270,557

Remark: * Other include medical expenses insurance, life, fuel and employee benefits (retirement)

5.3 Other Remuneration

- None -

6) Personnel

6.1 Number of employees (exclude executives)

As at 31 December 2016, the staffs' of the Company and subsidiaries were as follows:

	Fiscal year 2016 No. of staffs
1. Permanent Employee	92
- Business Development Division	15
- Operation Division	54
- Account & Finance Division	6
- Invertor Relations Division	2
- Purchasing Dept.	3
- Human Resources Dept.	2
- Internal Audit	1
- Superior central agencies Information technology Agency	8
- Information technology Agency	1
2. Day Laborer	22
Total	114

6.2 Remuneration of employee and laborer and type of remuneration

Baht	2016
Permanent Employee's remuneration: salary, bonus, provident fund	49,184,514.51
Laborer's remuneration: wage	2,230,521.00
Training /Seminar	55,643.27
Total	51,470,678.78

6.3 Human Resources Development Policy

The Company has policy to develop human resources to enhance knowledge and develop capability of its human resources constantly by arranging internal training and sending staffs to attend outside training with various sectors both public and private sectors as well as by learning, improving and developing from real work. Besides, the Company realizes the importance to build its human resources moral and morale by considering to improve staff welfare continuously as deemed appropriate.

The Company encourage personnel to develop, external and internal training courses, about knowledge and potential including leadership and management and professional competency development, both employee and executive for highly effective work. In 2016, summary of number of training hours as follows :

- Leadership and Management 8 person hour
- Professional Competency Development 6.30 person hour

In order to take care staffs completely, the company has been collecting accident data and illness from working rate. In 2016, there is no staff that has an accident and illness from working because the company has been training on using tools and equipments to staffs before start working include safety standards workplace.

Corporate Governance

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.

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:

Section 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.

Section 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.

Section 3: Roles of Stakeholders

The company emphasis conduct business to cover Stakeholders sustainable and mutual benefits to all related parties. The Board of Directors oversees the management system to ensure that the Company acknowledges the rights of stakeholders by law and treat equally. The Stakeholders expression of opinion, decision and action takes on matters affecting them. The Company focus stakeholders that we make policy and guidelines to stakeholders. For employee clear guidelines implementation as follows:

1) Shareholders

The operation company operates maximum benefit and add value to shareholders in the long term as follows:

- The company manages good corporate governance by the integrity without seeking benefit for themselves or

others. The company make maximize shareholder wealth.

- To provide the information about Shareholders' meeting appropriate for the sufficient time of shareholders to decide.
- To provide Independent Directors oversee, complaint and suggest the minority shareholders through the convenient and quick access.
- The company has stipulated control internal audit and risk management effectively.
- Disclosing information to shareholders accurately, completely, and transparently for their acknowledgement the business operation.

2) Employees

The company believes that employee are valuable resource because everyone are the drivers of the company. It is possible to treat employee fairly on human rights for employees and the company has a good relationship. The company is regarded to want of employees and also developing performance operation the guidelines as follows:

- To give equality for staffs which do not the difference of nationality, religion, skin, age, or language to be factors for hiring consideration and also hiring the disabled in order that give them chance.
- The Company interest in take care of employees fairly by respect in personal freedom and opinions.
- To develop skills of employees to be appropriate with their duties and responsibilities for enhancement of knowledge and efficiency performance.
- To encourage collaboration within the organization to create a harmonious and discipline.
- To encourage the safety system and occupational health that following safety standards for the worker safety and hygiene, according to the principle operators' safety manual.
- The company has policy of remuneration and welfare according by performance which is indicators in remuneration change for the purpose to motivate performance development and increase the profitability of the company and compared industry trend for justice that accordance with labor law, and also provided welfare and other appreciate benefits both short-term and long-term such as provident fund, insurance groups, etc. However the determination of employee remuneration has consistency with the performance and sustainability of the Company.

- To encourage environmental management in the workplace and motivate employees part of company for decrease turnover of employees.

3) Customers

The company policies services the customer turnkey from service, design and engineering, construction contractor as well as commissioning that focus high quality and efficiency. The company treats relationship our clients by customer services. The guidelines as follows:

- To punctual delivery and customer need.
- To confidence the customer by increasing engineering team high experiences and skill.
- Determine the charge by the method is based on construction cost, services and cost estimates at a fair rate.
- The company emphasizes on quality of work, efficient service and standard construction to the satisfaction of the client and provide after sales consultants for impressive clients.
- The company always develops technology.

4) Business partners

The company operates within a competitive context honestly by strictly upholding its promise and commitment to business partners. The guidelines as follows:

- To consider the purchase and contract rate at a fair price that validity to price, quality and service from business partners
- The company operates sustainable and transparent that manage under commercial condition and promise for fair to stakeholders.
- Closing information of business partners except they permit disclose.

5) Competitors

The company operates within a competitive context, equity and honest. The guidelines as follows:

- The company offers services through two channels: bidding and directly-contacted by clients. The company operates within the framework of competitor well, ethical, transparent and do not exploit the competitor by unlawful.
- The company does not find the benefit from the secret of competitors
- The company do not damage a competitor's reputation without facts.

6) Creditors

The company complies with the terms of loans and obligations to its creditors. Based on equality, fairness and transparency in practice the guidelines as follows:

- Do the right contract with creditors for equality and transparency.
- To prepare the contracts require creditor by law in all respects.
- Payment of principle and interest to creditor on time.

7) Social

The Company aware of a part of society. Which is responsible for social assistance and support activities in the community, develop community and environment for quality of life and well-being in society. Because we services from design, construction of the collection system and wastewater treatment and water system to private company and government agencies for reduce wastewater is discharged and may enter source water. And water resources management, which valuable resources of our country the guidelines as follows:

- As part of making a conscious response social to preserve water and use appreciate.
- To encourage and support activities develop community water systems they have water for consumption.

- To enhance meeting for exchange of ideas and give knowledge which are experience and specialization of the company to develop way of life in community that company operated.

8) Business Implementation Policy under Environmental Standards

The company is aware of preserving environment so it defines to hold on to environmental policy together with the company's business with following practices:

- Provide project management considering environment and frequently monitor the implementation to prevent impacts to nearby community.
- Promote knowledge and understanding in environment to the employees by educating and disseminating information on notice board and/or circulating letters in the company.
- Promote efficient use of resources considering energy saving and reuse.
- To encourage employees have conscience and responsibility on their activity in order to using of resource as efficiently by educating and campaigning on announcement or internal circular letter.
- To be a part of Thai society by the use of expertise and technology on business operated for development quality of water and quality of life in society.

9) The Company has a non-infringement of human rights policy

The company determines policy about human rights violation for the purpose of equality all both shareholders, investors, stakeholders, and all related as human rights principle, which will not violate individual rights and liberty.

10)The Company determines a non-infringement of intellertual property or copyright policy

The company has non-infringement of intellertual property or copyright policy which prohibit employees to use software that illegal or copy the software.

11)Anti-corruption and Anti-bribery for Business Benefit Policy and Guidelines

The company has Anti-corruption and Anti-bribery policy. The Board of Directors, management and employees are forbidden from supporting corruption. And compliance with this policy must be regularly monitored and verified while the guidelines must be regularly updated to be in line with changing business environment. The guidelines are as follows:

1. Directors, management and employees must comply with the Anti-corruption and Anti-bribery policy and must be aware that corruption is not appropriate according to business ethics.
2. The company promotes its personnel to have knowledge in corruption to honestly work and to prevent corruption via communication/PR and circulating letters.
3. The company has appropriate and regular audit and control to prevent inappropriate behaviors of the employees.
4. The company has transparent financial status report which is auditable and accurate to keep benefits of all stakeholders.
5. The company has policy in giving/receiving gifts, reception or expenses to and from persons conducting business with the company to be in line with local customs or trading tradition and to be at appropriate price.
6. The company gives cooperation with government sector to disclose income

statement to The Office of the National Counter Corruption Commission for a project in which the company is party to the government sector.

7. Employees must not ignore when finding any action which can be considered an action to report to supervisor or authorized person or the employees must report the channel defined by the company. The company will keep the information secret to protect the person who reveals it.
8. The company will give fairness to the whistleblower and the person who is accused before investigation.
9. The person committing corruption will be considered disciplinary penalty according to the company's regulations. If such guilt is illegal, the person will be convicted.

12)Whistleblower and Relevant Party Protection Policy

The whistleblowers will be appropriately protected from the company such as holding the existing position, protection of work suspension, employment termination or any other action that is unfair treatment to such person. The information received will be kept secret and will not be disclosed to relevant parties except for being forced by law. Any person who knows the information must keep it secret. Intentional disclosure of the information will result in disciplinary penalty.

13)Whistleblowing Policy

Scope of Complaints

Directors, employees or any person acting on behalf of the company can be complained against, if they have committed any action which can be considered corruption.

If the whistleblower does not reveal identity, the coordinator must consider if the information or

evidence is clear enough. These following matters will not be considered.

- A complaint with no witness, evidence or corruption that can be investigated.
- It considered that the evidence is not the truth and there is no new evidence to the complaint.

Company's Action

- Investigation of the complaint
 - For uncomplicated issue which has clear evidence and does not relate to several units, an appointed or authorized person is eligible to investigate such complaint and the authorized person must have no interest in any complaint.
 - For complicated issue which has a number of evidences or relates to several units, the issue must be presented to CEO and President to consider appointing truth finding committee. The appointed members of the committee must not take part in any interest arising from this issue.

Period of Taking Action

When receiving complaint, the authorized or appointed persons will coordinate with the whistleblower within 7 days.

The investigator will consider and report the summary of the case after it is settled to the person who commits corruption within 30 days and the penalty must be approved by the authorized person.

In case of appointing truth finding committee, the case must be closed within 60 days starting from the date of the committee appointment.

In case it cannot be settled in due time, the issue must be presented to the CEO and/or President to consider extension of the investigation period.

Reporting

Inspectors have to report the conclusion to complainant, respondent or other personel, Who has related to acknowledge.

If the complaint affects on the company's reputation, business operation, financial status. must be presented to CEO and President to know immediately to take action and be subject to the Board of Directors' next meeting.

If truth finding committee can prove that the whistleblower provided false information making the alleged defamatory or get damaged. Will be punished according to the regulations of the Company.

14)Channels and clues

The company determines opportunity for all related department to discuss information and give advice or inform complaint which not justice ,illegal and rights violation from operation for enhance business operation to be transparent under good corporate governance. All stakeholders can complain to audit committee.

- **e-mail**

audit.committee@hydrotek.co.th

- **Letter**

HYDROTEK PUBLIC COMPANY LIMITED

1 TP&T Tower, 14th Floor 14 Soi Vibhavadee-Rangsit
19, Chatuchak, Chatuchak, Bangkok, 10900

Section 4: Disclosure and Transparency

Apart from correct, accurate and timely disclosure of financial reports or other information memorandum to public via various channels according to governed regulations, the Company shall disclose the following information to confirm the transparency of business operation:

- 1) Disclose information related to the performance of the Board of Directors and the Audit Committee such as number of meetings and number of meetings of each director attending for the previous year.
- 2) Disclose valuation method and performance result of the Board of Directors.
- 3) Disclose policy of remuneration of Board of Directors and executives including form or type of remuneration.
- 4) Disclose corporate governance policy and performance in accordance with the policy.
- 5) Disclosure of information in anticipation of circumstances and direction of business and the

projection of the Company's future operating performance (Forward-Looking Information)

- 6) Disclosure of material information already released to the public (Material Public Information) should be made clearly and completely, without creating confusion and consistent in order to avoid misunderstanding of the previously disclosed information.
- 7) Disclosure of other information that is not material (Non-material Information) should be made on the basis of truth and without intention to mislead others from the actual financial status, operational performance, or stock prices. Disclosure should not be made in a way that might lead others to understand that stock prices will rise or fall.

Such information not only disclosure to public via Securities and Exchange Commission ("SEC") and SET, but also disclose through the Company's website.

Section 5: Board Responsibilities

The Board of Directors comprise of experts with various knowledge and experience such as engineering, management and other expertise which are useful to the operation of the Board of Directors as well as be independence for making decision for the best benefit to the Company and shareholders. The Board of Directors participates in determining (or approval) vision, mission, according to determined business plan and budget with effectiveness and efficiency in order to maximize economic value to the Company and secure the confidence to the shareholders. The Board of Directors also oversees the appropriateness of internal control evaluation process, internal audit, risk management, financial reports and regularly follows up the performance.

1) Structure of the Board of Directors

- The Company's Board of Directors has 6 persons, comprised of 2 executive directors, 4 non-executives director and 4 of them are independent directors which more than 1/3 of the entire the Board of Directors which can balance the power of executive directors properly and the Chairman of the Board is independent directors.
- The Board of Directors support the company to have diversity in the structure inclusive expert who has various knowledge, experience, and specialization that is beneficial to business operation. The expert have to be intent in moral and honest which they are not limited by gender, nationality, religion, age, professional skills, and other special qualification.

2) Business Ethics

In order to operate under good corporate governance and sustainability growth. The Board of Directors announced the Board of Directors' handbook, directors' handbook and code of conducts including improvement for appropriate changing principles. The Board of Directors encouraged employees to follow Business Ethics by announced the anti-corruption and anti-bribery for business benefit policy and guidelines to be suitable for the business environment.

3) Remuneration of the Board of Directors and executives

The Company has set policy to determine the amount clearly and transparently and propose to shareholders' meeting for approval every year. The criteria to set the remuneration of the Board of Directors are as follows:

- The remuneration is proper and in line with scope of duties and responsibilities of each director.
- The remuneration is at the attractive level and be able to maintain capable and high quality directors to be with the Company.
- The remuneration structure is clear, transparent and easy to understand.
- The remuneration is comparable to remuneration of other companies in the same or similar industry.
- The company have policy to consider remuneration of chief executive officer, president, and vice president by considered from the nomination and remuneration committee which they will consider remuneration and bonus according by industry trend in the same business to

comply with responsibility and performance of the company for retain personnel to be on company and propose to the Board of Directors for approval.

4) The Board of Director Meeting

- The Company shall set and proceed meeting according to the Company's Articles of Association, related laws to public company limited and the SET's regulations and shall arrange special meeting when necessary. The chairman of the Board of Directors as the chairman of the meeting shall support thorough consideration and arrange sufficient time for the meeting, therefore, the management can present and explain the major concern thoughtfully.
- The Board determines in advance meeting schedule for all year except for exclusive agenda. The Boards' meeting at least 4 times a year, the Risk Management Committee and the Nomination and Remuneration Committee meeting at least 2 times a year. The Company shall submit the invitation letter including agenda and meeting document to the directors in advance for not less than 7 days prior to the meeting for the Board's review prior to attending meeting.
- The Board have policy about minimum number of quorum which the Board's meeting will can the votes not less than 2 over 3 of total votes of the Board, and all committee have to attend at least 75% of all year meeting. Besides, the Company shall record minutes of the meeting accurately and completely in order to be able to be examined by the shareholders.

Meeting attendance of each director in 2016 (Number of Attendance / Number of Meeting)

Name	Number of Attendance / Number of Meeting			
	The Board of Director	The Audit Committee	The Risk Management Committee	The Nomination and Remuneration Committee
1. Mr. Paitoon Goserakwong	11 / 11	-	-	-
2. Mr. Slib Soongswang	10 / 11	-	2 / 2	0 / 1
3. Mr. Danai Amornpatchara	11 / 11	-	2 / 2	1 / 1
4. ACM Chainan Thumasujarit	11 / 11	4 / 4	-	1 / 1
5. Mr. Anant Gatepithaya	11 / 11	4 / 4	2 / 2	1 / 1
6. Mr. Kamphol Panyagometh	9 / 11	3 / 4	-	1 / 1
7. Mr. Wasit Panichvorapongsa	-	-	2 / 2	-
8. Mr. Tanat Supajarunan	-	-	2 / 2	-
9. Mrs. Phanalee Noragitt	-	-	2 / 2	-
10. Ms. Paphada Amornmanus	-	-	1 / 2	-

Remark : * Mr. Slib Soongswang was appointed from the Board of Directors' meeting no.1/2017 as a Chairman in replacement of Mr. Paitoon Goserakwong, the resigning Director. The appointment shall be effective on 17 January 2017.

* Mr. Paitoon Goserakwong resigned as a director. The resignation was effective on 5 January 2017.

* Ms. Paphada Amornmanus resigned as a Member of the Risk Management Committee. The resignation was effective on 31 May 2016.

5) Report of the Board of the Directors

The Board of Directors is responsible for the financial reports preparation including the Company's financial statements, the consolidated financial statements of the Company and subsidiaries (if any) and financial information memorandum as shown in annual report. The financial statements are prepared based on generally accepted accounting standard. The Company applies proper and acceptable accounting standard and complies with such standard regularly. The Company is very careful to prepare and manage sufficient information to disclose in the notes of financial statements.

6) The Board of Directors Self-Assessment

The directors will evaluate performance at least one time a year. The directors will work together to consider the result and problem. The assessment result will be analyzed and summarized by the Board of Directors to determine the measurement to improve the efficiency

of the Board of Directors further. In 2016, secretary shall submit self-assessment to the Board of Directors and committees.

- the Board of Directors self-assessment shall be divided into six subjects, namely, structure and qualifications of directors, roles, directors' meeting, duties and responsibilities, relationship with management, and self-development of directors. The assessment result showed that the Board of Directors performed at good level.
- the Audit Committee self-assessment shall be divided into five subjects, namely, structure and qualifications of directors, self-development of directors, directors' meeting, relationship with management and auditor and duties and responsibilities. The assessment result showed that the Board of Directors performed at appropriate.
- the Risk Management Committee self-assessment shall be divided into five subjects, namely, duties

and responsibilities of the Risk Management Committee, qualifications of directors, structure and qualifications of directors, directors' meeting and roles. The assessment result showed that the Risk Management Committee performed at good level.

- The Nomination and Remuneration Committee self-assessment shall be divided into six subjects, namely, structure and qualifications of directors, roles, directors' meeting, duties and responsibilities, relationship with management, and self-development of directors. The assessment result showed that the performance of structure and qualifications of directors, roles, and relationship with management are at excellent level, while the performance of duties and responsibilities, directors' meeting, and self-development of directors are at good level.

7) Development of directors and executives

- Training for Directors and Executives

The Company encourages its directors and executives to join seminar which useful for their duties as well as regularly get together for idea exchange between directors and executives. The seminars which the director has to attend are seminars arranged by Thai Institute of Directors (IOD) which are Directors Certification Program (DCP) or Directors Accreditation Program (DAP) or the Audit Committee Program (ACP) in order to bring knowledge and experience to develop the Company further.

In this regard, the Company has regularly sent directors to attend training courses. In 2016, Mr.

Anant Gatepithaya, director, participated in National Director Conference 2016 : Enhancing Growth Through Governance in Family-Controlled Businesses

- Orientation for New Director

The Company also arranges for orientation new director. The Board of Directors assigns the company secretary to meeting with director and/or executives for clarification and answer to question, as well as preparing documents and briefing for new directors, such as, information relating to the Company, business overview, shareholding structure, organization structure, listed company director's handbook, the good corporate governance principles, duties of the Board of Directors, and the annual schedule of the Board of Directors's meetings.

8) Investor Relations

The Board of Directors realizes the importance of the sufficient information disclosure to shareholders, investors and related parties. The disclosed information has to be correct, complete, transparent, widespread and on-time including financial statements, operation result and related information as well as information that affect to the Company's share price according to good corporate governance. The Company shall disclose information and news via various channels such as by mail, disclosure channels of SET and SEC and the Company's website after the Company listed in the SET. Therefore, the shareholders, investors and related parties can use such information for the investment decision.

The Committee

The Company comprises the Board of Directors and three committees, namely, the Audit Committee, The Risk Management Committee and the Nomination and Remuneration Committee. The names of members of committees, including duties and responsibilities of the respective committees are as follows:

1) The Audit Committee

As at 31 December 2016, the Company's the Audit Committee comprised of 3 directors as follows:

- | | |
|---|--|
| 1. Air Chief Marshal Chainan Thumasujarit | Chairman of the Audit Committee / Independent director |
| 2. Mr. Anant Gatepithaya | Member of the Audit Committee / Independent director |
| 3. Mr. Kamphol Panyagometh | Member of the Audit Committee / Independent director |

Mr. Wittaya Amnajsaringkan is the secretary of the Audit Committee.

Scope of duties and responsibilities of the Audit Committee

- 1) To ensure that the Company has accurately and adequately disclosed its financial statements to public by cooperating with auditor and in charge executives to prepare financial reports quarterly and annually. The Audit Committee may suggest the auditor to examine or investigate any matters considered to be necessary and important during the auditing period.
- 2) To ensure that there are suitable and effective internal control and auditing system in the Company by co-auditing with external auditor and internal control. To determine the independence of the internal control unit as well as to approve for appointment, transferring and termination of head of internal control unit or other unit which is responsible for internal audit.
- 3) To ensure that the Company is operated in accordance with Laws governing Securities and Exchange, the regulations of the Stock exchange of Thailand and the laws pertaining to the business of the Company.
- 4) To select and make suggestions regarding the appointment of the Company's auditor together with the audit fee by taking into consideration the credibility, personnel sufficiency, work load of auditing firm as well as experience of the personnel to be appointed as the Company's auditor in order to propose to the Board of Directors for approval in shareholders' meeting. Besides, the Audit Committee has to attend the meeting with the auditor without the management at least once a year.
- 5) To consider any connected transaction or any conflict of interest transactions and approve such transaction in order to propose to the Board of Directors' meeting and/or shareholders' meeting as stipulated under the laws or related regulations of the Stock Exchange of Thailand to ensure that transaction is fair and for the best benefit to the Company.
- 6) To review financial management policy and risk management as assigned by the Board of Directors and approved by the Audit Committee.
- 7) To prepare the Audit Committee report by disclosing on the Company's annual report. The report shall be signed by the Chairman of the Audit Committee and should contain following information:
 - (a) Comments on the preparation process and disclosure of information in the Company's financial statements regarding the accuracy and reliability.
 - (b) Comments on the sufficiency of the Company's internal control system.

- (c) Comments on the compliance with Laws governing Securities and Exchange, the regulations of the Stock Exchange of Thailand and the laws related to the Company's business.
- (d) Comments on the appropriateness of auditor.
- (e) Comments on conflict of interest transactions.
- (f) Number of the Audit Committee' meetings and attendance of each the Audit Committee.
- (g) Comments or overview observation which the Audit Committee obtain from performing according to the charter.
- (h) Report on other matters that shareholders and investors should be concerned within a scope of duties and responsibilities appointed by the Board of Directors.
- 8) To perform and matters as assigned by the Board of Directors and approved by the Audit Committee.
- To perform according to the scope of duties and responsibilities, the audit commit has power to invite any management, executive or staff who related to report, comment, attend the meeting or submit related and necessary document.
- To perform its duties, the Audit Committee has direct responsibility to the Board of Directors. The Board of Directors also has responsibility to outsider The Board of Directors has power to adjust and change scope of duties of audit commit as necessary or appropriate.

2) The Risk Management Committee

As at 31 December 2016, the Company's Risk Management Committee comprised of 6 directors as follows:

- | | |
|-------------------------------|---|
| 1. Mr. Anant Gatepithaya | Chairman of the Risk Management Committee
/ Independent Director |
| 2. Mr. Slib Soongswang | Member of the Risk Management Committee |
| 3. Mr. Danai Amorpatchara | Member of the Risk Management Committee |
| 4. Mr. Wasit Panichvorapongsa | Member of the Risk Management Committee |
| 5. Mr. Tanat Supajarunan | Member of the Risk Management Committee |
| 6. Mrs. Phanalee Noragitt | Member of the Risk Management Committee |

Miss. Kanyanat Suttirit is the secretary of the Risk Management Committee.

Remark : * Ms.Paphada Amornmanus resigned as a Member of the Risk Management Committee. The resignation was effective on 31 May 2016.

Scope of duties and responsibilities of the Risk Management Committee

Risk management policy

- 1) To encourage executives and employees develop, awareness and knowledge for risk management and effectively reducing the risk in system.
- 2) To determine risk management for prevention, improvement and transparency.
- 3) To encourage risk management is part of company which shall cover plan, strategic, operation, financial and investment.
- 4) To encourage risk management process that shall cover follow, evaluate, conclude and report risk management and propose to the Board of Directors for approval.
- 5) To determine scope of risk management standard system across the organization.

Scope of duties and responsibilities of the Risk Management Committee

- 5) To determine scope of risk management standard system across the organization.
- 4) To report risk assessment and operate for reduce risks to committee.

Scope of duties and responsibilities of the Risk Management Committee

- 1) To determine the criteria to assess the level of risk in a project such as construction, services and investment that both quantity and quality, appropriate and effective also determine the Risk Limited.
- 2) To evaluate the risk factors, process and risk management to consistent with operation and cover credit risk, operation risk, liquidity risk and other risk.
- 3) To evaluate the level of risk, rating and risk management strategic for risk is acceptable.
- 5) To consider and repeat the risk management effectiveness.
- 6) To concern risk assessment in a regular and crisis.
- 7) The Risk Management Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information
- 8) The Risk Management Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.

3) The Nomination and Remuneration Committee

As at 31 December 2016, the Company's Nomination and Remuneration Committee comprised of 5 directors as follows:

- | | |
|---|---|
| 1. Air Chief Marshal Chainan Thumasujarit | Chairman of the Nomination and Remuneration Committee
/ Independent Director |
| 2. Mr. Anant Gatepithaya | Member of the Nomination and Remuneration Committee
/ Independent Director |
| 3. Mr. Kamphol Panyagome | Member of the Nomination and Remuneration Committee
/ Independent Director |
| 4. Mr. Slib Soongswang | Member of the Nomination and Remuneration Committee |
| 5. Mr. Danai Amorpatchara | Member of the Nomination and Remuneration Committee |

Ms. Wannee Pewloungsawat is the secretary of the Nomination and Remuneration Committee.

Scope of duties and responsibilities of the Nomination and Remuneration Committee

The Company plans to recruit appropriate personnel and transparent for the Company's executives with professionalism and management without controlling majority of shareholder or any shareholder. The Nomination Committee is a succession plan for the CEO, President and senior executives of the Company to the Board of Directors for approval.

Nomination

- 1) To determine qualification of Individuals to hold the position directors and recruit process for replace directors retire or other case that will consider skills, experience and ability.
- 2) To consider and recruit individuals to hold the position director for replace committee retire or other case to propose the Board of Directors and / or shareholders' meeting for approval.

- 3) To provide a succession plan for the CEO, President and Executive Vice President to the Board of Directors for approval.
 - 4) To perform other tasks as assigned by the Board of Directors.
- 3) Reports to the Board of Directors after the Remuneration Committee's meeting.
 - 4) To perform other duties as assigned by the Board of Directors.
 - 5) The Nomination and Remuneration Committee has the authority to invite the executives or related persons to attend the meeting to provide additional explanation and information.
 - 6) The Nomination and Remuneration Committee may seek advice from experts at the expense of the Company in order to be able to perform their duties in accordance with the Charter efficiently.

Remuneration

- 1) To propose guidelines and methods of the Board of Directors and Board Committee's remuneration have to be appointed by the Board of Directors, including bonus and attendance fees.
- 2) To decide salary, compensation changes and bonus of the company and propose to the Board of Directors for approval

Nomination of Director and Executive

Component and Nomination of the Board of Directors

1. The Board of Directors consists of at least 5 persons wherein the directors not less than half of the number of total directors must be domiciled in the Kingdom and they shall have qualifications as provided by law.
2. The Shareholders' meeting shall elect directors in accordance with the criteria and procedures as follows:
 - 2.1 Each shareholder shall have one vote per one share.
 - 2.2 Shareholders shall vote to elect each individual director.
 - 2.3 The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the directors 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 chairman of the meeting shall make the final decision.
3. At every annual general meeting, one-third of the directors shall retire. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The directors that must retire from office within the first and second year after the listed of the Company shall be selected by casting lots. In subsequent years, the director who has held office longest shall retire. The directors who retire from the position may be re-elected.
4. Apart from the expiration from term of office, the director shall expire upon death, resignation, lacking of qualification or possessing illegal characteristics, resolution from the shareholders' meeting and the court order.
5. Any directors who want to resign from the office have to submit the resignation letter to the Company and shall be effective on the date the resignation letter reached the Company.
6. The vacancy of the Board of Directors for any reason other than the retirement may be filled by the remaining of the directors by selecting from qualified and no illegal characteristic candidates in the next meeting of the Board of Directors, unless the term of such director is less than 2 months. Any person appointed shall be the director for the remaining term of the director to whom he or she has succeeded and such resolution of the Board of Directors' meeting for the appointment shall be passed by a vote of not less than $\frac{3}{4}$ of the number of the remaining directors.
7. The shareholders' meeting may pass a resolution removing any director from office prior to retirement as a result of the expiration of the director's term of office, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who have shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote.
8. The Board of Directors shall select a director to be Chairman of the Board of Directors and the Board of Directors shall select a director or directors to be Vice Chairman of the Board of Directors. The Board of Directors may assign a director or directors to represent the Board of Directors to perform any tasks.

Besides, the Company's Articles of Association also specifies rules related to the duty of the Board of Directors as follows:

1. Director is prohibited to be partner of limited partnership or unlimited partnership or be director of private company or other company which engaging in the same business and competing with the Company except inform to the shareholders' meeting prior to the appointment.
2. Director has to perform according to laws, objectives, Articles of Association as well as resolution of the shareholders' meeting with integrity and cautiousness to preserve the benefit of the Company.
3. Director has to inform the Company without delay in case he has direct or indirect conflict of interest from any agreements entering during fiscal year or holds shares or debenture in the Company or related companies by specifying total number increase or decrease during fiscal year.

Component and Nomination of the Audit Committee

The Company's audit committees has to be appointed by the Board of Directors and approved by the Company's shareholders as well as possess qualifications as required by Securities and Exchange Act including announcement, rules and / or regulations as defined by the SET. The Audit Committee comprises of at least 3 independent directors and at least 1 member of the Audit Committee has to be person who has knowledge and sufficient experience to perform the duty for reviewing the credibility of the financial statements. The term of office of the audit commit is 3 years except expiring according to the Company's Articles of Association and such committee can be re-elected.

Qualifications of Independent Directors

- 1) Holding shares not more than 1% of the total shares with voting rights of the Company, parent company, subsidiaries, associates, major shareholders or controlling person of the Company which shall be inclusive of the shares held by related persons.
- 2) Not being or having previously been a director who takes part in management, an employee, a staff member or advisor who receives a regular salary, or a controlling person of the Company, parent company, subsidiaries, associates, subsidiaries at the same level, major shareholders or of controlling person of the Company unless the termination of being in such position had occurred at least 2 years before the filling submission date to SEC. Such prohibited characteristics exclude being government staff or advisor of government agency which is the major shareholder or the controlling person of the Company.
- 3) Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, sibling and child as well as child's spouse, of its executives, its major shareholders, its controlling persons or such other persons who will be nominated to be executives or controlling persons of the Company or its subsidiaries.
- 4) Having no current or previous business relationship with the Company, its subsidiaries, its associates, its major shareholders or its controlling persons which may interfere his /her independent discretion , and not being or having previously been a major shareholder or controlling person of the Company which has a business relationship with the Company, its subsidiaries, its associates, its major shareholders or its controlling

persons, unless the termination of being in such position had occurred at least 2 years before the filing date to SEC.

- 5) Not being or having previously been an auditor of the Company, its subsidiaries, its associates, its major shareholders or its controlling persons and not being a major shareholder or partner of the audit office of the auditor of the Company, its subsidiaries, its associates, its major shareholders or its controlling persons unless the termination of being in such position had occurred at least 2 years before the filing date to SEC.
- 6) Not being of having previously been any professional service provider including legal advisor or financial advisor who receives more than 2 million baht annually from the Company, its subsidiaries, its associates, its major shareholders or its controlling persons and not being a major shareholder, controlling person or partner of such professional service provider unless the termination of being in such position had occurred at least 2 years before filing date to SEC.
- 7) Not being a director appointed as a representative of the Company's directors, major shareholder or a shareholder who is related to the Company's major shareholder.
- 8) Not operating any business which has the same nature and significant in competition with the Company, its subsidiaries or not being a major shareholder in partnership or a director who takes part in the management, an employee, a staff member or advisor who receives a regular salary or holding shares more than 1% of total shares with voting rights of other company who operates same business and significantly competes with the Company and its subsidiaries.
- 9) Having no characteristics that may affect the giving of independent opinions on the operation of the Company and its subsidiaries.
- 10) Independent director according to the above qualifications may be assigned by the Board of Directors to decide for the operation of the Company, parent company, subsidiaries, associates, subsidiaries at the same level, major shareholders or controlling person for collective decision.

Qualifications of the Audit Committee

- 1) Not being a director assigned by the Board of Directors to manage the operation of the Company, parent company, subsidiaries, associates, subsidiaries at the same level, major shareholders or controlling person.
And
- 2) Not being a director of parent company, subsidiaries, associates, subsidiaries at the same level which is a listed company.
- 3) Having knowledge and sufficient experience to perform as the Audit Committee and at least one member of the Audit Committee possesses knowledge and sufficient experience to perform his duty in reviewing the creditability of the financial statements.
- 4) Having duties as specified in SET's notification with regard to qualifications and scope of duties of the Audit Committee.

Component and Nomination of the Risk Management Committee

The Risk Management Committee has to the Board of Directors, who was appointed the Board of Directors' meeting, consist of executive committee and at least 1 Independent director. Chairman of the Risk Management Committee is independent directors and the term of office of the Risk Management Committee is 3 years except expiring according to the Company's Articles of Association and such committee can be re-elected.

Qualifications of the Risk Management Committee

- 1) The Risk Management Committee has appointed by The Board of Directors.
- 2) Having knowledge and sufficient experience in the field.
- 3) No restricted freedom of thought about consideration of risk.
- 4) Independent Director or Executive Director is a Chainman of the Risk Management Committee.

Component and Nomination of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is director which has appointed by the Board of Director or shareholders' meeting and the most is Independent directors. The Nomination and Remuneration Committees' meeting at least 2 time per year and the term of office of the Nomination and Remuneration Committee is 3 years except expiring according to the Company's Articles of Association and such committee can be re-elected.

Qualifications of the Nomination and Remuneration Committee

- 1) The Nomination and Remuneration Committee has appointed by The Board of Directors
- 2) No restricted freedom of thought about consideration the director and executives' remuneration principles.

Component and Nomination of the Executive Committee

The Executive Committee has to be the Company's director and/or the Company's executive which appointed by the Board of Directors at the number of members as deemed appropriate by the Board of Directors. The Board of Director shall appoint one member to be the Chairman of Executive Committee.

Control of inside information

The Company set up the rules and regulation for the inside information usage as follows:

1. Determine rules and regulations for the inside information usage in accordance with good corporate governance as follows:
 - (1) Director, executive, employee and staff has to keep the Company's secret and/ or inside information.
 - (2) Director, executive, employee and staff will not use both directly and indirectly any secret and /or inside information to disclose or exploit for personal or other benefit with or without any return.
 - (3) Director, executive, employee and staff will not trade, transfer or receive shares of the Company by using secret and/or inside information and/ or entering into any legal agreement by using secret and/ or inside information which will cause directly or indirectly damage to the Company. Director, executive, employee and staff who work in department which obtain insider information should avoid or cease trading the Company's share during 1 month before the financial statements disclose to the public. This

prohibition governs spouse and minor child of director, executive, employee and staff of the Company. Any person who breaches the regulations will be counted as severe violation.

(4) Director and executive including the Company's auditor has to report the change of shareholding, such holding has to include the shares hold by the spouse and minor child, to SEC according to Section 59 of the Securities and Exchange Acts B.E. 2535.

2. Announce such rules and regulations for widespread acknowledgement.

Auditor's Remuneration

The Company paid the audit fee to auditor as follows:

Unit : Baht	2016
Annual audit fee	590,000
Interim financial reporting for three quarters	510,000
Total audit fee	1,100,000
Other audit fee	101,371
Total	1,201,371

Corporate Social Responsibilities

The company adhere in business operation along with corporate social responsibility, throughout the process of engineering, construction, procurement, installation, and commissioning for customers. In order to cover all aspects of stakeholders, economy, society and environment with ethics and code of conducts for the social responsibilities' guidelines are continuous and sustainable, therefore the company determines to develop the characters of employees as follow:

- 1. Proper business approach:** The Company encourage and support operations to be impartial by provided various of activities that according with law. The company operates the business according to the ideal policies which the description is clearly in roles of stakeholders and the company will never reveal the client confidential information which case the damage to customers, or deliberately conceal and distort the fact. The company selected partners and provided appreciate procurement and also encourage employees to realize of a fair competition.
- 2. Anti - Corruption:** The company realizes that corruption are problem with business operation. To support anti – corruption happens, the company has determined anti – corruption policy as writing under business ethics along with encourage employees to understand and realize the importance of implementing the anti – corruption policy and its guidelines by regularity examine performance and continuing review operations. The company also determined channels and clues, fairness investigation process, and proper informant protection measures.
- 3. Respect for Human Rights:** The Company has policy in respect for human rights with equality to all shareholders, investors, stakeholders, and all related department according by human rights principle. The company will not violate personal rights and freedom, discrimination and also give chances for all employees, society, and stakeholders to participate in complaining and comments whether the company's operation might be human rights violation.
- 4. Fair Treatment of employees:** The Company has respected the human rights according to the principle for working, which the company will not objection or prejudgment on hiring, on force, and respect employees to assemble and demonstrate the negotiation with employers, also to protect the working environment, health and safety which is in accordance with the decent company policy. In addition, there will frequently be the training both internal and external agency and encourage employees to learning new things for enhance their performance and advancement.



- 5. Responsibility to consumers:** The Company develops products and services that are not harmful to the consumers and environment, meet the quality standard and under fair conditions. The process is supervised security and confidentiality of the customers are not used to their own interests or those involving wrongful.
- 6. Participation in Local Development:** In 2016, the company continually educated university, corporate, and individuals who interested in water management and company development. The activity that opened for the participant was convert sea water to normal water. The participant's objective in this project were water management, preparation for management with the drought, and the education in water management technology and desalination plant.



The company expected that this project will make the participants understand in water management system and desalination system and can apply with their works.

Whenever the company's operation has to associate with local community, the company would educate inhabitants before commencement of work by the professional engineers about effects on the local community to ensure them to realize the benefit for their own place.

- 7. Environmental Management:** The Company is a part of management and will control the activity that can lead to the water pollution to local community. The company will be responsible for water treatment system both chemical and non-chemical approaches to eradicate the substance in water resources. The company also associates in rural people's life development, by helping to increase water supply, all aspects of the company mission will mean to assist people to get better quality of life.

Report of Shareholding of the Directors and Executives (as at 31 December 2016)

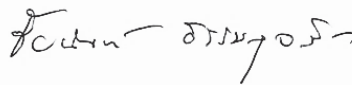
	Common Shares	Changes in 2016		Common Shares
	(Shares)	Buy	Sell	(Shares)
	31 December 2015			31 December 2016
1. Mr. Paitoon Goserakwong	-	-	-	-
Spouse and minor children.	-	-	-	-
2. Mr. Slib Soongswang	40,444,141	-	-	40,444,141
Spouse and minor children.	-	-	-	-
3. Mr. Danai Amorpatchara	-	-	-	-
Spouse and minor children.	-	-	-	-
4. ACMChainan Thumasujarit	-	-	-	-
Spouse and minor children.	-	-	-	-
5. Mr. Anant Gatepithaya	-	-	-	-
Spouse and minor children.	-	-	-	-
6. Mr. Kamphol Panyagometh	-	-	-	-
Spouse and minor children.	-	-	-	-
7. Mr. WasitPanichvorapongsa	-	-	-	-
Spouse and minor children.	-	-	-	-
8. Mr. Tanat Supajarunan	-	-	-	-
Spouse and minor children.	-	-	-	-
9. Mrs. Phanalee Noragitt	-	-	-	-
Spouse and minor children.	-	-	-	-

Report of the Nomination and Remuneration Committee

In 2016, the Nomination and Remuneration Committee held one meeting and passed the important resolutions which can be summarized as follow:

1. To recruit suitable candidates for strategy and business structure to replace the committee, who resigned, and recommend the Board of the Director to appointed. The Board of the Director duly approves the Committee's recommendation.
2. To consider the 2016 remuneration for the Board of the Director the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee submitted it to the Board of the Director and shareholders' meetings for consideration and approval, taking into their responsibilities and compared with industry peers and met with approval from the shareholders
3. The Nomination and Remuneration Committee considered personal qualifications as a member of the Nomination and Remuneration Committee, the Nomination and Remuneration Committee recommend the Board of the Director to appointed Mr. Danai Amornpatchara, who have experience and expertise in the business. The appointment was effective on 20 January 2016.

The Nomination and Remuneration Committee cautiously completed its duties with integrity, based on the responsibilities designated in its charter. It adhered to the principle of good corporate governance and transparent for the benefits of all stakeholders.



Air Chief Marshal Chainan Thumasujarit

Chairman of the Nomination and Remuneration Committee

Report of the Risk Management Committee

In 2016, the Risk Management Committee held 2 meetings, to review risk management plan and guidelines according to the risk management policy, consider and review of the effectiveness and the appropriateness of the risk management process, which caused by internal and external factors and monitoring progress of risk management with consideration of risk factors are likelihood to impact from risk management in order to make sure that the Company has systematic of risk evaluate by adjusting risks during the year and also recommended risk management guidelines to executives and reported to the Board of Directors. the Risk Management Committee passed the important resolutions which can be summarized as follow:

1. Approved charter of the Risk Management Committee.
2. Approved risk management manual, as a guideline in risk management for employees, to acknowledge their role and responsibility in order to operate enterprise risk management.
3. Monitored risk management progress of construction projects.

The Risk Management Committee considered that in 2016, the Company has committed in development, risk management to be efficient. The company provided risk management training in organization for employees to understand the objective and also to be able to identify, estimate and analyze the risk that may occur from operation process and set the guidelines of risk management. Including estimate and review performance continuously for good corporate governance.



Mr. Anant Gatepithaya

Chairman of the Risk Management Committee

Internal Control and Risk Management

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

1. Organization and Environment

The Company determined objectives and business plan to ensure business stability and developed efficient work process including human resource development on a continuous basis in order to cope with business changes and manage organization structure, by the Board of Directors, Risk Management Committee, Executive Committee and internal audit department as an independent entity reporting directly to the Audit Committee to ensure transparency. The Company determined policy and work plan by considering fair treatment of employees and business partners as well as responsibility towards shareholders, society and environment. In terms of the functional organization chart, the Company clearly divided responsibilities into 3 basic functions of the internal audit system, which are approval, transaction and information recording, and asset tracking and monitoring. Such functions are specified in writing from management to employee levels based on approval and execution authority and operating procedures. In the year 2015, the company has issued the anti-corruption policy and also created the chanel to obtain issues from employees and management teams. That could be shown that the company significantly take this matter into consideration.

2. Risk Management

The Company sets up the risk management department belong to the risk management committee. In 2016, the Risk Mangement Committee had 2 meetings 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 including assigned person to be responsible for the risk in each section. The Company determined policies and work plan to implement risk management seriously also monitor risk management of all sections within the organization. Risk Management Committee also let one of representative in each department to review problems, observations, suggestions and countermeasures co that may lend to or resolve of risks. These will be included of training in risk management of organization for executives and employees to have more understanding of this subject.

3. Management Control Activities

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

4. Information System and Communication

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

5. Monitoring System

The Company has system to track on going works or projects. Each management take action to compare performance of a process or project and reporting all related progress through the board of committee, which is arranged monthly basis, to make sure that all mission will meet the objective. In 2016, the Company conducted five audit committee meetings. The Audit Committee had a duty to report audit results to the board of directors on a quarterly basis. Moreover, in the implementation of work plan, the overall operation was monitored and the financial impact was analyzed continuously. The Company held management meeting to report progress of the aforementioned work plan on a monthly basis. However, if any significant flaw was found, it would be reported to the Audit Committee and/or the board of directors to consider giving an order for implementing corrective action. Moreover, the Company stipulated that the internal audit department had to monitor internal controls on a regular basis to ensure transparency and good corporate governance of the Company.

Risk Policy and Management

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

Related Party Transactions

Related Company	Nature of Relationship	Transaction	Value of the Transaction (Baht)		Necessity and Rationality of the Transaction
			2015	2016	
Universal AdSORBENTS & CHEMICALS PUBLIC Co., Ltd. (UAC) (Changing the name to UAC GObal Public Co., Ltd)	Mr. Kitti Jivacate who is a major shareholder of Hydrotek Public Company Limited is CEO and authorized Director of UAC.	UAC hired hydrotek to handle Bangkok Project that service engineering, Procurement, construction and installation the wastewater recycle plant. A transaction that occurred as follows. Contraction income External labor -cost Trade receivable Less Allowance for doubtful debts Net	0.00 350,000.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 0.00	Pricing policy of bidding have to the gross profit margin of project is 10% that commercial agreement for a general partner. <u>Opinion of the Audit Committee</u> The Audit Committee already considered the rationality of this project
Mr. Slib Soongswang	Major Shareholder / Chief Executive Officer	Accrued expenses	-	324,570.89	Operating expenses <u>Opinion of the Audit Committee</u> The Audit Committee already considered the rationality of this project

Opinion of audit committee

Hydrotek Public Company Limited has the Audit Committee's meeting No. 4/2016 on 24 February 2017. The Audit Committee discussed related party transactions that might create conflict of interest or potential conflict of interest according to the notification of Securities and Exchange Commission. In the meeting, it was unanimously resolved that such transactions were reasonable. In addition, it was considered that other conditions were justified and a list of your business, as usual. And not a benefit to the person concerned, or there may be a conflict in any way.

Policy and tendency of related party transaction and acquisition or disposal of company's asset in the future

In the meeting, it was unanimously resolved to determine the policy on the future related party transaction. Such policy stipulated that audit committee and/or board of directors had to examine the rationality of the transaction and check whether price and conditions of the transaction are consistent with normal business conditions. In addition, the board of directors had to monitor the company to ensure compliance with Securities and Exchange Law, Notification of Capital Market Supervisory Board, as well as regulation, notification, directive, or requirement of the Stock Exchange of Thailand related to disclosure of information on related party transaction and acquisition or disposal of asset of the company or subsidiary company (if any) and to ensure conformity with accounting standards determined by the Federation of Accounting Professions.

If a related party transaction between the company or subsidiary company (if any) and any person might create conflict of interest or potential conflict of interest in the future, the company would ask the Audit Committee to give an opinion on the necessity of transaction and the appropriateness of price of such transaction by considering all conditions to be consistent with ordinary course of business in the market and comparing the price with that of external party. In case the Audit Committee does not have the expertise in considering related party transaction, the company would ask an independent expert or an auditor of the company to give an opinion on such related party transaction in order to support decision-making of audit committee and/or board of directors and/or shareholders as the case may be. The company would disclose the related party transaction in the notes to financial statement reviewed by an auditor of the company.

Approval for the principle of trade agreement with general trading conditions for the transaction between the company or subsidiary company (if any) and director, management, or relevant person

Related party transactions between the company and subsidiary company and director, management, or relevant person can be conducted in the future if the trade agreement of such transactions is made in the same way as the general agreement made between a person of ordinary prudence and the other party under the same condition with the bargaining power that is not influenced by his/her title as a director, management, or relevant person.

Investor protection measure

In order to protect investors in the future, if there is any related party transaction between the company and any person who might have such conflict of interest or potential conflict of interest, the company will present such transaction in the board of directors meeting attended by audit committee in order to ensure that the related party transaction will be conducted fairly with appropriate pricing policy. The board of directors shall ensure compliance with Securities and Exchange Law as well as regulation, notification, or requirement of the Stock Exchange of Thailand and conformity with requirements for disclosure of information on related party transaction and acquisition or disposal of asset.

Report of the Audit Committee

The Audit Committee of Hydrotek Public Company Limited consists of 3 independent directors, which are Air Chief Marshal Chainan Thumasujarit as Chairman of the Audit Committee, Mr. Anant Gatepithaya and Mr. Kamphol Panyagometh as a member of the Audit Committee. Mr. Anant Gatepithaya and Mr. Kamphol Panyagometh are director who has knowledge and experience in financial accounting and is able to verify the creditability of the financial statements. All directors possess qualifications of independent director according to the notification of the Stock Exchange of Thailand.

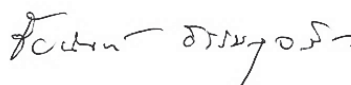
The Audit Committee performs duties in accordance with the charter and notifications by the board of director to be under the way of corporate governance and under responsible for each single shareholder. In 2016, the Company conducted four audit committee meetings. In each meeting, the company's executives and external auditors attended to acknowledge, comment, discuss and review about the key issues for preparation of the financial statements, important information disclosure and reported results to the board of directors on a quarterly basis. The performance results of the Audit Committee can be summarized as follows:

- Reviewed quarterly and yearly financial statements of year 2016 in order to present them to the board of directors for approval by considering financial statements, which were reviewed and audited by the auditor. In addition the committee regularly had the meeting with the auditor to acknowledge and consult about auditor's opinions and founded issues from financial statement to ensure that financial statements were prepared in accordance with the generally accepted accounting principles with sufficient disclosure of information that were useful for the decision-making of users of financial statements and by considering recommendation from auditor with regard to the internal control system to ensure that the observation found during the audit would be considered and implemented properly by the management. The audit committee found that process of issuing financial statement is well-organized enough. As the result, financial statement can be public with quality of finance and accounting standard.
- Reviewed the related party transaction or transaction that might cause the conflict of interest in order with sufficiency of reasonable, transparency, disclosure, repeating investigation and the utmost benefit of the Company according to the good corporate governance policy of the Stock Exchange of Thailand's regulations.
- Reviewed compliance with Securities and Exchange Law, requirements of the Stock Exchange of Thailand and Securities and Exchange Commission, and other laws relevant to the Company's business and compliance with relevant laws and government regulations. In 2016, The company has prepared a self assessment of compliance with principles of good corporate governance based on the Stock Exchange of Thailand's regulations to improve good corporate governance.
- Reviewed the sufficiency and appropriateness of the internal control system. Internal audit committee has procedured to review work of internal audit which is including to the main mission, job boundary and independence in performing audits by considering internal audit reports and auditor's opinions on important work system and monitoring results of improvement and did not find any significant problem. The Audit Committee

approved the annual internal audit plan, track performance and advice internal audit regularly. In 2016, the Audit Committee reasonably believed that company had sufficient and effective internal control system.

- Reviewed qualifications, performance, independent practice, and audit fee. The Audit Committee unanimously resolved to propose that the board of directors should request approval in the Annual General Meeting of Shareholders for year 2016 to appoint SP Audit Company Limited to be the auditor for year 2016 as the auditor performed duties excellently and appropriate to the operations of the company and possessed proper qualifications in accordance with the notifications of the Stock Exchange of Thailand as well as considered audit fees appropriately to offer to the Board of Directors.
- Provided opinion on the performance of duty according to the Audit Committee Charter based on the Audit Committee self-assessment for year 2016. The Audit Committee evaluated the element of audit committee, training and resources, meeting, relationship with auditor and management, as well as future roles of the Audit Committee. In summary, the assessment result shown that the Audit Committee performed duties sufficiently at an excellent level based on requirements from SET.

Considering the overall picture, it can be seen that in 2016, the Audit Committee has reviewed that the financial statements were prepared in accordance with the generally accepted accounting principles. The financial statements for the accounting period ending 31 December 2016 had no event or issue that has a significantly impact on the financial statements. The disclosure of the transaction was adequate and the Company had operated business according to law and the relevant regulations correctly. On the other hand, the company determines to perform duties to meet goals, held a corporate governance policy as important principles adhere to good corporate governance, accountability and protect the interests of all concerned parties. In terms of receiving information from the Board of Directors, management, employees and relevant parties holding on to business ethics. The Company's Board of Directors and management are determined to carry out duty to achieve the Company's goals, have internal control system, appropriate and effective internal audit, careful risk management and continuous improvement in operation processes.



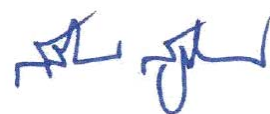
Air Chief Marshal Chainan Thumasujarit
Chairman of the Audit Committee

Report of the Board of Directors' Responsibilities to Financial Statements

The Board of Directors of Hydrotek Public Company limited are responsible for financial statements of the Company, its subsidiaries and information that presented in the annual report 2016 prepared in accordance with financial reporting standards and the financial reporting requirements of the Securities and Exchange Commission by employing the appropriate accounting policy, performing on a regular basis with thoroughly. The assessment of the necessary financial transactions according to the new accounting standards was applied and reasonably consideration as well as disclosure sufficient information in the notes of the financial statements. Auditors have been checked and verified the financial statements and expressed opinion in the auditor's report to be useful for shareholders and general investors who will receive information which presenting correctly, timely and sensibly financial status and operation result.

The Board of Directors realized the responsibilities to oversee the effectiveness of the financial statements report by appointing the Audit Committee which comprised of honorable persons to review the completeness and correctness of the financial statements and the appropriateness of policy as well as to review and ensure the sufficiency and suitability of internal control system and participate in risk evaluation of the Company to protect or reduce risk which may occur from irregular operation which material and sufficient to protect the Company's assets. In addition, the Company has the Internal Audition with directly reporting to the Audit Committee in order to ensure that the accounting record is accurate, adequate, in time and the internal control system is designed to protect against fraud and irregularity. The Audit Committee reported in its reported in the Company's annual report in 2016

The Board of Directors viewed that the internal control system of the Company can assure that the financial statements of Hydrotek Public Company Limited as at 31 December 2016 presenting the financial status, operation result and cash flows, including notes to financial statements correctly and reliability and in accordance with financial reporting standards and correctness in all material respects.



Mr. Slib Soongswang

Chairman of the Board

Financial Position and Operating Result

Financial Statement

(A) Summary of Audit Report

The consolidated and separate financial statements for accounting period 2016 ended on December 31, 2016 of the company and subsidiaries were audited by SP Audit Company Limited. The auditor, Mr. Suchart Panichcharoen, Certified Public accountant No. 4475, conducted the audit in accordance with Thai Standards on Auditing and gave an opinion that the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position as at December 31, 2016, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Key Audit Matters

Recognition of Revenue from Construction

The Group recognize revenue from construction by applying the percentage of completion method. The percentage of completion is calculated by comparing the cost of construction incurred to the end of the reporting period with the estimate of construction cost expected to incur reaching the stage of completion (Note 4.12. The estimate of construction cost expected to incur reaching the stage of completion is a key audit matter because the said estimate of construction cost involved the management's judgments and the carrying amounts of the revenue from construction is considered significant to the Group's financial statements.

The auditor procedures were reviewed the appropriateness of the Group's accounting policies and conformity to the requirements of the accounting standards and also reviewed the appropriateness and the consistency of the said construction cost estimating method. Obtained an understanding and evaluated the internal controls related to the preparation, review and approval of the said estimate of construction cost. The auditor have audited appropriate and sufficient evidence for each item involved in the construction cost estimation that has been calculated by the project engineer and approved by the management. We have also tested the calculation of the said construction cost estimation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

Auditor's opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon. In connection with audit of the financial statements, a responsibility of auditor is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or knowledge obtained in the audit, or otherwise appears to be materially misstated.

When auditor read the annual report, if auditor conclude that there is a material misstatement therein, the auditor is required to communicate the matter to those charge with governance to correct the materially misstatement.

As of March 15, 2017, auditor had already read the annual report and reported that no other information is materially inconsistent with the financial statement or auditor's knowledge obtained in the audit, or otherwise appears to be materially misstated.

The financial statement and the separate financial statement for accounting period 2015 ended on December 31, 2015 of the company were audited by SP Audit Company Limited. The auditor, Mr. Suchart Panitcharoen, Certified Public Accountant No. 4475, conducted the audit in accordance with Generally Accepted Auditing Standards and gave an unqualified opinion that the company's financial statements presented financial position and separate statement, operating result and separate operation result and cash flow statement and separate statement of cash flow accurately in all material respects according to Financial Reporting Standards.

Change in accounting policies

From January 1, 2015 onward, the Group changed the accounting policy concerning the recognition of actuarial gains and losses for the employee benefit obligation in case of retirement or termination under the labor law. Previously, all actuarial gains and losses were recognized in profit or loss. Presents, all actuarial gains and losses are recognized in other comprehensive income according to TAS No.19 "Employee Benefits (revised 2014)". The Group applied the retrospective adjustment to the comparative financial statements according to the transitional provision as required in the accounting standard.

Such change of accounting policy has an effect to the statement of comprehensive income, without the effect to the statement of financial position, as described in notes to financial statement no. 5

The financial statement and the separate financial statement for accounting period 2014 ended on December 31, 2014 of the company were audited by SP Audit Company Limited. The auditor, Mr. Suchart Panitcharoen, Certified Public Accountant No. 4475, conducted the audit in accordance with Generally Accepted Auditing Standards and gave an unqualified opinion that the company's financial statements presented financial position and separate statement, operating result and separate operation result and cash flow statement and separate statement of cash flow accurately in all material respects according to Financial Reporting Standards.

Emphasis of matter in the auditor's report

As mentioned in the notes to the financial statements No. 29, explaining the uncertainty in regard to the litigation case's outcome where the Company has been sued for compensation by a counter-party. At present, the Company's lawyer is preparing the statement of defense to be submitted to the Civil Court against the counter-party's accusation. My opinion is not qualified in respect of this matter.

Other matters

The consolidated and separate financial statements as at December 31, 2013 of Hydrotek Public Company Limited and its subsidiary and of Hydrotek Public Company Limited, were audited by other auditor in the same firm and who expressed an unqualified opinion on these financial statements and expressed the emphasis of matter paragraph on the change in accounting policy concerning income tax under his report dated February 27, 2014.

(B) Summary Table of Financial Status and Operation Result

Statements of Financial Status	Audited					
	Ended 31 Dec 14		Ended 31 Dec 15		Ended 31 Dec 16	
	MB	%	MB	%	MB	%
Cash and cash equivalents	89.58	13.40%	67.28	8.93%	27.39	5.85%
Trade and other receivables-other companies	105.07	15.72%	191.40	25.40%	77.78	16.61%
Trade and other receivables-related parties	5.84	0.87%	0.00	0.00%	0.00	0.00%
Unbilled receivable	238.92	35.75%	173.70	23.05%	73.89	15.78%
Retention receivable	4.30	0.64%	23.59	3.13%	1.13	0.24%
Suspend input vat	2.72	0.41%	2.09	0.28%	1.41	0.30%
Construction in progress	0.59	0.09%	20.97	2.78%	8.31	1.77%
Total Current Assets	447.02	66.89%	479.03	63.57%	189.91	40.55%
Deposits at financial institutions pledged as collateral	77.55	11.60%	99.34	13.18%	75.29	16.07%
Investment in associate	2.79	0.42%	2.14	0.28%	0.00	0.00%
Receivables under the concession agreement	0.00	0.00%	0.00	0.00%	8.52	1.82%
Investments property	1.98	0.30%	2.97	0.39%	2.97	0.63%
Land and equipment –net	124.14	18.57%	143.20	19.00%	155.43	33.18%
Intangible assets –net	1.33	0.20%	1.41	0.19%	4.85	1.04%
Withholding tax deducted at source–net	11.64	1.74%	23.44	3.11%	29.49	6.30%
Deferred tax assets	0.00	0.00%	0.12	0.02%	0.12	0.03%
Other non-current assets	1.88	0.28%	1.90	0.25%	1.80	0.38%
Total Non-Current Assets	221.31	33.11%	274.52	36.43%	278.47	59.45%
Total Assets	668.33	100.00%	753.55	100.00%	468.38	100.00%
Short-term loans from financial institutions	94.00	14.06%	172.93	22.95%	94.25	20.12%
Trade and other accounts payable	154.44	23.11%	172.01	22.83%	112.39	23.99%
Other payable - related parties	0.00	0.00%	0.00	0.00%	0.34	0.07%
Construction revenue received in advance	0.63	0.09%	1.13	0.15%	2.94	0.63%
Advances receives from customers under construction contracts	66.83	10.00%	46.52	6.17%	27.81	5.94%
Unbilled output tax	5.22	0.78%	9.20	1.22%	3.14	0.67%
Income tax payable	0.05	0.01%	0.42	0.06%	0.15	0.03%
Provision for construction losses	7.98	1.19%	7.85	1.04%	0.57	0.12%
Long-term loan Current portion						
Long-term loan	34.20	5.12%	3.76	0.50%	0.12	0.03%
Provision for warranty	3.18	0.48%	5.31	0.70%	2.08	0.44%
Obligation under finance lease	1.69	0.25%	0.75	0.10%	0.00	0.00%
Total Current Liabilities	368.22	55.10%	419.88	55.72%	243.79	52.05%
Long-term loans due to financial institutions	3.88	0.58%	0.12	0.02%	0.00	0.00%
Long-term loan- other companies	0.00	0.00%	114.84	15.24%	125.64	26.82%
Provision for warranty	0.73	0.11%	6.89	0.91%	3.90	0.83%
Obligation under finance lease	0.76	0.11%	0.00	0.00%	0.00	0.00%
Employee benefit obligation	13.81	2.07%	15.54	2.06%	10.13	2.16%
Deferred tax liabilities	0.43	0.06%	0.39	0.05%	0.00	0.00%
Non-Current Liabilities	0.00	0.00%	2.67	0.35%	14.39	3.07%
Total Non-Current Liabilities	19.61	2.93%	140.45	18.64%	154.06	32.89%
Total Liabilities	387.83	58.03%	560.33	74.36%	397.85	84.94%

Statements of Comprehensive Income	Audited					
	Year 2014		Year 2015		Year 2016	
	MB	%	MB	%	MB	%
Registered share capital	389.97	58.35%	389.97	51.75%	389.97	83.26%
Issued and paid-up share capital	389.97	58.35%	389.97	51.75%	389.97	83.26%
Premium on share capital	66.70	9.98%	66.70	8.85%	66.70	14.24%
Appropriated – statutory reserve	9.62	1.44%	9.62	1.28%	9.62	2.05%
Unappropriated	-185.78	-27.80%	-273.56	-36.30%	-398.64	-85.11%
Other components of equity.	0.00	-0.00%	0.00	0.00%	0.07	0.01%
Shareholder of the Company	280.51	41.97%	192.73	25.58%	67.72	14.46%
Non-controlling interests non-controlling	0.00	0.00%	0.50	0.07%	2.81	0.60%
Total Shareholders' Equity	280.51	41.97%	193.23	25.64%	70.53	15.06%
Total Liabilities and Shareholders' Equity	668.34	100.00%	753.55	100.00%	468.38	100.00%

Remark : The Financial Statements for 2014: Some lists in total statements of comprehensive income and specific statements of comprehensive income for the end of the year on December 31, 2014 , there are new classification to according with the showing lists in total statements of comprehensive income and specific statement of comprehensive income on December 31, 2015

Statements of Comprehensive Income	Audited					
	Year 2014		Year 2015		Year 2016	
	MB	%	MB	%	MB	%
Construction income	531.83	89.65%	664.83	89.48%	365.23	89.98%
Service income	57.79	9.74%	78.15	10.52%	40.66	10.02%
Revenue from sale	3.63	0.61%	0.00	0.00%	0.00	0.00%
Total Revenues	593.24	100.00%	742.98	100.00%	405.89	100.00%
Cost of construction	637.38	107.44%	723.80	97.42%	399.03	98.31%
Cost of services	52.50	8.85%	29.82	4.01%	23.42	5.77%
Cost of goods sold	2.29	0.39%	0.00	0.00%	0.00	0.00%
Total Costs	692.17	116.68%	753.62	101.43%	422.45	104.08%
Gross Profit	-98.93	-16.68%	-10.64	-1.43%	-16.56	-4.08%
Other income	4.17	0.70%	2.06	0.28%	8.84	2.18%
Profit before expenses	-94.77	-15.97%	-8.58	-1.15%	-7.72	-1.90%
Selling and administrative expenses	76.94	12.97%	62.37	8.39%	105.59	26.01%
Profit from operation	-171.70	-28.94%	-70.95	-9.55%	-113.31	-27.92%
Finance cost	5.18	0.87%	16.25	2.19%	14.80	3.65%
Income tax	0.15	0.02%	0.86	0.12%	1.68	0.41%
Profit before share of losses from investment in associate	-177.03	-29.84%	-88.06	-11.85%	-129.79	-31.98%
Share of losses from investment in associate	-1.01	-0.17%	-0.65	-0.09%	-0.49	-0.12%
Net Profit /(Loss)	-178.04	-30.01%	-88.71	-11.94%	-130.28	-32.10%
Other comprehensive income						
Difference exchange rate from conversion of financial statements	0.00	0.00%	0.01	0.00%	0.08	0.02%
Actuarial gains	0.41	0.07%	0.75	0.10%	5.48	1.35%
Comprehensive loss for the year	-177.63	-29.94%	-87.95	-11.84%	-124.72	-30.73%
Losses attributable to						
Equity holders of the Company	-178.04	-30.01%	-88.54	-11.92%	-130.55	-32.16%
Non-controlling interests	0.00	0.00%	-0.17	-0.02%	0.27	-0.07%
	-178.04	-30.01%	-88.71	-11.94%	-130.28	-32.10%
Earnings per share (Baht)	-0.63		-0.23		-0.33	
Par value per share (Baht)	1.00		1.00		1.00	
Weighted average of ordinary shares (million shares)	284.26		389.97		389.97	

Remark : /1 Other income

- In 2017, other income which significant were reversal of warranty provision which ended of warranty period and no service of a total of Baht 2.85 million, interest income gained of Baht 1.07 million and engineering design service income gained of Baht 2.79 million.
- In 2015, other income were interest income at 1.37 million baht, charged from customer amount 0.29 million baht
- In 2014, other income were interest income at 1.29 million baht, sell material 0.22 million baht and damage claimed from subcontractor 1.71 million baht.

Statements of Cash Flow	Audited		
	Year 2014	Year 2015	Year 2016
Cash Flow From Operating Activities			
Profit / (Loss) before income tax	-177.89	-87.68	-128.87
Adjustments to reconcile net profit for cash received (used) from operations			
Share of losses from investments accounted by equity method	1.01	0.65	0.49
Comprehensive loss attributable to non-controlling interests	0.00	-0.17	0.27
Bad debt and doubtful debt / (reversal)	10.76	-9.71	39.10
Depreciation	3.06	4.57	3.95
Amortization of intangible assets	0.41	0.51	0.55
Provision for warranty (reversal)	2.12	8.28	-6.22
Gain (loss) from sales of fixed assetse	0.58	-0.03	0.10
Gain on disposal of intangible assets	0.00	0.00	0.00
Loss from write-off fixed assets	0.06	0.05	0.04
Reversal of allowance for impairment.	0.00	-0.99	0.00
Loss from impairment of fixed assets	15.26	0.52	0.00
Loss from tax refund deduction at source	0.00	0.00	0.00
Impairment loss on investments	0.00	0.00	-0.02
Loss expected from construction (reversal)	5.33	-0.13	-7.27
Provision for penalty fee	0.00	0.00	0.00
Provision for employee benefit	2.30	2.68	1.80
Provisions for prosecuted cases	0.00	3.00	0.00
Interest income	-1.25	-1.40	-1.69
Interest expenses	5.18	16.25	14.80
Profit (loss) from operating activities before changes in operating assets and liabilities	-133.09	-63.60	-82.96
Trade and other accounts receivable – other companies	21.08	-70.82	102.32
Unbilled receivable	-41.64	65.22	74.62
Retention receivable	4.57	-19.28	22.45
Suspend input vat	0.35	0.63	0.67
Construction in progress	-0.59	-20.39	10.10
Receivables under the concession agreement	0.00	0.00	-7.90
Non-Current Assets	0.00	-0.02	0.10
Trade and other accounts payable – other companies	23.82	9.65	-67.59
Other payable - related parties	0.00	0.00	0.34
Construction revenue received in advance	-19.76	0.50	1.82
Advances received from customers under construction contracts	4.65	-20.31	-18.70
Unbilled output tax	-2.73	3.98	-6.07
Provision for warranty	0.00	0.00	0.00
Non-Current Liabilities	-0.99	2.67	11.72
Cash provided from (used) from operating	-144.32	-111.78	40.93
Cash paid-up for employee benefits	0.00	-0.38	-1.74
Income tax (paid) received	10.15	-12.44	-8.40
Net cash provided from (used) from operating activities	-134.18	-124.60	30.79

Statements of Cash Flow	Audited		
	Year 2014	Year 2015	Year 2016
Cash Flow From Investing Activities			
(Increase) /decrease in current investment	0.00	0.00	0.00
Cash received for disposal of investments in associates	0.00	0.00	1.67
(Increase)/decrease in deposits at financial institutions pledged as collateral	-17.86	-21.79	24.05
Cash paid for purchase of fixed assets	-30.18	-24.05	-18.57
Cash received from disposal of fixed assets	0.44	0.07	2.25
Cash received from sales/(paid for purchase) of intangible assets	-1.35	-0.44	-4.00
Cash received interest income	1.26	1.44	1.12
Net cash provided from (used) in investing activities	-47.70	-44.76	6.52
Cash Flow From Financing Activities			
Increase (decrease) in short-term loans from financial institutions	43.00	78.93	-78.68
Cash paid obligation under finance lease	-1.88	-1.70	-0.75
Cash paid for long-term loans from financial institutions	-3.24	-34.20	-3.76
Cash received from Long-term loan- other company	0.00	114.84	10.81
Cash received from increment of share capital in subsidiary-non-controlling interests	0.00	0.67	2.02
Cash paid for dividend	0.00	0.00	0.00
Cash paid for interest expenses	-5.29	-11.49	-6.83
Cash received from capital increase	194.98	0.00	0.00
Selling expenses share	0.52	0.00	0.00
Net cash provided from (used) from financing activities	227.06	147.06	-77.20
Effects of exchange rate change on the balance of cash and cash equivalents	0.00	0.00	-0.01
Exchange differences on translating foreign operations	45.18	-22.30	-39.89
Cash and cash equivalent at the beginning of the year	44.40	89.58	67.28
Cash and cash equivalent at the end of the year	89.58	67.28	27.39

Financial ratio		Year 2014	Year 2015	Year 2016
Liquidity ratio				
Current Ratio	Times	1.21	1.14	0.78
Quick Ratio	Times	0.46	0.49	0.26
Cash Flow Liquidity Ratio	Times	-0.39	-0.32	0.09
Account Receivable Turnover	Times	5.60	6.54	4.57
Average Collection Period	Days	64	55	79
Inventory Turnover	Times	0.00	0.00	0.00
Average Sales Period	Days	0.00	0.00	0.00
Account Payable Turnover	Times	6.18	6.29	4.57
Payment Period	Days	58	57	79
Cash cycle	Days	6	-2	0
Profitability ratio				
Gross Profit Margin	%	-16.68%	-1.43%	-4.08%
Operating Profit Margin	%	-28.94%	-9.55%	-27.92%
Other Profit Margin	%	0.00%	0.00%	0.00%
Cash to Profit ratio	%	-22.62%	-16.77%	7.59%
Net profit Margin	%	-29.80%	-11.91%	-31.41%
Return on Equity	%	-65.43%	-37.45%	-98.79%
Efficiency ratio				
Return on Assets	%	-28.13%	-12.48%	-21.32%
Return on Fixed Assets	%	-370.25%	-144.31%	-180.46%
Assets Turnover	Times	0.94	1.05	0.68
Financial policy ratio				
Debt to Equity Ratio	Times	1.38	2.90	5.64
Interest Coverage Ratio	Times	-24.90	-6.61	3.19
Fixed Charges Coverage Ratio - Cash basis	Times	-17.40	-8.40	0.34
Dividend Payout Ratio	%	-	-	-

Remark: Annual General Meeting of Shareholders 2014 on 30 April 2014 have passed the important resolutions:

- Approved the decrease of the registered capital from the existing registered capital of Baht 195,000,000 to the new registered capital of Baht 194,984,380 by canceling the registered but unissued ordinary shares in the number of 15,620 shares at a par value of Baht 1 per share.

- Approved the allotment of the capital increase shares in the number of 194,984,380 shares with a par value of Baht 1 per share to existing shareholders by way of a rights issue (Rights Offering) proportionately to their shareholding, in whole or in part by one tranche or several tranches, at the subscription ratio of 1 existing ordinary share to 1 new ordinary share, whereby the shareholders shall have the right to subscribe for shares in excess of their entitlement. The offering price shall be at Baht 1 per share, and the subscription period are scheduled to be from 26 May to 30 May 2014. In case there are remaining new ordinary shares from the subscription by existing shareholders, the Board of Directors shall have the power and discretion to allot such remaining new ordinary shares to existing shareholders of the Company proportionately to their shareholding. The Board of Directors shall also have the power to consider determining and amending the terms, conditions and offering details.

The company has changed the registered capital to the Department of Business Development, Ministry of Commerce on 8 May 2014 for the decreasing of the registered capital and on 12 May 2014 for the increasing of the registered capital.

Discussion and Analysis of Financial Position and Operating Result

Operating Result Overview

Hydrotek Public Co., Ltd.'s nature of business is construction, management and investment in environmental engineering business. Most of income has been gained from the core business in water supply system and also a leading company providing service for the large-scale project with capability of serving from less complicated project with more competitors to the project required expertise, experience and high engineering technology with less competitors; for example, water supply for petrochemical industry, desalination plant, waste water treatment plant and waste water recycle plant. With more than 30-year experiences, the company has been able to respond to customers' requirement in term of both project and service types and the services to the customers have been rendered in various forms so as to be in line with customers' requirement as follows:

- 1) Construction (Designing, Procurement, Construction, Machinery installation and Commissioning either partly or entirely)
- 2) Operation and Maintenance
- 3) Investment in Water Treatment Plant and Wastewater Treatment System Project

In June 2016, the Company has disposed all 49,997 ordinary shares of UAC Hydrotek Co., Ltd., which the Company was holding, at Baht 33.37 per share, aggregating to Baht 1,668,399.89 to UAC Global Public Co., Ltd. and the Company recognized the profit from the disposal of investment at Baht 0.02 million in the consolidated statement of comprehensive income recognized the loss from the disposal of investment at Baht 0.47 million in the separate statement of comprehensive income respectively.

In 2016, there were 5 new awarded projects with a total of work value of Baht 445.63 million of which approximate 17.28% was recorded as income gained. For completion projects, there was no contract renewal since the clients preferred to handle the works by themselves. Thus, as ended December 31, 2016, there remained only 1 service contract expected to be completed in 2017. In the future, the company plans to mainly emphasize on construction service.

Operating Performance and Profitability

Income

The company and subsidiaries' total income gained for the accounting period of 2014 were Baht 593.24 million, 2015 of Baht 742.98 million and 2016 of Baht 405.89 million. For construction income, 2014 of Baht 531.83 million, 2015 of Baht 664.83 million and 2016 of Baht 365.23 million whereas the service income was Baht 57.79 million, 78.15 million and 40.66 million, respectively as per details shown in below table.

Type of Income (Million Baht)	2014		2015		2016	
	million Baht	Percentage	million Baht	Percentage	million Baht	Percentage
Construction Income	531.83	89.65%	664.83	89.48%	365.23	89.98%
Service Income	57.79	9.74%	78.15	10.52%	40.66	10.02%
Revenue from Sale	3.62	0.61%	0.00	0.00%	0.00	0.00%
Income from Investment in water treatment and wastewater treatment project	0.00	0.00%	0.00	0.00%	0.00	0.00%
Total Income	593.24	100.00%	742.98	100.00%	405.89	100.00%
Other income	4.17		2.06		8.84	

Construction Income In 2014, 2015 and 2016 were Baht 531.83 million, 664.83 million and 365.23 million, respectively or representing 89.65 %, 89.48 % and 89.98 % of the total income, respectively and likely due to being the business' main income. In 2016, there was an income of Baht 299.60 million decreasing from 2015 or showing 45.06 decrease. In 2016, the company was awarded for 5 new projects with a total value of Baht 445.63 million which were implemented and recorded as 2016 income equivalent to 17.28 % of the total value of the projects. In the meantime, the recognized income gained from the 10 on-hand projects was Baht 276.84 million and 3 of them have been completed in the current year. The cause of income decrease was due to being the final period of on-hand projects whereas new projects at the early stage of project implementation.

Service Income In 2014, 2015 and 2016 were Baht 57.79 million, 78.15 million and 40.66 million, or representing 9.74 %, 10.52 % and 10.02 %, respectively. In 2016, the service income decreased from 2015 of Baht 37.50 million or 47.98 % decrease since there was only one remaining service contract whereas other projects were completed without service contract renewal.

Revenue from Sale In 2015 and 2016, there was no revenue from sale whereas in 2014, the revenue from sale was Baht 3.62 million gained from equipment export selling of waste water treatment system.

In 2016, there remained no income gained from investment of water treatment and waste water treatment project since it was under construction and system improvement bidding.

Other Income In 2014, 2015 and 2016, the other income were Baht 4.17 million, 2.06 million and 8.84 million, respectively. Comparing to 2016 and 2015, other income increased Baht 6.78 million or 329.13 % increase. Most of them were due to a reversal of warranty provision no service due to ended of warranty period of Baht 2.85 million and most of income was gained from the interest of Baht 1.07 million and engineering design service of Baht 2.79 million.

Cost and Gross Profit

For 2014 accounting period, the total cost was Baht 692.17 million whereas 753.62 million in 2015 and 422.45 million in 2016 or representing 116.68 %, 101.43 % and 104.08 % of the total income, respectively. The proportion of gross profit were -16.68 %, -1.43 % and -4.08 %, respectively. Considering cost based on types of income, the company's construction cost in 2014, 2015 and 2016 were Baht 637.38 million, 723.80 million and 399.03 million, respectively or 119.85 %, 108.87 % and 109.25 % of the construction income. In 2016, the construction cost was Baht 399.03 million whereas 723.80 million in 2015 decreasing Baht 324.77 million or 44.87 % decrease. The

decrease of construction cost was in line with the decrease of construction income. In addition, in 2016, there were 3 on-hand projects from 2015 having high construction cost until getting loss due to an adjustment to work quantity and cost of improved works prior to work delivery causing cost higher than estimation. As a result, the gross loss was Baht 33.80 million for construction works or -9.25 % whereas - 8.87% in 2015. The service cost for the accounting period of 2014, 2015 and 2016 were Baht 52.50 million, 29.82 million and 23.42 million or 90.86 %, 38.16 % and 57.61 %, of the total service income, respectively and the gross profit were 9.14%, 61.84 % and 43.39 %, respectively. The gross profit in 2016 was lower than 2015 since in 2015, there was the cost of document preparation for project bidding and revision of engineering construction design works of which mostly were labor cost causing higher gross profit than 2016.

Administrative Expenses

Administrative Expenses in 2014, 2015 and 2016 were Baht 76.94 million, 62.37 million and 105.59 million or 12.97 %, 8.39 % and 26.01 % of the total operating income. These expenses in 2016 were higher than 2015 of Baht 43.22 million or 69.30 % increase. The significant increase was the allowance for doubtful debt of Baht 39.10 million which was expected to be the uncollectible account receivable.

Financial Cost

The financial cost in 2014, 2015 and 2016 were Baht 5.18 million, 16.25 million and 14.80 million, respectively. In 2016, the financial cost decreased Baht 1.45 million or 8.92 % decrease due to withdrawal of deposits at banks pledged as collateral in order to relieve the financial burden.

Net Profit (Loss) and Net Profit Margin Ratio

The net loss for the accounting period of 2014 was Baht -178.04 million whereas Baht -88.71 million in 2015 and -130.28 million in 2016 or representing net profit margin ratio of -29.80%, -11.91 % and -31.41 %, respectively. The increase ratio of net loss was due to the deficit gross margin of the construction income and administration expenses as mentioned above.

Moreover, in 2016, there was other comprehensive income which had a difference exchange rate from conversion of financial statement due to combining the oversea subsidiary's financial statement for consolidated financial statements of Baht 0.08 million and actuarial gains, according to the New Accounting Standard Vol.19 (updated : 2015) on employee benefits, of Baht 5.48 million causing there was a comprehensive net loss in 2016 of Baht -124.72 million. Net loss for the year Baht -130.28 million when taking into account the non-controlling interests of Baht -0.27 million, the remaining of loss attributable to equity holders of the company was then Baht -130.55 million.

The return of equity (ROE) in 2014, 2015 and 2016 were -65.43 %, -37.45 % and -98.79 %, respectively due to the deficit of profit margin ratio as mentioned above.

Asset Management Capability

The total asset of the company and subsidiaries as of December 31, 2014 was Baht 668.33 million whereas Baht 753.55 million as of December 31, 2015 and 468.38 million as of December 31, 2016, respectively and significant asset list as followings:

- Cash and Cash Equivalents

At the end of 2016, cash and cash equivalent was Baht 27.39 million whereas Baht 89.58 million at the end of 2014 and Baht 67.28 million at the end of 2015. In 2016, the cash and cash equivalent decreased Baht 39.89 million from 2015 or showing 59.29 % decrease due to repayment of short-term loan to the financial institutes.

- Trade and Other Receivable-Other Companies

At the end of 2016, the trade and other receivables-other companies were Baht 77.78 million whereas Baht 105.07 million at the end of 2014 and Baht 191.40 million at the end of 2015. The proportion of these receivables in 2014, 2015 and 2016 were 69:31, 72:28 and 45:55, respectively or equivalent to (million Baht) ; in 2014 : 72.96:32.11, in 2015 : 137.15:54.26 and in 2016 : 35.30:42.48. In 2016, There was a decrease of the account receivables of Baht 101.84 million from 2015 since it was a nearly completed period of the on-hand projects during which there were only work delivery preparation and the early stage of new awarded project implementation. Consequently, there were only a few of unbilled receivable as shown in a decrease of unbilled completed work value. In addition, in 2016, the allowance for doubtful debt of Baht 4.80 million was made for uncollectible account receivables. For the account receivables aging in 2014, 2015 and 2016, the within credit term account receivables were 59.94 %, 79.96 % and 75.02 %, respectively whereas the overdue account receivables were 37.47 %, 20.04 % and 24.98 %, respectively.

For the account receivable turnover in 2014, 2015 and 2016 were 5.60, 6.54 and 4.57 times of which the average collection period was 64, 55 and 79 days, respectively.

Other receivables consisted of the deposit for purchase of goods, advance to subcontractors and other account receivables; advance payment and advance expenses. Most of receivables in 2016 were deposit for purchase of goods of Baht 18.45 million, advance to subcontractors of Baht 14.18 million and the value-added tax refund claim of Baht 5.04 million. In 2016, the allowance of doubtful debt for advance payment to subcontractors expected to be uncollectible was made of Baht 7.06 million.

- Unbilled Receivables

The unbilled receivable value at the end of 2014, 2015 and 2016 were Baht 238.92 million, 173.70 million and 73.89 million or equivalent to 35.75 %, 23.05 % and 15.78 % of the total assets, respectively showing a decrease of unbilled work value in 2016 due to final period of on-hand projects and early stage of the new awarded project implementation as mentioned above in the account receivable decrease. In 2016 the allowance of doubtful debt for unbilled receivable expected to be uncollectible was made of Baht 25.19 million.

- Deposits at Banks Pledged as Collateral

At the end of 2014, 2015 and 2016, the deposit at bank pledged as collateral amount were Baht 77.55 million, 99.34 million and 75.29 million or equivalent to 11.60 %, 13.18 % and 16.07 %, of the total assets. This captioned deposit was the mortgage for bank guarantee loan from 3 financial institutes and used for guarantee of bid bond, performance bond, retention bond, performance bond, advance payment bond and letter of guarantee for purchasing goods. The reduction of deposit at bank pledged as collateral in 2016 of Baht 24.05 million was due to the withdrawal of non-burden amount for repayment to the financial institutes' short-term loan.

- Investments in Associate

At the end of 2014, 2015 and 2016, the investment in associates were Baht 2.79 million, 2.14 million and 0.00 million, respectively. These were the investment of 49.997 % in UAC Hydrotek Co., Ltd. co-invested with UAC Global Public Co., Ltd. (former name : Universal Adsorbent and Chemicals Public Co., Ltd.) in which the company's representative was nominated to be director. The purpose of the investment is to jointly investment in fresh water supply project for consumption and industry to empower more potentiality and expand customer base. Presently, the project executed by UAC Hydrotek Co., Ltd. has been already completed with maturity of guarantee period. In June 2016, the Company has disposed all 49,997 ordinary shares of UAC Hydrotek Co., Ltd., which the Company was holding, at Baht 33.37 per share, aggregating to Baht 1,668,399.89 to UAC Global Public Co., Ltd. and the Company recognized the profit from the disposal of investment at Baht 0.02 million in the consolidated statement of comprehensive income recognized the loss from the disposal of investment at Baht 0.47 million in the separate statement of comprehensive income respectively.

- Receivable Under the Concession Agreement

In October 2015, the Mandalay Region Government, Mandalay City Development Committee (MCDC) has signed the concession agreement granting Hydrotek Supreme Mandalay Co., Ltd. the concession in operating Mandalay Industrial Zone Central Wastewater Treatment Plant and Collecting System Project (CWWTP) by construct the said project within 2 years from the date the approval has been granted from MCDC to commence the construction on the land provided by MCDC (excluding the extension of the construction period, if any) and provide waste water treatment service in exchange of the right to collect service fee from the customers of the said industrial zone for the period of 30 years (the term can be extended for 10 years at a time for not more than 2 times). Furthermore, MCDC shall pay the compensation to the subsidiary if the said operator's wastewater treatment volume is less than the level specified in the service concession arrangement. The said service concession arrangement also stipulated that at the end of the service concession arrangement term, the subsidiary shall transfer the asset ownership of the said project to MCDC without receiving any payment. The Group has recognized the compensations that the subsidiary received from the construction of the wastewater treatment system under the said service concession arrangement of Baht 8.52 million. The remaining is recognized as financial assets under the consolidated financial statements of Baht 3.68 million.

- **Land, Equipment, and Investment Property**

At the end of 2014, 2015 and 2016, the land and equipment, net items were Baht 124.14 million, 143.20 million and 155.43 million or equivalent to 18.57 %, 19.00 % and 33.18 % of the total assets. The significant increasing assets in 2016 were works under construction of the water supply investment project of Baht 18.02 million. However, the construction assets of wastewater treatment system investment project has not yet been improved the water quality problem, the inconsistency of income collection then happens and required for provision of asset impairment during construction in 2014 of Baht 15.26 million and in 2015 of Baht 0.52 million and currently it is in the process of proposed system improvement.

In term of investment property, it is the land acquired from repayment of an account receivable with net value in 2016 of Baht 2.97 million assessed by an independent appraiser with market price comparison approach (based on the highest and best use principal) of other similar plots' sale price and it was found that the appraised value was made on fairly basis and not different from 2015 cost appraisal.

As per the asset management above, the return on assets of 2014, 2015 and 2016 were -28.13 %, -12.48 % and -21.32 %, respectively and return of fixed assets of each year were -370.25 %, -144.32 % and -180.46 %, respectively. The assets turnover in each captioned years were 0.94, 1.05 and 0.68 times, respectively and in 2016, it was lower than 2015 due to higher operating loss as mentioned above.

Liquidity and Capital adequacy

The source of funds from liabilities and shareholder equity are as follows:

Liabilities

Total liabilities as ended December 31, 2014, 2015 and 2016 were Baht 387.83 million, 560.33 million and 397.85 million, respectively and significant liabilities were:

- **Bank Overdraft and Short-term Loan due to Financial Institutes**

As ended December 2016, the bank overdraft and short-term loan due to financial institutes was Baht 94.25 million whereas Baht 172.93 million in 2015 and 94.00 million in 2014. In 2016, the bank overdraft and short-term loan decreased Baht 78.68 million from 2015 or 45.24 % decrease since cash and cash equivalent including non-burden amount of deposit were repaid for short-term loan from financial institutes.

- **Trade and Other Payables - Other Companies**

The trade and other payables at the end of 2014, 2015 and 2016 were Baht 154.44 million, 172.01 million and 112.39 million or 23.11 %, 22.83 % and 23.99 % of the total assets, respectively. The proportion of account payables and other payables in 2014, 2015 and 2016 were 81:19, 67: 33 and 63:37 or equivalent to (million Baht) 125.21 : 29.23, 114.38:57.63 and 70.62: 41.77, respectively. The other payables were retention payable, accrued expenses and tax payables. As ended December 31, 2016, most of account payables or 64% were account payables for subcontractors whereas remaining was for material cost mostly from domestic procurement. Change of account payables and other payables in 2016 decreased Baht 59.62 million from 2015 or representing

34.66 % decrease. The significant decreasing item was the account payables of Baht 43.77 million which was in line with the decrease of account receivables whereas the retention payables decreased Baht 9.15 million due to return of payment upon maturity of guarantee.

The account payables turnover in 2014, 2015 and 2016 were 6.18, 6.29 and 4.57 times, respectively with repayment period of 58, 57 and 79 days and the cash cycle in each captioned year were 6, -2 and 0 day (s), respectively.

- **Construction Revenue received in advance**

In 2014, 2015 and 2016, the construction revenue received in advance were Baht 0.63 million, 1.13 million and 2.94 million, respectively. These deferred income arose due to collection as per each completed milestone of construction and many milestones can be collected at the same time which was more than recognition of income as per each milestone of each project. In 2016, the deferred income was gained from 2 projects of which the collection was made through the aforementioned method.

- **Advance Received from Customers under Construction Contracts**

At the end of 2014, 2015 and 2016, the advance received from customers under construction contracts were Baht 66.83 million, 46.52 million and 27.81 million, respectively and in 2016, this type of income was gained from 5 project owners.

- **Current Portion of Long-Term Loans**

At the end of 2014, 2015 and 2016, the current portion of long-term loan were Baht 34.20 million, 3.76 million and 0.12 million, respectively. This long-term loan was utilized for investment in 2 projects; water supply investment project and wastewater treatment system investment project. In 2015, the repayment of long-term loan for water supply investment project was completely made as per the agreement whereas there was only the remaining of Baht 3.76 million, for the wastewater treatment system investment project, of which Baht 0.12 million was the current portion of long-term loan repayment and completely repaid in the 1st quarter of 2016 and the remaining one was not engaged with the debt service coverage ratio (DSCR).

The company's liquidity ratio in 2014, 2015 and 2016 were 1.21, 1.14 and 0.78 times and quick ratio were 0.46, 0.49 and 0.26 times, respectively. Both liquidity ratio in 2016 were lower than 2015 due to reduction of current assets which was higher than the reduction of current liabilities especially the reduction of trade and other receivables-other companies and unbilled receivable. The liquidity ratio of cash flow in 2014, 2015 and 2016 were -0.39, -0.32 and 0.09 times, respectively and in 2016, it was higher due to positive operating cash flow gained causing higher ratio than the former years.

- **Long-Term Loans from Financial Institutes**

At the end of 2014, 2015 and 2016, the long-term loans from financial institutes were Baht 3.88 million, 0.12 million and 0.00 million, respectively showing a decrease due to completed repayment of long-term loan to a financial institute as specified in the above current portion of long-term.

- Long-Term Loan from Third Party

As ended December 31, 2016, the long-term loan from third party was Baht 125.64 million whereas Baht 114.84 million in 2015 and all were borrowed from Yunnan Water (Hong Kong) Co., Ltd. established in Hong Kong for construction of water supply project in Chiang Mai with the interest rate of 6.75 % per year and 5-year annual repayment due of the principle starting from the first date of income gained from water supply. In addition, as per the loan agreement, Yunnan Water (Hong Kong) Co., Ltd. has its option right to convert this captioned loan to be the investment in Hydrotek Utility Co., Ltd., the water management service company after completion of the project.

Shareholders' Equity

The shareholder equity at the end of 2014, 2015 and 2016 were Baht 280.51 million, 193.23 million and 70.53 million, respectively or equivalent to the total asset ratio of 41.79 %, 25.64 % and 15.06 %, respectively. The captioned equity in 2016 was Baht 122.70 million lower than 2015 due to the operating loss of the year.

The proportion structure of debt to equity ratio in each year, were 1.38, 2.90 and 5.64 times, respectively showing an increase in 2016 due to more reduction of liabilities than shareholder equity; liabilities reduced 29.00 % whereas shareholder equity reduced 63.50 %.

Liability Contingency and Off-Balance - Sheet Management

As ended 31 December 2016, there were contractual obligations as follows:

Unit : Million Baht

Contractual Obligations	Total	Repayment period			
		Less than 1 year	1-3 years	3-5 years	Over than 5 years
1. Contractual Obligation of Long-Term Loan	0.12	0.12	-	-	-
2. Contractual Obligation of Long Term Loan – third party	125.64	-	125.64	-	-
3. Contractual Obligation of Operating lease	2.94	2.84	0.10	-	-
4. Contractual Obligation of Construction contract	355.87	355.87	-	-	-
5. Contractual Obligation of Bond	312.80	91.37	221.43	-	-
Total	797.37	450.20	347.17	-	-

- 1. Contractual obligation of Long-term loan** : is the loan for the investment in water supply from waste water treatment project of a private company with work value of Baht 16 million for which the company is required to transfer the right of water treatment income, as a collateral, to a financial institute.
- 2. Contractual Obligation of Long Term Loan – third party** : other business is borrowed from Yunnan Water (Hong Kong) Co., Ltd. established in Hong Kong for construction of water supply project in Chiang Mai with the interest rate of 6.75 % per year and 5-year annual repayment due of the principle starting from the first

date of income gained from water supply. In addition, as per the loan agreement, Yunnan Water (Hong Kong) Co., Ltd. has its option right to convert this captioned loan to be the investment in Hydrotek Utility Co., Ltd., the water management service company after completion of the project.

3. **Contractual obligation of operating lease** : building space , service, equipment leases of the company.
4. **Contractual obligation of construction contract** : Contractual Obligation of construction contract is the construction contract for awarded projects of work value as per the contract of Baht 1,130.52 million of which Baht 774.66 million had been recorded as expenses whereas the remaining of Baht 355.87 million shall be the expenses of the later year.
5. **Contractual obligation of bond** : They are bank guarantees issued by financial institutes for bidding, advance payment, performance, etc. as mentioned above.

Factors affecting the company's future operating result

As per the company's vision to become the sustainable Asean leading company in environment, the company has been concentrated in providing the entire service starting from design, procurement, construction, installation and operation with qualified and efficient works, effective management and cost control and also promoting human resource development continuously and constantly in order that the business can be expanded steadily and sustainably. However, since the operating result has not be in line with the target, the following are factors affecting the company's future operating result :

1. Risk of delay in construction execution

The problem of delay in project execution may be caused by both owner, contractor and also other uncontrollable external factor.

Realizing such a problem, the company has defined the clear policy for system setup, implementation and risk protection by planning and setting up the working period as per the critical path method. Meetings have been held for presentation of advance construction working plan on quarterly basis with the guideline of risk management for any incident may cause the work delay. In addition, the company has coordinated and cooperated with all concerned to expedite problem solving for on-time completion of works as per the contracts or as scheduled.

2. Risk of fluctuate price of construction materials

Since the company is the environment engineering construction business, the company needs to define the material and equipment fixed price measure to be applied for the construction along the project execution.

However, since the company has realized in risk of fluctuate price of construction materials, the policy was defined to protect and mitigate risk maybe arisen by estimating the construction cost based on the obtained construction design drawings in order to calculate for quantity and construction material cost for each project and also control the construction cost to be within the budget.

3. Risk of subcontractor performance

This The Company Subcontractor Risk arises since the company cannot find subcontractor due to various problems such as subcontractor shortage, lack of subcontractors' labor, and a few subcontractor, etc. Moreover, there have been a risk from subcontractor's failure to work as planned by the reason of subcontractor's liquidity, delay of handover which may cause the construction halted and delay in handover works to customer.

However, prior to making a contract with any subcontractor, the subcontractor prequalification shall be done based on reliability and inspection of quality of works undertaken by short-listed subcontractor. If the company discovers that any subcontractor has a lack of liquidity and cannot deliver works as planned, the scope of subcontractor's work will be reducing and new subcontractor shall be searched to mitigate the captioned risk.

In addition, the company has kept create a good connection with subcontractors for working acquaintance causing those become the company's business alliances ready for subcontracting continually and new subcontractors have been increasingly selected to support future addition works.

4. Risk of contingency related to the project after work delivery

The company provides the service of inclusive environmental engineering related to water starting from design, construction, procurement, installation and operation including wastewater treatment in which the contract stipulates that the company shall be responsible for any damage, defect and fault maybe arisen after work delivery to the project owner for 1-2 years. Therefore, risk of contingency maybe incurred during the captioned warranty period. However, the measure of construction implementation has been established under restriction of quality control and compliance of scope of works starting from design, standard material and equipment procurement with coverage warranty through the period of performance warranty. Moreover, the inspection of engineers supervising projects has been also constantly undertaken during the construction on milestone basis and the inspection report has been also sent to the company's management directed every project prior to work delivery. Until now, the company has never faced this type of risk; however, the damage insurance for every project has been arranged for any damage maybe arisen after work delivery.

5. Risk of financial liquidity

The company's clients are both government agencies obtaining an approved budget from the cabinet but with some delay of bill collection and private companies. In case of lack of liquidity, it may cause delay of payment for the company's service.

Realizing in this type of risk, the risk mitigation measure has been established to protect such a risk by setting up the policy of project owner selection concisely with consideration in all respects of the project owners especially their financial status, operating results, reliability and business strength of project owners. In case of oversea project, to secure the project, the company prefers to select a project owner who is a government agency.

6. Risk of investment in water supply and wastewater treatment project

At present, the company has expanded its business in a form of investment in water supply and wastewater treatment project of government agencies and private companies in various industries for which the company is required to be responsible for all expenses incurred from the investment and project management for 10 - 30 year period and the impact from this type of risk may cause no payment of service charge from project owners due to their lack of liquidity or bankruptcy prior to end of contracts.

To protect such a risk, prior to contract signing or enter into bidding, the project owner selection shall be made based on financial status, management's reliability together with profitability ratio as per defined policy. In addition, the customer base has been extended to government sector to protect risk of no service charge payment.

Independent Auditor's Report

To the Shareholders of Hydrotek Public Company Limited

Opinion

I have audited the accompanying consolidated and separate financial statements of Hydrotek Public Company Limited and its subsidiaries (the Group) and of Hydrotek Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2016, and the related consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity and consolidated and separate statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Hydrotek Public Company Limited and its subsidiaries and of Hydrotek Public Company Limited as at December 31, 2016, and its consolidated and separate financial performance and its consolidated and separate 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 Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to our audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that 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 judgment, 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.

Recognition of Revenue from Construction

The Group recognize revenue from construction by applying the percentage of completion method. The percentage of completion is calculated by comparing the cost of construction incurred to the end of the reporting period with the estimate of construction cost expected to incur reaching the stage of completion (Note 4.11). The estimate of construction cost expected to incur reaching the stage of completion is a key audit matter because the said estimate of construction cost involved the management's judgments and the carrying amounts of the revenue from construction is considered significant to the Group's financial statements.

Key audit procedures

We reviewed the appropriateness of the Group's accounting policies and their conformity to the requirements of the accounting standards. We also reviewed the appropriateness and the consistency of the said construction cost estimating method.

We have obtained an understanding and evaluated the internal controls related to the preparation, review and approval of the said estimate of construction cost.

We have audited appropriate and sufficient evidence for each item involved in the construction cost estimation that has been calculated by the project engineer and approved by the management. We have also tested the calculation of the said construction cost estimation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charge with governance to correct the materially misstatement.

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

Managements 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 Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

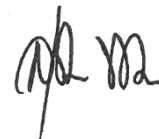
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 have 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.

SP Audit Company Limited



(Mr. Suchart Panitcharoen)

Certified Public Accountant (Thailand) No. 4475

Bangkok

February 24, 2017

Statements of Financial Position
Hydrotek Public Company Limited and Subsidiary
As at December 31, 2016

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
<u>ASSETS</u>					
Current Assets					
Cash and cash equivalents		27,388,449.84	67,281,070.42	16,868,186.80	59,229,533.28
Trade and other receivables - other companies	6	77,778,039.54	191,401,092.31	75,802,834.00	143,766,179.24
other receivables - related parties	5.1	-	-	1,017,805.82	5,838,871.61
Unbilled receivables	7	73,888,112.22	173,699,384.11	73,888,112.22	133,938,930.71
Retention receivables		1,130,892.00	23,585,875.99	1,130,892.00	23,585,875.99
Suspend input vat		1,415,117.96	2,088,503.63	1,154,558.07	1,962,580.69
Short-term loan due from related party	5.1	-	-	-	26,000,000.00
Construction in progress		8,311,184.23	20,973,572.48	8,311,184.23	19,900,998.48
Total Current Assets		189,911,795.79	479,029,498.94	178,173,573.14	414,222,970.00
Non-Current Assets					
Deposits at banks pledged as collateral	8	75,293,667.39	99,342,706.24	75,293,667.39	99,342,706.24
Investment in associate	9	-	2,144,008.49	-	2,142,391.26
Investment in subsidiaries	10	-	-	12,763,320.00	-
Receivables under the concession agreement	11	8,519,555.47	-	-	4,694,350.00
Investments property	12	2,973,750.00	2,973,750.00	2,973,750.00	2,973,750.00
Land and equipment	13	155,426,428.07	143,202,235.63	155,099,779.89	142,663,447.94
Intangible assets	14	4,853,775.79	1,404,178.51	1,006,874.50	1,149,405.87
Withholding tax deducted at source		29,487,252.94	23,438,608.50	29,487,252.94	23,438,608.50
Deferred tax assets	22	121,395.95	118,447.81	-	-
Other non-current assets		1,795,395.28	1,899,571.13	1,795,395.28	1,899,571.13
Total Non-Current Assets		278,471,220.89	274,523,506.31	278,420,040.00	278,304,230.94
Total Assets		468,383,016.68	753,553,005.25	456,593,613.14	692,527,200.94

Notes to financial statements are an integral part of these financial statements.

Statements of Financial Position

Hydrotek Public Company Limited and Subsidiary

As at December 31, 2016

(Unit : Baht)

	Note	Consolidated		Separate financial statements	
		Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>					
Current Liabilities					
Bank overdraft and short-term loans due to financial institution	15	94,247,531.59	172,930,794.52	94,247,531.59	139,930,794.52
Trade and other payables	16	112,391,806.05	172,012,566.21	107,105,507.10	153,204,021.61
Other payable - related parties	5.1	342,570.89		1,034,981.85	
Construction revenue received in advance	7	2,943,882.24	1,128,711.39	314,956.08	1,128,711.39
Advances received from customers under construction contracts		27,812,874.76	46,515,570.12	27,812,874.76	46,515,570.12
Unbilled output tax		3,136,041.38	9,203,742.72	3,136,041.38	6,479,229.87
Accrued income tax		151,051.53	424,186.37	-	-
Provision for construction losses		574,473.06	7,845,225.53	574,473.06	7,845,225.53
Short-term loan from related party	5.1	-	-	16,000,000.00	-
Current portion					
long-term loans	17	120,000.00	3,760,000.00	120,000.00	3,760,000.00
Provision for warranty	19	2,078,418.57	5,308,059.93	2,078,418.57	5,308,059.93
Obligation under finance lease	20	-	750,533.61	-	750,533.61
Total Current Liabilities		243,798,650.07	419,879,390.40	252,424,784.39	364,922,146.58
Non-Current Liabilities					
Long-term loans due to financial institution	17	-	120,000.00	-	120,000.00
Long-term loans due to third party	18	125,643,886.50	114,838,669.50	125,643,886.50	114,838,669.50
Provision for warranty	19	3,898,941.26	6,885,876.59	3,898,941.26	6,885,876.59
Employee benefit obligation	21	10,126,445.31	15,540,003.31	9,994,445.31	15,178,994.31
Deferred tax liabilities	22	-	395,426.31	-	395,426.31
Non current liabilities		14,390,259.43	2,667,137.59	9,204,125.91	932,729.09
Total Non-Current Liabilities		154,059,532.50	140,447,113.30	148,741,398.98	138,351,695.80
Total Liabilities		397,858,182.57	560,326,503.70	401,166,183.37	503,273,842.38

Notes to financial statements are an integral part of these financial statements.

Statements of Financial Position
Hydrotek Public Company Limited and Subsidiary
As at December 31, 2016

	Note	(Unit : Baht)			
		Consolidated		Separate financial statements	
		Dec 31, 2016	Dec 31, 2015	Dec 31, 2016	Dec 31, 2015
Shareholders' Equity					
Share capital	23				
Authorized share capital					
389,968,760 ordinary shares, at par value of Baht 1.00		389,968,760.00	389,968,760.00	389,968,760.00	389,968,760.00
paid-up share capital					
389,968,760 ordinary shares, at par value of Baht 1.00		389,968,760.00	389,968,760.00	389,968,760.00	389,968,760.00
Premium on share capital		66,695,860.87	66,695,860.87	66,695,860.87	66,695,860.87
Ratained earning (deficits)					
Appropriated legal reserve		9,620,000.00	9,620,000.00	9,620,000.00	9,620,000.00
Unappropriated		(398,636,038.45)	(273,563,118.25)	(410,857,191.10)	(277,031,262.31)
Other components of equity		69,738.45	3,095.28	-	-
Equity attributable to the owners of the company		67,718,320.87	192,724,597.90	55,427,429.77	189,253,358.56
Non-controlling interests		2,806,513.24	501,903.65	-	-
Total shareholders' equity		70,524,834.11	193,226,501.55	55,427,429.77	189,253,358.56
Total Liabilities and Shareholder's Equity		468,383,016.68	753,553,005.25	456,593,613.14	692,527,200.94

Notes to financial statements are an integral part of these financial statements.

Statements of Comprehensive Income
Hydrotek Public Company Limited and Subsidiary
For the Year ended on December 31, 2016

		(Unit : Baht)			
	Note	Consolidated		Separate financial statements	
		2016	2015	2016	2015
Revenues					
Construction income		365,232,314.13	664,829,283.16	242,704,733.07	551,930,882.46
Service income		40,656,537.00	78,148,292.16	40,656,537.00	78,148,292.16
Other income		8,841,213.43	2,063,904.94	13,072,298.63	6,367,503.63
Total Revenues		414,730,064.56	745,041,480.26	296,433,568.70	636,446,678.25
Expenses					
Cost of construction		399,031,175.83	723,800,344.33	293,552,338.12	620,577,450.42
Cost of services		23,421,058.87	29,820,401.53	23,421,058.87	29,820,401.53
Administrative expenses		105,590,032.16	62,371,291.02	104,467,751.13	61,051,848.59
Finance cost		14,796,426.18	16,252,949.57	14,692,316.68	15,815,034.89
Total Expenses		542,838,693.04	(832,244,986.45)	436,133,464.80	727,264,735.43
Loss before share of loss from investments in associate		(128,108,628.48)	(87,203,506.19)	(139,699,896.10)	(90,818,057.18)
Share of loss from investments in associate		(494,777.46)	(649,570.57)	-	-
Loss before income tax (income) expenses		(128,603,405.94)	(87,853,076.76)	(139,699,896.10)	(90,779,323.43)
Income tax income(expense)	25	(1,677,348.96)	(858,069.23)	395,426.31	38,733.75
Loss for the year		(130,280,754.90)	(88,711,145.99)	(139,304,469.79)	(90,779,323.43)
Other comprehensive income					
Transactions that be classified into profit or loss in the future					
Difference exchange rate from conversion of financial statements		83,303.96	3,869.10	-	-
Transactions that not be classified into profit or loss in the future.					
Acturial gain		5,478,541.00	752,841.00	5,478,541.00	752,841.00
Other comprehensive income for the year		5,561,844.96	756,710.10	5,478,541.00	752,841.00
Total comprehensive loss for the year		(124,718,909.94)	(87,954,435.89)	(133,825,928.79)	(90,026,482.43)

Notes to financial statements are an integral part of these financial statements.

Statements of Comprehensive Income
Hydrotek Public Company Limited and Subsidiary
For the Year ended on December 31, 2016

		(Unit : Baht)			
	Note	Consolidated		Separate financial statements	
		2016	2015	2016	2015
Profit (loss) attributable to					
Equity holders of the Company		(130,551,461.20)	(88,538,588.32)		
Non-controlling interests		270,706.30	(172,557.67)		
		<u>(130,280,754.90)</u>	<u>(88,711,145.99)</u>		
Total comprehensive loss attributable to					
Equity holders of the Company		(125,006,277.03)	(87,782,652.04)		
Non-controlling interests		(287,367.09)	(171,783.85)		
		<u>(124,718,909.94)</u>	<u>(87,954,435.89)</u>		
Basic loss per share	26	(0.33)	(0.23)	(0.36)	(0.23)
Weighted average of ordinary shares (share)		389,968,760	389,968,760	389,968,760	389,968,760

Notes to financial statements are an integral part of these financial statements.

Consolidated Statements of Changes in Shareholders' Equity

Hydrotek Public Company Limited and Subsidiary

For the Year ended on December 31, 2016

	Equity attributable to the owners of the Company									
	Retained earnings (deficits)					Other components of shareholders' equity				
	paid-up share capital	Premium on Share capital	Appropriated legal reserve	Unappropriated	Difference exchange rate from conversion of financial statements	Total Equity attributable to the owners of the Company	Non- Controlling Interests	Total	Total	Total
Balance as at January 1, 2015	389,968,760.00	67,211,860.87	9,620,000.00	(185,777,370.93)	-	280,507,249.94	-	280,507,249.94		
Changes in equity for the year										
Increment of share capital in subsidiary capital	-	-	-	-	-	-	673,687.50	673,687.50		673,687.50
Actuarial gain	-	-	-	752,841.00	-	752,841.00	-	752,841.00		752,841.00
Total comprehensive loss for the period	-	-	-	(88,538,588.32)	3,095.28	(88,535,493.04)	(171,783.85)	(88,707,276.89)		(88,707,276.89)
Balance as at December 31, 2015	389,968,760.00	66,695,860.87	9,620,000.00	(273,563,118.25)	3,095.28	192,724,597.90	501,903.65	193,226,501.55		
Changes in equity for the year										
Increment of share capital in subsidiary capital	-	-	-	-	-	-	2,017,242.50	2,017,242.50		2,017,242.50
Actuarial gain	-	-	-	5,478,541.00	-	5,478,541.00	-	5,478,541.00		5,478,541.00
Loss for the year	-	-	-	(130,551,461.20)	66,643.17	(130,484,818.03)	287,367.09	(130,197,450.94)		(130,197,450.94)
Balance as at December 31, 2016	389,968,760.00	66,695,860.87	9,620,000.00	(398,636,038.45)	69,738.45	67,718,320.87	2,806,513.24	70,524,834.11		

Notes to financial statements are an integral part of these financial statements.

Separate Statements of Changes in Shareholders' Equity
Hydrotek Public Company Limited and Subsidiary
For the Year ended on December 31, 2016

(Unit : Baht)						
	Notes	Issued and paid-up share capital	Premium on share capital	Deficits		Total
				Appropriated		
				legal reserve	Unappropriated	
Balance as at January 1, 2015		389,968,760.00	66,695,860.87	9,620,000.00	(187,004,779.88)	279,279,840.99
Changes in equity for the year						
Acturial gain		-	-	-	752,841.00	752,841.00
Loss for the year		-	-	-	(90,779,323.43)	(90,779,323.43)
Balance as at December 31, 2015		389,968,760.00	66,695,860.87	9,620,000.00	(277,031,262.31)	189,253,358.56
Changes in equity for the year						
Acturial gain		-	-	-	5,478,541.00	5,478,541.00
Loss for the year		-	-	-	(139,304,469.79)	(139,304,469.79)
Balance as at December 31, 2016		389,968,760.00	66,695,860.87	9,620,000.00	(410,857,191.10)	55,427,429.77

Notes to financial statements are an integral part of these financial statements.

Statements of Cash Flow

Hydrotek Public Company Limited and Subsidiary

For the Year ended on December 31, 2016

(Unit : Baht)

	Notes	Consolidated		Separate financial statements	
		2016	2015	2016	2015
Cash Flow From Operating Activities					
Loss before income tax income (expenses)		(128,874,112.24)	(87,680,519.09)	(139,699,896.10)	(90,818,057.18)
Adjustments to reconcile loss before income tax (income) expenses for cash received (used) from operations					
Share of loss from investments in associate		494,777.46	649,570.57	-	-
Comprehensive loss attributable to non-controlling interests		270,706.30	(172,557.67)	-	-
Doubtful debt (Reversal)		39,102,894.14	(9,710,431.14)	39,102,894.14	(9,710,431.14)
Depreciation		3,951,637.64	4,569,811.72	3,725,598.13	4,331,585.31
Amortisation of intangible assets		549,327.57	511,917.93	459,171.37	424,396.42
Provision for warranty (Reversal)		(6,216,576.69)	8,279,398.39	(6,216,576.69)	8,279,398.39
(Gain) loss on disposal of assets		104,955.12	(30,499.73)	104,955.12	(39,301.37)
Gain on disposal of intangible assets		-	-	-	(20,340.78)
Loss from write-off fixed assets		42,100.47	48,668.06	42,100.47	48,668.06
Reversal of allowance for impairment.		-	(993,750.00)	-	(993,750.00)
Impairment loss on fixed assets		-	522,823.38	-	522,823.38
Impairment loss on investments		(19,168.86)	-	473,991.37	-
Provision for construction losses (Reversal)		(7,270,752.47)	(132,809.29)	(7,270,752.47)	(132,809.29)
Provisions for employee benefits		1,797,157.00	2,681,991.34	1,631,666.00	2,320,982.34
Provision for lawsuit		-	3,000,000.00	-	3,000,000.00
Interest income		(1,689,969.14)	(1,397,414.12)	(1,388,501.14)	(3,315,540.92)
Interest expenses		14,796,426.18	16,252,949.57	14,692,316.68	15,815,034.89
Loss from operation before changes in operating assets and liabilities		(82,960,597.52)	(63,600,850.08)	(94,343,033.12)	(70,287,341.89)
(Increase) decrease in trade and other receivables - other companies		102,315,819.27	(70,820,416.56)	56,566,020.39	(28,403,273.23)
Decrease in other receivables - related parties		-	-	3,795,841.95	-
Decrease in unbilled receivables		74,619,857.63	65,223,561.62	34,859,404.23	97,197,546.44
(Increase) decrease in retention receivables		22,454,983.99	(19,281,233.76)	22,454,983.99	(19,281,233.76)
Decrease in suspend input vat		673,385.67	626,703.58	808,022.62	722,553.14
(Increase) decrease in construction in progress		10,095,777.17	(20,386,314.83)	9,023,203.17	(19,313,740.83)
Increase in receivables under the concession agreement		(7,899,337.37)	-	-	-
(Increase) decrease in other non-current assets		104,175.85	(16,492.52)	104,175.85	(16,492.52)
Increase (decrease) in trade and other payables - other companies		(67,586,959.01)	9,648,340.47	(54,070,590.09)	(6,063,016.82)
Increase in other payables - related parties		342,570.89	-	342,570.89	-
Increase in construction revenue received in advance		1,815,170.85	499,422.80	(813,755.31)	499,422.80
Decrease in advance received under construction contracts		(18,702,695.36)	(20,312,302.76)	(18,702,695.36)	(20,312,302.76)
Increase (decrease) in unbilled output tax		(6,067,701.34)	3,979,673.74	(3,343,188.49)	1,341,434.25
Increase in other non-current liabilities		11,723,121.84	2,667,137.59	8,271,396.82	932,720.09
Cash generated from operating		40,927,572.56	(111,772,770.71)	(35,047,642.46)	(62,983,725.09)
Cash paid for employee benefits		(1,737,823.00)	(380,298.69)	1,343,323.00	(380,298.69)
Cash paid for income tax		(8,397,537.89)	(12,442,840.14)	(6,048,644.44)	(11,798,240.32)
Net cash provided from (used) in operating activities		30,792,211.67	(124,595,909.54)	(42,439,609.90)	(75,162,264.10)

Notes to financial statements are an integral part of these financial statements.

Statements of Cash Flow

Hydrotek Public Company Limited and Subsidiary

For the Year ended on December 31, 2016

(Unit : Baht)

	Notes	Consolidated		Separate financial statements	
		2016	2015	2016	2015
Cash Flow From Investing Activities					
(Increase) decrease in short-term loan due from related party		-	-	26,000,000.00	(19,920,000.00)
Cash received for disposal of investments in associates		1,668,399.89	-	1,668,399.89	-
Cash paid for investments in subsidiaries		-	-	(8,068,970.00)	(3,694,350.00)
(Increase) decrease in deposits at bank pledged as collateral		24,049,038.85	(21,788,646.44)	24,049,038.85	(21,788,646.44)
Cash paid for purchase of equipment		(18,570,076.82)	(24,049,991.15)	(18,556,176.82)	(23,955,065.36)
Cash received from disposal of equipment		2,252,840.15	73,627.10	2,252,840.15	412,727.10
Cash received from disposal of intangible assets		-	-	-	220,550.00
Cash paid for purchase of intangible assets		(3,998,924.85)	(439,190.19)	(316,640.00)	(391,790.19)
Cash received interest income		1,120,957.89	1,444,757.28	2,466,181.03	2,379,972.86
Net cash provided from (used in) investing activities		6,522,235.11	(44,759,443.40)	(29,494,673.10)	(66,736,602.03)
Cash Flow From Financing Activities					
Increase (decrease) in short-term loans due to financial institutions		(78,683,262.93)	78,930,794.52	(45,683,262.93)	45,930,794.52
Cash paid for obligation under financial lease		(750,533.61)	(1,699,000.03)	(750,533.61)	(1,699,000.03)
Cash paid for short-term loan from related party		-	-	16,000,000.00	-
Cash paid for long-term loans due to financial institutions		(3,760,000.00)	(34,200,000.00)	(3,760,000.00)	(34,200,000.00)
Cash received from long-term loans due to other company		10,805,217.00	114,838,669.50	10,805,217.00	114,838,669.50
Cash received from non-controlling interests		2,017,242.50	673,687.50	-	-
Cash paid for interest expenses		(6,830,227.33)	(11,486,915.88)	(6,027,830.14)	(11,054,877.93)
Net cash provided from (used) in financing activities		(77,201,564.37)	147,057,235.61	(29,416,409.68)	113,815,586.06
Effects of exchange rate change on the balance of cash and cash equivalents		(5,502.99)	-	-	-
Net Decrease in Cash and Cash Equivalent		(39,892,620.58)	(22,298,117.33)	(42,361,346.48)	(28,083,280.07)
Cash and Cash Equivalent at the Beginning of the Period		67,281,070.42	89,579,187.75	59,229,533.28	87,312,813.35
Cash and Cash Equivalent at the End of the Period	27.1	27,388,449.84	67,281,070.42	16,868,186.80	59,229,533.28

Notes to financial statements are an integral part of these financial statements.

Notes to Financial Statements as at December 31, 2016

1. General information

Hydrotek Public Company Limited (“Company”) is a public company and is incorporated in Thailand. The Company is listed on the Market for Alternative Investment (MAI). The address of the Company’s registered office is 14th Floor, TP&T Tower 1 Soi Vibhavadee-Rangsit 19, Chatuchak, Chatuchak, Bangkok.

The principal business operations of the Company and subsidiaries (“the Group”) are service of water treatment and wastewater treatment system by construction service and selling of related supplies.

2. Basis of preparation of financial statements

The consolidated and separate financial statements are presented in Thai language and Thai Baht, and in conformity with Thai generally accepted accounting principles under the Accounting Act B.E. 2543 (or 2000), being those Thai Accounting Standards issued under the Accounting Profession Act B.E. 2547 (or 2004), and the financial reporting requirements of the Capital Market Supervisory Board under the Securities and Exchange Act B.E.2535 (or 1992).

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Actual results may differ from those estimates. Although the management has most

The financial statements issued for Thai report purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2016.

TFRS No. 2 Share-based Payment (revised 2015)

TFRS No. 3 Business Combinations (revised 2015)

TFRS No. 4 Insurance Contracts (revised 2015)

TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2015)

TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2015)

TFRS No. 8 Operating Segments (revised 2015)

TFRS No. 10 Consolidated Financial Statements (revised 2015)

TFRS No. 11 Joint Arrangements (revised 2015)
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2015)
TFRS No. 13 Fair Value Measurement (revised 2015)
TAS No. 1 Presentation of Financial Statements (revised 2015)
TAS No. 2 Inventories (revised 2015)
TAS No. 7 Statement of Cash Flows (revised 2015)
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2015)
TAS No. 10 Events after the Reporting Period (revised 2015)
TAS No. 11 Construction Contracts (revised 2015)
TAS No. 12 Income Taxes (revised 2015)
TAS No. 16 Property, Plant and Equipment (revised 2015)
TAS No. 17 Leases (revised 2015)
TAS No. 18 Revenue (revised 2015)
TAS No. 19 Employee Benefits (revised 2015)
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2015)
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2015)
TAS No. 23 Borrowing Costs (revised 2015)
TAS No. 24 Related Party Disclosures (revised 2015)
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2015)
TAS No. 27 Separate Financial Statements (revised 2015)
TAS No. 28 Investments in Associates and Joint Ventures (revised 2015)
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2015)
TAS No. 33 Earnings per Share (revised 2015)
TAS No. 34 Interim Financial Reporting (revised 2015)
TAS No. 36 Impairment of Assets (revised 2015)
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2015)
TAS No. 38 Intangible Assets (revised 2015)
TAS No. 40 Investment Property (revised 2015)
TAS No. 41 Agriculture
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2015)
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2015)
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2015)
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies (revised 2015)
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2015)
TFRIC No. 12 Service Concession Arrangements (revised 2015)
TFRIC No. 13 Customer Loyalty Programmes (revised 2015)

TFRIC No. 14 TAS 19 (revised 2015) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2015)

TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2015)

TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2015)

TFRIC No. 18 Transfers of Assets from Customers (revised 2015)

TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2015)

TFRIC No. 21 Levies

TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2015)

TSIC No. 15 Operating Leases - Incentives (revised 2015)

TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2015)

TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2015)

TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2015)

TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2015)

TSIC No. 32 Intangible Assets - Web Site Costs (revised 2015)

The Group has adopted such financial reporting standards to the financial statements on the current period. The management believes that they don't have any significant impact on the financial statements for the current period.

Moreover, the Federation of Accounting Profession has notified to apply the following financial reporting standards to the financial statements in the future periods.

	<u>Effective date</u>
TFRS No. 2 Share-based Payment (revised 2016)	January 1, 2017
TFRS No. 3 Business Combinations (revised 2016)	January 1, 2017
TFRS No. 4 Insurance Contracts (revised 2016)	January 1, 2017
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2016)	January 1, 2017
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2016)	January 1, 2017
TFRS No. 8 Operating Segments (revised 2016)	January 1, 2017
TFRS No. 10 Consolidated Financial Statements (revised 2016)	January 1, 2017
TFRS No. 11 Joint Arrangements (revised 2016)	January 1, 2017
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2016)	January 1, 2017
TFRS No. 13 Fair Value Measurement (revised 2016)	January 1, 2017
TAS No. 1 Presentation of Financial Statements (revised 2016)	January 1, 2017
TAS No. 2 Inventories (revised 2016)	January 1, 2017
TAS No. 7 Statement of Cash Flows (revised 2016)	January 1, 2017
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2016)	January 1, 2017
TAS No. 10 Events after the Reporting Period (revised 2016)	January 1, 2017
TAS No. 11 Construction Contracts (revised 2016)	January 1, 2017
TAS No. 12 Income Taxes (revised 2016)	January 1, 2017

	<u>Effective date</u>
TAS No. 16 Property, Plant and Equipment (revised 2016)	January 1, 2017
TAS No. 17 Leases (revised 2016)	January 1, 2017
TAS No. 18 Revenue (revised 2016)	January 1, 2017
TAS No. 19 Employee Benefits (revised 2016)	January 1, 2017
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2016)	January 1, 2017
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2016)	January 1, 2017
TAS No. 23 Borrowing Costs (revised 2016)	January 1, 2017
TAS No. 24 Related Party Disclosures (revised 2016)	January 1, 2017
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2016)	January 1, 2017
TAS No. 27 Separate Financial Statements (revised 2016)	January 1, 2017
TAS No. 28 Investments in Associates and Joint Ventures (revised 2016)	January 1, 2017
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2016)	January 1, 2017
TAS No. 33 Earnings per Share (revised 2016)	January 1, 2017
TAS No. 34 Interim Financial Reporting (revised 2016)	January 1, 2017
TAS No. 36 Impairment of Assets (revised 2016)	January 1, 2017
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2016)	January 1, 2017
TAS No. 38 Intangible Assets (revised 2016)	January 1, 2017
TAS No. 40 Investment Property (revised 2016)	January 1, 2017
TAS No. 41 Agriculture (revised 2016)	January 1, 2017
TAS No. 104 Accounting for Troubled Debts Restructurings (revised 2016)	January 1, 2017
TAS No. 105 Accounting for Investments in Debt and Equity Securities (revised 2016)	January 1, 2017
TAS No. 107 Financial Instruments: Presentation and Disclosures (revised 2016)	January 1, 2017
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2016)	January 1, 2017
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2016)	January 1, 2017
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2016)	January 1, 2017
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies (revised 2016)	January 1, 2017
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2016)	January 1, 2017
TFRIC No. 12 Service Concession Arrangements (revised 2016)	January 1, 2017
TFRIC No. 13 Customer Loyalty Programmes (revised 2016)	January 1, 2017
TFRIC No. 14 TAS 19 (revised 2016) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction (revised 2016)	January 1, 2017
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2016)	January 1, 2017
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2016)	January 1, 2017
TFRIC No. 18 Transfers of Assets from Customers (revised 2016)	January 1, 2017

	<u>Effective date</u>
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2016)	January 1, 2017
TFRIC No. 21 Levies (revised 2016)	January 1, 2017
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2016)	January 1, 2017
TSIC No. 15 Operating Leases - Incentives (revised 2016)	January 1, 2017
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2016)	January 1, 2017
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2016)	January 1, 2017
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2016)	January 1, 2017
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2016)	January 1, 2017
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2016)	January 1, 2017
Guide on Accounting for Insurance Business in Determining Financial Instruments as Financial Instruments Presented with Fair Value through Profit or Loss	January 1, 2017

The Group has not early adopted such financial reporting standards having the effective date to the financial statements on the future periods before the effective dates. The management is currently assessing the first-year impact on the Group's financial statements.

3. Principles of consolidation financial statements

The consolidated financial statements comprise the financial statements of the Company and its subsidiary. Subsidiaries, which are those entities in which the Group has power to govern the financial and operating policies, are consolidated. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Related party transactions, balances and unrealized gains on transactions between group companies are eliminated; unrealized losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

As at December 31, 2016 and 2015 have been prepared by including the financial statements of Hydrotek Public Company Limited and its subsidiaries after eliminate the significant related party balances and transactions. The percentage directly and indirectly owned by the Company as follows:-

<u>Companies</u>	<u>Nature of business</u>	Country of incorporation	Percentage of shareholding	
			<u>2016</u>	<u>2015</u>
Hydrotek-Chaisarit joint venture	Service of water treatment and wastewater	Thailand	100.00	100.00
Hydrotek Utilities Co., Ltd.	Investment project, which operate and selling portable water and related businesses	Thailand	100.00	100.00
Hydrotek Supreme Mandalay Co.,Ltd.	Investment project, wastewater treatment plant and wastewater collection system.	Myanmar	80.00	80.00

Balances between the Company and its subsidiary, significant intercompany transactions have been eliminated from the consolidated financial statements.

The financial statements of the subsidiary are prepared using the same significant accounting policies as applied to the Company.

The financial statements of the subsidiary are prepared using the same reporting period as applied to the Company.

The assets and liabilities in the financial statements of overseas subsidiaries company is translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of "Exchange differences on translation" in the statements of changes in shareholders' equity.

4. Accounting policies

4.1 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits with banks and other short-term highly liquid investments with original maturities of three months or less and free from restrictions.

4.2 Trade accounts receivable

Trade accounts receivable are carried in the statement of financial position at the amount expected to be collectible. Allowance for doubtful receivables are estimated by percentage of accounts receivable which is assessed primarily on analysis of payment histories and review of all

outstanding amounts at the end of the reporting period. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

4.3 Investments

Investments in associates

Investments in associates are accounting for using the cost method of accounting in the separate financial statements less allowance for impairment investment (if any). And investments in associates are accounted for using the equity method in the consolidated financial statements.

4.4 Receivables under the concession agreement

The service concession arrangement receivables incurred from the recognition of revenue from the construction of the wastewater treatment system. The payment is received in the form of a contractual right to receive compensation from the concession grantor if the wastewater treatment volume is less than the level specified in the service concession arrangement. It is shown in the statement of financial position at cost amortized by the effective interest rate method.

4.5 Investment properties

Investment properties, which are properties held to earn rentals income and/or for capital appreciation is measured initially at its costs, including transaction cost. Subsequent to initial recognition, investment property is measured at the cost method net from the allowance for impairment (if any).

4.6 Land and equipment

Land and assets under construction held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated impairment losses (if any).

Equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their historical cost less accumulated depreciation and accumulated impairment losses (if any).

The cost of an item of asset comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling

and removing the item and restoring the site on which it is located, and the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset.

The Group depreciation is calculated on the straight-line method to write off the cost of each asset, except for land and assets under construction, to their residual values over their estimated useful life as follows:

Office equipments and furniture	3 - 5	years
Tools and equipment	2 - 5	years
Vehicles	5 - 10	years

The residual value, the useful life and the depreciation method of an asset will be reviewed at least at each financial year-end.

The gain or loss arising on the disposal or retirement of an item of land and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.7 Intangible assets

Intangible assets that are acquired by the Group, which have finite useful lives such as computer software, are stated at cost less accumulated amortization and amortization is calculated using the straight-line method to allocate the cost over their estimated useful lives (5 years).

The intangible asset incurred from the recognition of revenue from the construction of the wastewater treatment system. The payment is received in the form of the right to charge for the wastewater treatment system usage; depending on the operator's wastewater treatment volume as stipulated in the service concession arrangement. It is shown in the statement of financial position at cost net of accumulated amortization using the straight-line amortization over the 30-year term of the service concession arrangement.

4.8 Impairment of assets

The carrying amounts of the Group's assets and also intangible assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows.

The Group will recognize impairment losses in profit or loss, or reduce the revaluation increment in assets in case that those assets are previously revalued. The reversal of impairment losses will be

recognized in profit or loss or as a revaluation increment in assets when there is an indication that the impairment losses are no longer exist or decreased.

4.9 Accounting for leases

Where the Group is the lessee

Long term leases which substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged in profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases while depreciation is carried throughout the useful life of leased asset. However, if there is uncertainty in the right of ownership when the contract is terminated, depreciation is carried according to useful life of leased assets or life of leased contract whichever the period is lower.

Long term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

4.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

4.11 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

4.12 Revenue recognition

Revenues from construction are recognized on a percentage of completion basis. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the reporting period (Excluding costs of materials that have been set aside for use in a contract but not yet installed at the end of the reporting period and have been presented under the caption of "Construction in progress in the statements of financial position") and total anticipated construction costs to be incurred to completion. In case, it is probable that the total construction costs will exceed the total construction income, the expected foreseeable loss is immediately recognized as an expense. The recognized revenue which is not yet due per the contracts has been presented under the caption of "Unbilled receivables" in the statement of financial position. The unrecognized revenue which is due per the contracts has been presented under the caption of "Construction revenue received in advance" in the statement of financial position.

Sales are recognized on the delivery of goods or on customer acceptance. Sales are shown net of sales taxes and discounts.

Service income is recognized when service have been rendered.

Interest revenue is recognized on an accrual basis.

4.13 Retirement benefit costs

Defined contribution plan

The Group operates a provident fund which is funded by payments from employees and by the Group. The assets for which are held in a separate trust fund. Contributions to the provident fund are recognized in profit or loss in the period in which they are incurred.

Defined benefit plan

The Group has the employee benefit obligation in case of retirement or termination under the labor law. The Group hires an actuary to calculate on an actuarial technique the said employee benefit obligation. The said employee benefit obligation is discounted using the projected unit credit method by reference to an interest rate of a government bond to determine the present value of

the employee benefit obligation, current service cost and related interest expense. The current service cost and interest expense are recognized in profit or loss. Actuarial gains and losses arising from re-measurement of the employee benefit obligation are recognized in other comprehensive income and transferred in retained earnings, respectively without reclassification of those amounts to profit or loss in a subsequent period.

4.14 Foreign currency transactions

The Group translates foreign currency transactions into Baht using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities at the end of the reporting period denominated in foreign currencies are translated into Baht at the exchange rate prevailing at that date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss as incurred.

4.15 Income tax

The Group recognizes the unpaid current tax for current period as a liability in the statement of financial position. In a case where the amount already paid in respect of current period exceeds the amount due for those period, the excess will be recognized as an asset in the statement of financial position.

The Group recognizes a deferred tax liability for all taxable temporary difference, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which affects neither accounting profit nor taxable profit at the time of the transaction. The Group recognizes a deferred tax asset for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

The Group recognizes a deferred tax liability for all taxable temporary differences associated with investments in associates, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. And the Group recognizes a deferred tax asset for all deductible temporary differences arising from investment in associates, to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilized.

The Group measures the current tax assets and liabilities for the current period using the tax rate that have been enacted by the end of the reporting period. And the deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the

liability is settled, based on tax rate that have been enacted or substantively enacted by the end of the reporting period.

The Group recognizes the current and deferred tax as an income or an expense and includes it in profit or loss for the period, except the current and deferred tax for items that are recognized in the other comprehensive income or directly in the equity will be recognized in the other comprehensive income or directly in the equity.

4.16 Financial instruments

Financial assets and liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables, trade and other payables, and loan receivables and payables. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this Note.

4.17 The important accounting estimation, supposition and judgment application

The estimation, supposition and judgment application have been continuously reviewed and assessed and they are on the background of the history experience and other factors that include the expectation of the event in the future which believe that there are reasons in that situation.

Equipment and intangible assets

Management determines the estimated useful lives and residual values for the Group's plant and equipment and intangible assets. Management will revise the depreciation charge where useful lives and residual values are different to previously estimated, or its will write off or write down technically obsolete or assets that have been abandoned or sold.

Estimated construction project costs

The Group estimate costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Employee benefit

Liabilities from defined benefit post-employment estimated actuarial science, the assumptions in the projections such as Discount rate, Future salary increase rate, Mortality rate and The number of employees changes rate etc.

5. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Soongswang family and Mr.Kitti Jivacate shareholder, holding 23.81 % (2015: 23.82%) of the share capital of the Company. Transactions related to the principal shareholders or directors are recognized as related parties to the Company.

The Company has transactions with related parties for the year ended December 31, 2016 and 2015 as follows:-

5.1 Inter-assets and liabilities

(Unit : Baht)

	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other receivable				
Hydrotek-Utilities Co., Ltd.	-	-	152.25	31,300.00
Hydrotek-Chaisarit Joint Venture	-	-	153,171.57	-
Advance payment				
Hydrotek-Chaisarit Joint Venture	-	-	864,482.00	4,782,347.77
Accrued interest income				
Hydrotek-Chaisarit Joint Venture	-	-	-	1,025,223.84
Total other receivable	-	-	1,017,805.82	5,838,871.61
Short – term Loan to related party				
Hydrotek-Chaisarit Joint Venture	-	-		
Beginning balance	-	-	26,000,000.00	6,080,000.00
Additional in during the year	-	-	21,000,000.00	83,000,000.00
Repayment in during the year	-	-	(47,000,000.00)	(63,080,000.00)
Ending balance	-	-		26,000,000.00

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Other payables				
Accrued expenses				
Related persons	342,570.89	-	342,570.89	-
Accrued interest				
Hydrotek-Chaisarit Joint Venture	-	-	692,410.96	-
Total other payables	342,570.89	-	1,034,981.85	-
Short-term loans from director				
Beginning balance	-	-	-	-
Additional in during the period	6,400,000.00	-	6,400,000.00	-
Repayment in during the period	(6,400,000.00)	-	(6,400,000.00)	-
Ending balance	-	-	-	-
Short-term loan from related party				
Hydrotek-Chaisarit Joint Venture				
Beginning balance	-	-	-	-
Additional in during the period	-	-	64,000,000.00	-
Repayment in during the period	-	-	(48,000,000.00)	-
Ending balance	-	-	16,000,000.00	-

As at December 31, 2016, short-term loans from director there is no contract between the interest charged.

As at December 31, 2016, short-term loans from related party. Such inter-loan is in promissory note maturity within 6 months and interest is carried by the rate of 7.00-7.25 per annum.

5.2 Inter-revenue and expenses

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Construction income				
UAC Global Public Company Limited	-	350,000.00	-	350,000.00
Disposal assets				
UAC Global Public Company Limited	-	-	-	339,100.00
Disposal intangible assets				
Hydrotek-Chaisarit Joint Venture	-	-	-	220,550.00
Interest income				
Hydrotek-Chaisarit Joint Venture	-	-	351,990.59	1,943,157.26
Other income				
Hydrotek-Chaisarit Joint Venture	-	-	4,551,868.00	2,430,000.00
Interest Expense				
Hydrotek-Chaisarit Joint Venture	-	-	692,410.96	-

5.3 Management benefit expense

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Short-term employee benefits	14,015,230.00	13,015,913.59
Post-employment benefits	675,327.00	705,372.00
	<u>14,690,557.00</u>	<u>13,721,285.59</u>

5.4 Pricing policies

Transaction	Pricing Policies
Revenue and cost service	Cost + 10%
Disposal of assets	Book Value +2.67%
Disposal of intangible	Book Value +10.15%
Design Fee	At the price as stipulated in the agreement
Interest income	Based on interest rate of financial institutions + 0.25%
Interest expense	Based on interest rate of a financial institution MLR +1.00%

5.5 Nature of relationship

Name	Relationship
Hydrotek-Chaisarit Joint Venture	Shares held by Company
Hydrotek-Utilities Co., Ltd.	Shares held by Company
Hydrotek Supreme Mandalay Co.,Ltd.	Shares held by Company
UAC Hydrotek Co., Ltd.	Shares held by Company and common management
UAC Global Public Co., Ltd.	The majority shareholder
S.P.C. Design Co., Ltd.	Shares held by close relative of director

6. Trade and other receivables-other companies

Outstanding trade accounts receivable-other companies can be aged as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade accounts receivable				
Within credit term	30,085,721.28	109,644,155.00	30,085,721.28	67,998,030.00
Overdue 1 – 3 Months	4,146,446.00	27,501,799.67	4,146,446.00	27,501,799.67
Overdue 3 – 6 Months	1,069,764.00	-	1,069,764.00	-
Overdue 6 – 12 Months	4,800,000.00	431,079.60	4,800,000.00	431,079.60
Overdue over 12 Months	-	-	-	-
Total	40,101,931.28	137,577,034.27	40,101,931.28	95,930,909.27
<u>Less</u> Allowance for doubtful debts	(4,800,000.00)	(431,079.60)	(4,800,000.00)	(431,079.60)
Net	35,301,931.28	137,145,954.67	35,301,931.28	95,499,829.67
Others accounts receivable	18,218,904.21	21,975,636.91	16,243,698.67	16,313,938.84
Deposit for purchase of goods	18,445,898.52	17,366,600.11	18,445,898.52	17,284,510.11
Advances to subcontractors	14,179,844.03	16,305,490.72	14,179,844.03	16,060,490.72
Total	50,844,646.76	55,647,727.74	48,869,441.22	49,658,939.67
<u>Less</u> Allowance for doubtful debts	(8,368,538.50)	(1,392,590.10)	(8,368,538.50)	(1,392,590.10)
Net	42,476,108.26	54,255,137.64	40,500,902.72	48,266,349.57
Total trade and other receivables	77,778,039.54	191,401,092.31	75,802,834.00	143,766,179.24

The movement of allowance for doubtful debts-trade receivable-other companies for the year ended on December 31, 2016 and 2015 are as follows:

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Beginning balance	(431,079.60)	(3,157,428.56)
Allowance increased during the period	(4,800,000.00)	(1,568,006.21)
Collected during the period	431,079.60	4,294,355.17
Ending balance	<u>(4,800,000.00)</u>	<u>(431,079.60)</u>

The movement of allowance for doubtful debts-other receivable-other companies for the year ended on December 31, 2016 and 2015 are as follows:

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Opening balance	(1,392,590.10)	(686,047.28)
Allowance increased during the year	(7,493,202.02)	(706,542.82)
Write-off during the year	517,253.62	-
Ending balance	<u>(8,368,538.50)</u>	<u>(1,392,590.10)</u>

7. Unbilled receivable / construction revenue received in advance

Consisted of:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Unbilled receivable				
Value of contract	1,353,307,753.36	1,587,743,580.32	1,353,307,753.36	1,341,248,253.22
Revenue recognised on percentage of completion basis	793,371,915.63	1,076,529,569.71	793,371,915.63	954,612,223.79
<u>Less</u> Value of contract billed	(694,292,389.15)	(902,830,185.60)	(694,292,389.15)	(820,673,293.08)
Unbilled receivable	99,079,526.48	173,699,384.11	99,079,526.48	133,938,930.71
<u>Less</u> Allowance	(25,191,414.26)	-	(25,191,414.26)	-
Net	<u>73,888,112.22</u>	<u>173,699,384.11</u>	<u>73,888,112.22</u>	<u>133,938,930.71</u>

	Consolidated		Separate financial statements	
	2016	2015	2016	2015
Construction revenue received in advance				
Value of contract	303,913,177.57	107,663,551.40	57,417,850.47	107,663,551.40
Value of contract billed	247,288,191.69	83,033,822.43	11,614,009.45	83,033,822.43
<u>Less</u> Revenue recognised on percentage of completion basis	(244,344,309.45)	(81,905,111.04)	(11,299,053.37)	(81,905,111.04)
Construction revenue received in advance	2,943,882.24	1,128,711.39	314,956.08	1,128,711.39

Additional data of construction are as follows:-

	Consolidated		Separate financial statements	
	2016	2015	2016	2015
Construction costs incurred plus recognized profits				
(less recognized losses) to date	1,037,716,225.08	1,158,434,680.75	804,670,969.00	1,036,517,334.83
<u>Less</u> : Value of contract billed	(941,580,580.84)	(985,864,008.03)	(705,906,398.60)	(903,707,115.51)
	96,135,644.24	172,570,672.72	98,764,570.40	132,810,219.32
<u>Less</u> Allowance	(25,191,414.26)	-	(25,191,414.26)	-
	70,944,229.98	172,570,672.72	73,573,156.14	132,810,219.32
Amount of the Company has authority from employer (customer) for construction be regarded as assets/liabilities				
- Unbilled receivables	73,888,112.22	173,699,384.11	73,888,112.22	133,938,930.71
- Construction revenue received in advance	(2,943,882.24)	(1,128,711.39)	(314,956.08)	(1,128,711.39)
	70,944,229.98	172,570,672.72	73,573,156.14	132,810,219.32

8. Deposits at financial institutions pledged as collateral

As at December 31, 2016 and 2015, deposit at bank in amount of Baht 1.52 million and Baht 1.50 million, respectively, of the Group has pledged to the Electricity Generating Authority of Thailand (EGAT) as the guarantee for the construction work under Idreco S.P.A. Co.,Ltd. and Idreco Asia Corporation Ltd. since 1991. At present, the said amount of bank deposit is not yet cleared of the obligation and the Group has not yet redeemed the said bank deposit since the Electricity Generating Authority of Thailand (EGAT) has sued for the compensation from Idreco S.P.A. Co.,Ltd. and the case is not yet finalized.

As at December 31, 2016 and 2015, the Group has additionally pledged the remaining Baht 73.77 million and Baht 97.84 million, respectively, as the collateral against the issuance of the letter of guarantee from a commercial bank for the construction project and guarantee against the short-term loan granted by a commercial bank (see note 33.3).

9. Investment in associate

The nature and carrying value of investment in associate can be summarized as follows:-

<u>Name of company</u>	<u>Nature of business</u>	<u>Country of incorporation</u>	<u>Paid-up capital</u>		<u>% of holding</u>		<u>Equity Method</u>		<u>Cost Method</u>	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Unit : '000 Baht)							
UAC Hydrotek Co., Ltd.	Production and distribution of water for consumption and industry	Thailand	-	10,000	-	49.997%	-	2,144	-	5,000
<u>Less Allowance for impairment</u>									-	(2,858)
<u>Net</u>									-	<u>2,142</u>

In June 2016, the Company has disposed all 49,997 ordinary shares of UAC Hydrotek Co., Ltd., which the Company was holding, at Baht 33.37 per share, aggregating to Baht 1,668,399.89 to UAC Global Public Co., Ltd. and the Company recognized the profit from the disposal of investment at Baht 0.02 million in the consolidated statement of comprehensive income recognized the loss from the disposal of investment at

10. Investment in subsidiaries

The composition of the Group in the consolidated financial statements and the carrying value of investment in subsidiaries in the separate financial statement can be summarized as follows:-

<u>Name of Company</u>	<u>Paid-up capital</u>		<u>% of holding</u>		<u>Cost Method</u>		<u>Dividend</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Unit : '000 Baht)							
<u>Subsidiaries don't having non-controlling interests</u>								
Hydrotek-Chaisarit Joint Venture	1,000	1,000	100.00	100.00	1,000	1,000	-	-
Hydrotek Utilities Co., Ltd.	1,000	1,000	100.00	100.00	1,000	1,000	-	-
<u>Total</u>					<u>2,000</u>	<u>2,000</u>	-	-

<u>Name of Company</u>	<u>Paid-up capital</u>		<u>% of holding</u>		<u>Cost Method</u>		<u>Dividend</u>	
	<u>(USD)</u>		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Unit : '000 Baht)							
<u>Subsidiaries having immaterial non-controlling interests</u>								
Hydrotek Supreme Mandalay Co.,Ltd.	377,500	93,750	80.00	80.00	10,763	2,694	-	-

On February 24, 2014, the new agreement for Hydrotek-Chaisarit joint venture has been entered into. The objective of the joint venture operation is to submit proposal for the construction bid of the medical waste treatment systems. The registered share capital is Baht 1,000,000.00 and the shareholding ratio is as follows: -

Hydrotek	holds 50% of shares
Chaisarit	holds 50% of shares

On October 28, 2014, the first amendment to the agreement has been entered into, which both parties agreed to the followings: -

- Hydrotek agreed to pay Baht 2,000,000.00 to Chaisarit on the day the first amendment is signed.
- After the payment has been made, Hydrotek would be solely responsible for the operation of the said joint venture, where Chaisarit no longer be held responsible or require to pay indemnity. Should Hydrotek incurred any debt or damage to Hydrotek-Chaisarit joint venture, Chaisarit or any individual; Hydrotek shall be held solely responsible for the said debt or damage. If Chaisarit has paid compensation for the said damage in advance, Hydrotek shall repay the said sum together with the interest charged at MLR+1 of Kasikorn Bank to Chaisarit immediately,
- Hydrotek shall conduct the project in compliance with all the terms and conditions stipulated in the agreement entered into with Naresuan University, Phitsanulok province.

As a result of the said amendment, Hydrotek Public Company Limited is the sole venturer in Hydrotek-Chaisarit joint venture with the 100.00% shareholding ratio.

On July 15, 2015, the Company has incorporated Hydrotek Supreme Mandalay Co., Ltd. in Republic of the Union of Myanmar. The Company holds 80% of the registered capital of USD 500,000.00. This company has been incorporated to obtain permit for the investment to construct the waste water treatment plant and waste collection system in Mandalay industrial zone. (Note 11)

11. Receivables under the concession agreement

During October 2015, the Mandalay Region Government, Mandalay City Development Committee (MCDC) has signed the concession agreement granting Hydrotek Supreme Mandalay Co., Ltd. the concession in operating Mandalay Industrial Zone Central Wastewater Treatment Plant and Collecting System Project (CWWTP) by construct the said project within 2 years from the date the approval has been granted from MCDC to commence the construction on the land provided by MCDC (excluding the extension of the construction period, if any) and provide waste water treatment service in exchange of the right to collect service fee from the customers of the said industrial zone for the period of 30 years (the term can be extended for 10 years at a time for not more than 2 times). Furthermore, MCDC shall pay the compensation to the subsidiary if the said operator's wastewater treatment volume is less than the level specified in the service concession arrangement. The said service concession arrangement also stipulated that at the end of the service concession arrangement term, the subsidiary shall transfer the asset ownership of the said project to MCDC without receiving any payment. The Group has recognized the compensations that the subsidiary received from the construction of the wastewater treatment system under the said service concession arrangement. One portion is recognized as financial assets under the consolidated financial statements (Note 14)

12. Investments property

Consisted of:-

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Cost :		
As at January 1,	3,000,000.00	3,000,000.00
Purchase	-	-
As at December 31,	<u>3,000,000.00</u>	<u>3,000,000.00</u>
Accumulated impairment losses :-		
As at January 1,	(26,250.00)	(1,020,000.00)
Increase/decrease	-	
Reversal	-	993,750.00
As at December 31,	<u>(26,250.00)</u>	<u>(26,250.00)</u>
Net book value :		
As at December 31,	<u>2,973,750.00</u>	<u>2,973,750.00</u>

Land not used for operation with total area of 9 Rai 3 Ngan 65 Square Wa, is obtained from the debt settlement in the past.

In December 2016, the independent appraiser (Asian Engineering Valuation Co., Ltd.) appraises the value of land by applying the market price comparison approach (based on the highest and best use principle) by using the bid price of other land having similar characteristic with the land of Company, and it appears that the fair value of land is equal to Baht 2.97 million (2015 : Baht 2.97 million).

The independent appraiser did not change the valuation technique from the last year.

TFRS No.13 "Fair Value Measurement" establishes a fair value hierarchy that categories into three levels the inputs to valuation techniques used to measure fair value, as follows:

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on the level of the fair value hierarchy within the fair value measurements as at December 31, 2016 and 2015, is as follows:

	(Unit : Baht)			
	<u>2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Land	-	2,973,750.00	-	2,973,750.00

	(Unit : Baht)			
	<u>2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Land	-	2,973,750.00	-	2,973,750.00

13. Land and equipment

Consisted of:-

	(Unit : Baht)					
	<u>Consolidated</u>					
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	Total
Cost :						
As at January 1, 2016	32,526,750.00	53,402,897.63	9,962,268.48	12,958,133.57	68,111,659.93	176,961,709.61
Purchase	-	380,350.00	176,225.23	-	18,019,150.59	18,575,725.82
Disposal	-	(1,567,463.15)	(870,909.94)	(5,074,013.48)	-	(7,512,386.57)
Write off	-	(132,167.57)	(96,658.40)	-	-	(228,825.97)
As at December 31, 2016	32,526,750.00	52,083,616.91	9,170,925.37	7,884,120.09	86,130,810.52	187,796,222.89
Accumulated depreciation :						
As at January 1, 2016	-	(5,931,897.88)	(5,730,937.02)	(6,317,513.88)	-	(17,980,348.78)
Depreciation for the year	-	(1,611,605.60)	(1,433,319.09)	(906,712.95)	-	(3,951,637.64)
Disposal	-	1,296,867.62	828,064.16	3,029,659.52	-	5,154,591.30
Write off	-	118,637.58	68,087.92	-	-	186,725.50
As at December 31, 2016	-	(6,127,998.28)	(6,268,104.03)	(4,194,567.31)	-	(16,590,669.62)
Allowance for implement :						
As at January 1, 2016	-	(15,779,125.20)	-	-	-	(15,779,125.20)
Addition	-	-	-	-	-	-
As at December 31, 2016	-	(15,779,125.20)	-	-	-	(15,779,125.20)
Net book value :						
As at December 31, 2016	32,526,750.00	30,176,493.43	2,902,821.34	3,689,552.78	86,130,810.52	155,426,428.07

(Unit : Baht)

	Consolidated					Total
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	
Cost :						
As at January 1, 2015	32,526,750.00	7,656,079.37	8,338,166.58	13,337,833.57	91,541,046.73	153,399,876.25
Purchase	-	565,177.01	2,034,359.71	-	21,981,104.45	24,580,641.17
Transfer in	-	45,410,491.25	-	-	-	45,410,491.25
Disposal	-	(216,500.00)	(339,426.13)	(379,700.00)	-	(935,626.13)
Transfer out	-	-	-	-	(45,410,491.25)	(45,410,491.25)
Write off	-	(12,350.00)	(70,831.68)	-	-	(83,181.68)
As at December 31, 2015	32,526,750.00	53,402,897.63	9,962,268.48	12,958,133.57	68,111,659.93	176,961,709.61
Accumulated depreciation :						
As at January 1, 2015	-	(4,309,604.90)	(4,482,080.65)	(5,215,565.53)	-	(14,007,251.08)
Depreciation for the year	-	(1,708,366.40)	(1,392,044.55)	(1,469,400.77)	-	(4,569,811.72)
Transfer in	-	-	-	-	-	-
Disposal	-	81,482.08	113,265.90	367,452.42	-	562,200.40
Write off	-	4,591.34	29,922.28	-	-	34,513.62
As at December 31, 2015	-	(5,931,897.88)	(5,730,937.02)	(6,317,513.88)	-	(17,980,348.78)
Allowance for implement :						
As at January 1, 2015	-	(15,256,301.82)	-	-	-	(15,256,301.82)
Addition	-	(522,823.38)	-	-	-	(522,823.38)
As at December 31, 2015	-	(15,779,125.20)	-	-	-	(15,779,125.20)
Net book value :						
As at December 31, 2015	32,526,750.00	31,691,874.55	4,231,331.46	6,640,619.69	68,111,659.93	143,202,235.63

(Unit : Baht)

	Separate financial statements					Total
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	
Cost :						
As at January 1, 2016	32,526,750.00	53,065,668.43	9,501,495.86	12,958,133.57	68,111,659.93	176,163,707.79
Purchase	-	380,350.00	162,325.23	-	18,019,150.59	18,561,825.82
Disposal	-	(1,567,463.15)	(870,909.94)	(5,074,013.48)	-	(7,512,386.57)
Write off	-	(132,167.57)	(96,658.40)	-	-	(228,825.97)
As at December 31, 2016	32,526,750.00	51,746,387.71	8,696,252.75	7,884,120.09	86,130,810.52	186,984,321.07
Accumulated depreciation :						
As at January 1, 2016	-	(5,867,154.69)	(5,536,466.08)	(6,317,513.88)	-	(17,721,134.65)
Depreciation for the year	-	(1,636,754.52)	(1,182,130.66)	(906,712.95)	-	(3,725,598.13)
Disposal	-	1,296,867.62	828,064.16	3,029,659.52	-	5,154,591.30
Write off	-	118,637.58	68,087.92	-	-	186,725.50
As at December 31, 2016	-	(6,088,404.01)	(5,822,444.66)	(4,194,567.31)	-	(16,105,415.98)
Allowance for implement :						
As at January 1, 2016	-	(15,779,125.20)	-	-	-	(15,779,125.20)
Addition	-	-	-	-	-	-
As at December 31, 2016	-	(15,779,125.20)	-	-	-	(15,779,125.20)
Net book value :						
As at December 31, 2016	32,526,750.00	29,878,858.50	2,873,808.09	3,689,552.78	86,130,810.52	155,099,779.89

(Unit : Baht)

	Separate financial statements					Total
	Land	Tools and equipments	Office equipments and furniture	Vehicles	Construction in progress	
Cost :						
As at January 1, 2015	32,526,750.00	7,445,248.53	8,176,219.75	13,337,833.57	91,541,046.73	153,027,098.58
Purchase	-	438,778.65	1,735,533.92	-	21,981,104.45	24,155,417.02
Transfer in	-	45,410,491.25	-	-	-	45,410,491.25
Disposal	-	(216,500.00)	(339,426.13)	(379,700.00)	-	(935,626.13)
Transfer out	-	-	-	-	(45,410,491.25)	(45,410,491.25)
Write off	-	(12,350.00)	(70,831.68)	-	-	(83,181.68)
As at December 31, 2015	32,526,750.00	53,065,668.43	9,501,495.86	12,958,133.57	68,111,659.93	176,163,707.79
Accumulated depreciation :						
As at January 1, 2015	-	(4,299,668.39)	(4,471,029.44)	(5,215,565.53)	-	(13,986,263.36)
Depreciation for the year	-	(1,653,559.72)	(1,208,624.82)	(1,469,400.77)	-	(4,331,585.31)
Transfer in	-	-	-	-	-	-
Disposal	-	81,482.08	113,265.90	367,452.42	-	562,200.40
Write off	-	4,591.34	29,922.28	-	-	34,513.62
As at December 31, 2015	-	(5,867,154.69)	(5,536,466.08)	(6,317,513.88)	-	(17,721,134.65)
Allowance for implement :						
As at January 1, 2015	-	(15,256,301.82)	-	-	-	(15,256,301.82)
Addition	-	(522,823.38)	-	-	-	(522,823.38)
As at December 31, 2015	-	(15,779,125.20)	-	-	-	(15,779,125.20)
Net book value :						
As at December 31, 2015	32,526,750.00	31,419,388.54	3,965,029.78	6,640,619.69	68,111,659.93	142,663,447.94

The detail of depreciation are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Depreciation for the year	3,951,637.64	4,569,811.72	3,725,598.13	4,331,585.31

As at December 31, 2016, certain plant and equipment items of the Group have been fully depreciated but are still in use. The original cost, before deducting accumulated depreciation, of those assets amounted to Baht 14.21 million. (2015 : Baht 9.05 million)

As at December 31, 2016 and 2015, the Group has pledged the land as collateral for short-term loan from financial institutions in note 33.3

14. Intangible assets

Consisted of:-

	(Unit : Baht)		
	Computer software	Consolidated Rights under the concession agreement	Total
Cost :-			
As at January 1, 2016	3,203,687.97	-	3,203,687.97
Purchase/ addition investment	316,640.00	3,682,284.85	3,998,924.85
Transfer out	-	-	-
As at December 31, 2016	<u>3,520,327.97</u>	<u>3,682,284.85</u>	<u>7,202,612.82</u>
Accumulated amortization :-			
As at January 1, 2016	(1,799,509.46)	-	(1,799,509.46)
Amortization for the year	(549,327.57)	-	(549,327.57)
Transfer out	-	-	-
As at December 31, 2016	<u>(2,348,837.03)</u>	<u>-</u>	<u>(2,348,837.03)</u>
Net book value :-			
As at December 31, 2016	<u>1,171,490.94</u>	<u>3,682,284.85</u>	<u>4,853,775.79</u>
Amortization charges for the year ended December 31, 2016			549,327.57

	(Unit : Baht)
	Consolidated
	Computer software
Cost :-	
As at January 1, 2015	2,649,002.95
Purchase	785,999.41
Transfer out	(231,314.39)
As at December 31, 2015	<u>3,203,687.97</u>
Accumulated amortization :-	
As at January 1, 2015	(1,318,696.70)
Amortization for the year	(511,917.93)
Transfer out	31,105.17
As at December 31, 2015	<u>(1,799,509.46)</u>
Net book value :-	
As at December 31, 2015	<u>1,404,178.51</u>
Amortization charges for the year ended December 31, 2015	511,917.93

	(Unit : Baht)	
	Separate financial statements	
	Computer software	
	<u>2016</u>	<u>2015</u>
Cost :-		
As at January 1	2,856,078.75	2,549,002.95
Purchase	316,640.00	538,390.19
Transfer out	-	(231,314.39)
As at December 31,	<u>3,172,718.75</u>	<u>2,856,078.75</u>
Accumulated amortization :-		
As at January 1,	(1,706,672.88)	(1,313,381.63)
Amortization for the year	(459,171.37)	(424,396.42)
Transfer out	-	31,105.17
As at December 31,	<u>(2,165,844.25)</u>	<u>1,706,672.88</u>
Net book value :-		
As at December 31,	<u>1,006,874.50</u>	<u>1,149,405.87</u>
Amortization charges for the year ended December 31	459,171.37	404,476.07

15. Bank overdraft and Short-term loans due to financial institution

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank overdrafts	16,340,682.27	-	16,340,682.27	-
Short-term loans	77,906,849.32	172,930,794.52	77,906,849.32	139,930,794.52
Total	94,247,531.59	172,930,794.52	94,247,531.59	139,930,794.52

As at December 31, 2016 and 2015, the whole amount of short-term loan due to security companies amount of Baht 69.21 million and 69.33 million, respectively in form of short term bill of exchange type discount face value. Interest is charge at rate of 7.50% per annum (2015: 6.90% per annum).

As at December 31, 2016 and 2015, the whole amount of short-term loan due to financial institution in amount of Baht 8.70 million and 103.60 million in promissory note from financial institutions. Interest is charge at rate of 6.25% per annum. (2015: 6.50% per annum).

16. Trade and other payables

Consisted of:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade accounts payable	70,618,952.34	114,383,271.44	66,107,865.96	97,265,943.55
Other payables	3,181,727.43	16,304,565.28	2,683,258.17	15,723,753.95
Retention payables	14,876,716.89	24,030,723.27	14,604,292.48	22,926,539.62
Advances received	10,937,500.00	12,500,000.00	10,937,500.00	12,500,000.00
Accrued interest	12,737,072.00	4,770,873.15	12,737,072.00	4,764,996.42
Others	39,837.39	23,133.07	35,518.49	22,788.07
Total	112,391,806.05	172,012,566.21	107,105,507.10	153,204,021.61

17. Long-term loans due to financial institutions

Consisted of:-

	(Unit : Baht)	
	Consolidated	
	<u>2016</u>	<u>2015</u>
Long-term loan	120,000.00	3,880,000.00
<u>Less</u> Current portion	(120,000.00)	(3,760,000.00)
Net	-	120,000.00

Long-term loans from financial institutions – minimum payments

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Within 1 years	120,000.00	3,760,000.00
Within 2 year – 5 years	-	120,000.00
Total	120,000.00	3,880,000.00

The significant detail of the long-term loan credit facilities are as follows:-

Credit Facility

(Unit : Million

Baht)

2016	2015	Period	Interest Rate (%)	Repayment of Principal
16.00	16.00	May 2012 - Jan 2017	MLR per annul	Monthly payable of principal each of the withdrawal within 57 installments. The 1 st - 56 th installments at Bath 0.27 million per installments and the final installment at Baht 0.12 million. The first installment of the principal must be made on November 2012.

Credit facility at Baht 16.00 million. The Group shall transfer the claimant right to receive the water treatment fee under the agreement to the Bank as collaterals for the first commercial bank.

18. Long-term loans due to third party

Consisted of:-

	(Unit : Baht)	
	Consolidated	
	/Separate financial statements	
	<u>2016</u>	<u>2015</u>
Long-term loan	125,643,886.50	114,838,669.50
Less Current portion	-	-
Net	125,643,886.50	114,838,669.50

Long-term loans from financial institutions – minimum payments:

	(Unit : Baht)	
	Consolidated /Separate financial statements	
	<u>2016</u>	<u>2015</u>
Within 1 years	-	-
Within 2 year – 5 years	125,643,886.50	114,838,669.50
Total	<u>125,643,886.50</u>	<u>114,838,669.50</u>

As at December 31, 2016 and 2015, the whole amount was long term loans due to Yunnan Water (Hong Kong) Company Limited, which was incorporated in Hong Kong, in order to construct water treatment project in Chiangmai province. The interest was charged at 6.75% per annum, an annually repayment for 5 years from commercial operation date. Furthermore, such loan agreement granted the option to Yunnan Water (Hong Kong) Company Limited, to convert the loan to investment in 49% of the registered share capital of Hydrotek Utility Co., Ltd., a subsidiary, that will provide water management service when the construction of such project is completed.

19. Provision for warranty

As at December 31, 2015 and 2014, the provision of Baht 12.19 million and Baht 3.91 million, in the consolidated and separate financial statements, respectively, has been recognized for expected warranty claims on construction contracts. The Group is expected that the majority of this expenditure will be incurred in the next financial year, and all will be incurred within 1 - 2 years of statements of financial position date.

The movement of provision for warranty for the year ended on December 31, 2015 and 2014 are as follows:-

	(Unit : Baht)	
	Consolidated /Separate financial statements	
	<u>2016</u>	<u>2015</u>
As at January 1,	12,193,936.52	3,914,538.13
Increase during the year	4,524,268.04	10,566,880.70
Utilized during the year	(7,950,224.78)	(2,178,869.51)
Unused amount reversed during the year.	(2,790,619.95)	(108,612.80)
As at December 31,	<u>5,977,359.83</u>	<u>12,193,936.52</u>

Long-term provision for warranty – minimum payments:-

	(Unit : Baht)	
	Consolidated /Separate financial statements	
	<u>2016</u>	<u>2015</u>
Within 1 years	2,078,418.57	5,308,059.93
Within 2 year – 5 years	3,898,941.26	6,885,876.59
Total	<u>5,977,359.83</u>	<u>12,193,936.52</u>

20. Obligation under finance lease

Obligation under finance lease – minimum lease payment:-

	(Unit : Baht)					
	Consolidated /Separate financial statements					
	<u>2016</u>			<u>2015</u>		
	Obligation under <u>finance lease</u>	Deferred finance <u>lease charges</u>	<u>Net</u>	Obligation under <u>finance lease</u>	Deferred finance <u>lease charges</u>	<u>Net</u>
Not later than 1 year	-	-	-	782,941.00	(32,407.39)	750,533.61
Later than 1 year but not later than 5 years	-	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>782,941.00</u>	<u>(32,407.39)</u>	<u>750,533.61</u>

As at December 31, 2015, the Group performs the contract of long term financial leased with a leasing company so as to lease motor vehicle by number of 2 contracts the leased contracts determine leased fee repayment as monthly installment to Baht 42,427.00 to Baht 65,566.00 per month the leased period is carried 5 years. Such leased contract comprises the Group's directors as guarantors. In addition, ownership of such vehicle will transfer to ownership of the Group when the Group pays the final installment in accordance with the leased contract.

21. Employee benefit obligation

Changes in the present value of the employee benefit obligation in case of retirement or termination under the labor law for the year ended on December 31, 2016 and 2015 are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
As at January 1,	15,540,003.31	13,806,300.00	15,178,994.31	13,806,300.00
Current service cost	1,572,619.00	2,314,591.00	1,407,128.00	1,953,582.00
Interest cost	230,187.00	552,252.00	230,187.00	552,252.00
Actuarial gains and losses arising from change in financial assumption	-	-	-	-
Actuarial gains and losses arising from change in experience adjustment	(5,478,541.00)	(752,841.00)	(5,478,541.00)	(752,841.00)
Benefit obligation paid	(1,737,823.00)	(380,298.69)	(1,343,323.00)	(380,298.69)
As at December 31,	<u>10,126,445.31</u>	<u>15,540,003.31</u>	<u>9,994,445.31</u>	<u>15,178,994.31</u>

Principal actuarial assumptions as at December 31, 2015 and 2014 are as follows:-

	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate at end of year	2.24%	4.00%	2.24%	4.00%
Increase in future salary	7.94%	5.69%	7.94%	5.69%
Proportion of employees opting for early retirement	0% - 31%	5.00%	0% - 31%	5.00%

Changes in the actuarial assumption will affect to the employee benefit obligation as follows:

	(Unit : Baht)	
	Consolidated/Separate financial statement	
	Employee benefit obligation Increase (decrease)	
	<u>2016</u>	<u>2015</u>
If the discount rate increase 0.50% (2015: 1%)	(141,873.00)	(547,500.00)
If the discount rate decrease 0.50% (2015: 1%)	146,395.00	629,625.00
If the future salary growth increase 0.50% (2015: 1%)	177,249.00	605,380.00
If the future salary growth decrease 0.50% (2015: 1%)	(173,253.00)	(691,129.00)
If the proportion of employees opting for early retirement increase 0.50% (2015: 1%)	(161,688.00)	(617,414.00)
If the proportion of employees opting for early retirement decrease 0.50% (2015: 1%)	167,626.00	707,347.00

The Group expect to pay Baht 4.04 million on consolidated financial statements and pay Baht 3.91 million on separate financial statements of long-term employee benefits during the next year (2015 : Baht 7.19 million on consolidated financial statements and Baht 6.83 million on separate financial statements).

As at December 31, 2016 the weighted average duration of the liabilities for long-term employee benefit of the company and its subsidiaries are 19 years on consolidated and separate financial statements. (2015: 20 years on consolidated and separate financial statements)

22. Deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the year ended on December 31, 2016 and 2015, are as follows:-

(Unit : Baht)

	January 1, 2015	Recognized in profit or loss	Recognized in comprehensive income	Consolidate		December 31, 2016
				December 31, 2015	Recognized in profit or loss	
Equipment	-	34,659.98	-	34,659.98	34,433.94	69,093.92
Intangible Assets	-	11,586.03	-	11,586.03	14,316.00	25,902.03
Employee benefit obligation	-	72,201.80	-	72,201.80	(45,801.80)	26,400.00
Obligation under finance lease	(434,160.06)	38,733.75	-	(395,426.31)	395,426.31	-
Total deferred tax assets (liabilities)	(434,160.06)	157,181.56	-	(276,978.50)	398,374.45	121,395.95

(Unit : Baht)

	January 1, 2015	Recognized in profit or loss	Recognized in comprehensive income	Separate financial statements		December 31, 2016
				December 31, 2015	Recognized in profit or loss	
Obligation under finance lease	(434,160.06)	38,733.75	-	(395,426.31)	395,426.31	-
Total deferred tax assets (liabilities)	(434,160.06)	38,733.75	-	(395,426.31)	395,426.31	-

The Group offsets the deferred tax assets and the deferred tax liabilities for the presentation in the statement of financial position only in a case where such assets and liabilities relates to the same taxable company and the income tax is levied by the same taxation authority, as follows :-

(Unit : Baht)

	Consolidated		Separate financial statements	
	2016	2015	2016	2015
Amount recognized as assets/liabilities in the statement of financial position				
- Deferred tax assets	121,395.95	118,447.81	-	-
- Deferred tax liabilities	-	(395,426.31)	-	(395,426.31)
Total	121,395.95	(276,978.50)	-	(395,426.31)

The deferred tax assets is not recognized in the statement of financial position consisted of:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Unused tax losses				
- Expire in next 1 year	-	-	-	-
- Expire in next 2 – 5 years	61,869,092.43	43,152,736.60	61,849,363.69	42,969,102.09
Temporary differences	11,499,818.41	10,817,272.26	11,499,818.41	7,293,212.54
Total	73,368,910.84	54,078,561.87	73,349,182.10	50,370,867.64

The deferred tax assets and liabilities, which is not recognized in the statement of financial position, arises from undistributed profits associated with investments in subsidiaries and associate; consisted of:-

	(Unit : Baht)	
	Consolidated	
	<u>2016</u>	<u>2015</u>
Deferred tax assets are not recognized :		
- Associate	-	203,014.85
Deferred tax liabilities are not recognized :		
- Subsidiaries	2,405,169.71	647,477.14

23. Share capital

	Number of shares	Amount
	<u>(Unit : Share)</u>	<u>(Unit : Baht)</u>
Registered share capital (Bath 1.00 each)		
As at January 1, 2015	389,968,760	389,968,760
Increment of capital	-	-
As at December 31, 2015	389,968,760	389,968,760
Increment of capital	-	-
As at December 31, 2016	389,968,760	389,968,760
Paid-up capital (Bath 1.00 each)		
As at January 1, 2015	389,968,760	389,968,760
Increment of capital	-	-
As at December 31, 2015	389,968,760	389,968,760
Increment of capital	-	-
As at December 31, 2016	389,968,760	389,968,760

The capital management

The Group constitutes purpose with respect to capital management in order to remain for ability in the continued operation and ability to appropriately provide remuneration to various group of participating interest while the Group will maintain capital in the level with the least risk.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt obligations.

24. Statutory reserve

Under the provisions of the Public Company Limited Act B.E. 2535, the Company is required to set aside as a legal reserve at least 5% of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital. This reserve is not available for dividend distribution.

25. Income tax (income) expense

The income tax (income) expenses recognized in profit or loss for the year ended on December 31, 2016 and 2015, are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current tax expense	2,075,723.41	1,015,250.79	-	-
Deferred tax expense relating to the origination and reversal of temporary differences	(398,374.45)	(157,181.56)	(395,426.31)	(38,733.75)
Total income tax (income) expense recognized in profit or loss	<u>1,677,348.96</u>	<u>858,069.23</u>	<u>(395,426.31)</u>	<u>(38,733.75)</u>

The relationship between tax expense and accounting loss for the year ended on December 31, 2016 and 2015, are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statement	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting loss	(128,603,405.94)	(87,853,076.76)	(139,699,896.10)	(90,818,057.18)
Tax rate used	20%	20%	20%	20%
Tax at the applicable tax rate	(25,720,681.19)	(17,570,615.35)	(27,939,979.22)	(18,163,611.44)
Effect of expenses that are not deductible in determining taxation profit	(270,706.30)	-	-	-
Expenses that are deductible at greater amount in taxation profit	143,595.73	70,756.82	123,185.81	80,498.55
Share of loss from investment in associate	(11,128.65)	(15,969.35)	(11,128.65)	(15,969.35)
Temporary difference not recognized as a deferred tax asset	98,955.49	129,914.11	-	-
Previous period temporary difference not recognized as a deferred tax asset	(3,833.77)	-	-	-
Profits of the subsidiary exemption with capital less than 5 million Baht	12,347,997.03	1,930,418.54	12,347,997.03	1,930,418.54
Effect of loss that is exempt from taxation	(3,795,762.88)	(5,919,822.08)	(3,795,762.88)	(5,919,822.08)
Loss from subsidiary's operation	8,651.90	183,634.51	-	-
Loss from operations	18,880,261.60	22,049,752.03	18,880,261.60	22,049,752.03
Income tax expense (income)	1,677,348.96	858,069.23	(395,426.31)	(38,733.75)

	<u>2016</u>	<u>2015</u>
Applicable tax rate		
The Company and subsidiary	20%	20%
The company with capital less than 5 million Baht and revenue less than 30 million Baht		
- Net profit between 1-300,000 Baht	-	-
- Net profit between 300,000-1,000,000 Baht	15%	15%
- Net profit from 1,000,001 Baht	20%	20%

26. Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year

27. Supplemental disclosures of cash flow information

27.1 Cash and cash equivalents consisted of:

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash on hand	146,995.09	140,695.53	25,844.45	140,695.53
Cash at bank	27,241,454.75	67,140,374.89	16,842,342.35	59,088,837.75
Total	<u>27,388,449.84</u>	<u>67,281,070.42</u>	<u>16,868,186.80</u>	<u>59,229,533.28</u>

27.2 Non-Cash items is as follows:

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Purchase assets but not yet paid	-	51,500.00	-	51,500.00
Purchase intangible assets but not yet paid	-	146,000.00	-	146,000.00
Employee benefit obligation included in land and equipment	5,649.00	184,851.66	5,649.00	184,851.66

28. Employee benefit

28.1 Provident fund

For the year ended on December 31, 2016 and 2015, the Group recognizes as the employee benefit expense for the payment of contribution into the provident fund at the amount of Baht 0.50 million and Baht 0.68 million in consolidated and separate financial statement, respectively.

28.2 Retirement employee benefit

For the year ended on December 31, 2016 and 2015, the Group recognizes the employee benefit expense in case of retirement or termination under the labor law, as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Amounts recognized as the asset				
Construction in progress	5,649.00	184,851.66	5,649.00	184,851.66
Total amounts recognized as the asset	5,649.00	184,851.66	5,649.00	184,851.66
Amounts recognized in profit or loss				
Current service cost	1,564,895.00	2,129,739.34	1,399,404.00	1,768,730.34
Interest cost	230,187.00	552,252.00	230,187.00	552,252.00
Total amounts recognized in profit or loss	1,795,082.00	2,681,991.34	1,629,591.00	2,320,982.34
Amounts recognized in profit or loss				
Actuarial gains and losses arising from change in financial assumption	-	-	-	-
Actuarial gains and losses arising from change in experience adjustment	(5,478,541.00)	(752,841.00)	(5,478,541.00)	(752,841.00)
Total amounts recognized in other comprehensive income	(5,478,541.00)	(752,841.00)	(5,478,541.00)	(752,841.00)
Total	(3,677,810.00)	2,114,002.00	(3,843,301.00)	1,752,993.00

An item of the employee benefit expense in case of retirement or termination under the labor law recognized in profit or loss for the year ended on December 31, 2016 and 2015 are inclusively presented in the line items, as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of construction	404,676.00	830,470.00	239,185.00	469,461.00
Cost of services	61,921.00	112,196.25	61,921.00	112,196.25
Administrative expenses	653,159.00	1,120,860.50	653,159.00	1,120,860.50
Management benefit expenses	675,326.00	618,464.59	675,326.00	618,464.59
Total	1,795,082.00	2,681,991.34	1,629,591.00	2,320,982.34

29. Expenses by nature

The following expenditure items of expense have been classified by nature for the year ended on December 31, 2015 and 2014 are as follows:-

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Construction material used	122,460,020.77	380,486,164.10	97,346,927.08	335,344,845.26
Subcontractor expenses	274,256,629.26	329,553,756.56	212,116,857.31	276,811,853.27
Staff costs	54,359,396.64	65,560,892.93	50,798,521.64	61,414,834.46
Management benefit expense	14,690,557.00	13,721,285.59	14,690,557.00	13,721,285.59
Depreciation	3,951,637.64	4,569,811.72	3,725,598.13	4,331,585.31
Amortized expense	549,327.57	511,917.93	459,171.37	424,396.42

30. Operating segments

The Group identifies the operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segment and assess its performance and shall disclose the amount reported for each operating segment item to be the measure reported to the Group's chief operating decision maker for the purpose of allocating resources to the segment and assessing its performance.

The Group classifies the operating segment from the category of service. The Group has three operating segments which consist of the construction service segment, operation and maintenance service segment and water operator of water treatment plant and wastewater treatment plant.

The Group measures the profit or loss for each segment from the gross profit excluding the items of other income, interest revenue, gain or loss on exchange rate, other central expenses, finance cost and share of profit or loss in associates.

The segment operation for the year ended December 31, 2016 and 2015 are as follows:-

	Consolidated						(Unit : Baht)	
	Construction		Operation and maintenance		Water operator of water treatment plant and wastewater recycle plant			
	2016	2015	2016	2015	2016	2015		
Revenues from external customers	365,232,314.13	664,829,283.16	40,656,537.00	78,148,292.16	-	-	405,888,851.13	742,977,575.32
Gross margin (loss)	(33,798,861.70)	(58,971,061.17)	17,235,478.13	48,327,890.63	-	-	(16,563,383.57)	(10,643,170.54)
Other income							8,841,213.43	2,063,904.94
Administrative expenses							(105,590,032.16)	(62,371,291.02)
Finance Cost							(14,796,426.18)	(16,252,949.57)
Share of loss from investments in associate							(494,777.46)	(649,570.57)
Loss before income tax							(128,603,405.94)	(87,853,076.76)

The reconciliations of each segment total assets to the Group's assets and other material items.

	Consolidated						(Unit : Baht)			
	Construction		Operation and maintenance		Water operator of water treatment plant and wastewater recycle plant					
	2016	2015	2016	2015	2016	2015				
Assets	230,290,930.44	482,628,844.24	15,173,771.05	13,737,597.99	113,671,814.45	71,311,659.93	109,246,500.74	109,246,500.74	468,383,016.68	753,553,005.25
Depreciation	998,343.85	1,360,158.19	162,167.64	89,883.94	73,234.28	554,767.46	2,717,891.87	2,565,002.13	3,951,637.64	4,569,811.72
Amortization	-	-	-	-	-	-	549,327.57	511,917.93	549,327.57	511,917.93

Information about geographical areas for the year ended December 31, 2016 and 2015 are as follows:-

	Thailand		Thailand		Thailand		(Unit : Baht)
	Consolidated		Consolidated		Consolidated		
	2016	2016	2016	2016	2016	2016	
Revenues from external customers	394,489,180.23	742,977,575.32	11,399,670.90	-	405,888,851.13	742,977,575.32	
Non-current assets (excluding financial instruments and deferred tax assets)	266,147,984.62	274,405,058.50	12,201,840.32	-	278,349,824.94	274,405,058.50	

The Group has the revenue from sale of goods to 3 major customers earned by construction segment and operation and maintenance segment in the amount of Baht 232.19 million. (2015: 5 major customers in the amount of Baht 515.36 million).

31. Financial instruments

The principal financial risks faced by the Group are interest rate risk , credit risk and exchange rate risk. However, the Group did not speculate in or engage in trading of any derivative financial instruments.

31.1 Interest rate risk

Risk from interest rates is derived from fluctuation of market interest rate in the future which affect upon operating result and cash flow of the Group. Risk from interest rates remains due to bank deposit, loans to related parties. Due to the fact that such financial assets and liabilities constitute interest rates which are always closed to market interest rate; as a result, the Group anticipates of non material risk from interest rates.

	Amount (Unit: Baht)		Interest rate (% per annum)	
	Consolidated			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Saving accounts	25,941,402.91	54,270,175.81	0.370 – 0.375	0.370 – 0.375
Fixed deposited pledged as collateral	75,293,667.39	99,342,706.24	0.90 – 1.30	1.10 – 1.35
Short-term loans due from financial institution	94,247,531.59	172,930,794.52	6.25 - 7.50	6.50
Long-term loans due from financial institution	120,000.00	3,880,000.00	6.275	6.525
Obligation under finance lease	-	750,533.61	-	6.701-8.873

	Amount (Unit: Baht)		Interest rate (% per annum)	
	Separate financial statements			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Saving accounts	15,942,879.01	46,573,333.74	0.370 – 0.375	0.370 – 0.375
Fixed deposited pledged as collateral	75,293,667.39	99,342,706.24	0.90 – 1.30	1.10 – 1.35
Short-term loans due from financial institution	94,247,531.59	139,930,794.52	6.25 - 7.50	6.50
Long-term loans due from financial institution	120,000.00	3,880,000.00	6.275	6.525
Obligation under finance lease	-	750,533.61	-	6.701-8.873

31.2 Credit risk

The Group faces risk from extending credit to customers who default on payment, however the Group evaluate each clients' ability to pay before giving credit and make a sufficient provision for doubtful debts in accordance with accounting policy. Moreover, the Group has no significant concentrations of credit risks.

31.3 Foreign currency risk

The Group constitutes material risk from exchange rates in oversea currencies which has been trade accounts payable that are foreign currency. The management has managed risk from exchange rates by performing the forward foreign currencies contract dependent on each case.

As at December 31, 2016 and 2015, the significant outstanding balances of the Group's financial assets and liabilities denominated in foreign currencies are as follows:-

<u>Foreign currency</u>	<u>Assets</u>	<u>Consolidated/ Separate financial statements</u>		<u>Assets</u>	<u>Liabilities</u>
		<u>2016</u>	<u>2015</u>		
USD	110,000.00	-	-	12,000.00	-

31.4 Fair value

Since the majority of the Group's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

The carrying amounts of obligation under financial lease and long-term loans approximate fair value due to floating interest rate.

32. Financial instrument

From January 1, 2015 onward, the Group applied TFRS No.13 "Fair Value Measurement". The financial reporting standard requires the Group shall disclose about fair value measurement for financial asset and liability in which the other related TFRSs requires or permit fair value measurement or disclosure about fair value. The TFRS requires the prospective treatment without applying to the comparative information.

The TFRS requires the Group shall disclose about fair value measurement for financial asset and liability in which the other related TFRSs requires or permit fair value measurement or disclosure about fair value. Moreover, the TFRS requires the prospective treatment without applying to the comparative information.

The TFRS establishes a fair value hierarchy that categorizes into three levels the inputs to valuation techniques used to measure fair value, as follows:

Level 1 : The inputs are quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 : The inputs are observable inputs for the asset or liability, either directly or indirectly.

Level 3 : The inputs are unobservable inputs for the asset or liability.

Information on certain assets and liabilities of the Company which are not measured at fair value in the statement of financial position as at 31 December 2016 and 2015 are described in notes to financial statement no.12 and no.31.4.

33. Obligation and contingent liabilities

As at December 31, 2015 and 2014, the Group have obligation and contingent liabilities as follows:-

33.1 The commitment of construction agreements in the project of collection and wastewater treatment system including building

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total amount of agreement	1,904,964,627.92	1,695,407,131.72	1,410,725,603.83	1,448,911,804.62
Recognized revenues	1,049,288,458.73	1,158,434,680.76	804,670,969.00	1,036,517,334.83
The remaining of non-operating work	855,676,169.19	536,972,450.96	606,054,634.83	412,394,469.79

33.2 The commitment of the construction subcontracts

	(Unit : Baht)			
	Consolidated		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Total amount of agreement	1,130,524,041.17	923,267,092.85	884,028,714.07	818,111,611.23
Recognized revenues	774,657,306.26	596,938,049.59	541,612,050.18	542,951,786.72
The remaining of non-operating work	355,866,734.91	326,329,043.26	342,416,663.89	275,159,824.51

33.3 Apart from various liability that reflects in the financial statements, the Group still constitutes obligation commitment and contingent liability as follows:-

(Unit : Million Baht)

	Consolidated/Separate financial statements					
	2016			2015		
	<u>Total</u>	<u>Utilized</u>	<u>Available</u>	<u>Total</u>	<u>Utilized</u>	<u>Available</u>
Credit line of letters of guarantee	959.95	(312.80)	647.15	1,095.73	(563.99)	531.74
Credit line of bank overdraft	20.00	(16.34)	3.66	20.00	-	20.00
Credit line of letters of credit and trust receipts	49.85	-	49.85	39.85	(0.56)	39.29
Credit line of short-term loans	104.46	(8.70)	95.76	168.00	(70.60)	97.40
Credit line of long-term loans	16.00	(0.12)	15.88	186.00	(46.72)	139.28
Credit line of forward contracts	-	-	-	16.54	-	531.74

The Group pledged the land, as mentioned in the notes to financial statements No. 13 and bank deposit, as mentioned in the notes to financial statements No. 8, as collaterals against the said credit facilities, including transferal of the claimant right to receive the installment payment of project to the bank. The Group's deposit account has been pledged with the bank. When the money is received from the sales of the tap water, the bank would retain the money in the said account at the amount equivalent to the Company's obligation for that particular month.

33.4 As at December 31, 2016, the Group has performed the leased and service agreement while there are the period 1-3 years. The Group comprises obligation repay leased and service fee in amount of Baht 4,500.00 - 132,936.00 per month (2015: Baht: 2,500.00 - 132,936.00 per month).

33.5 As at December 31, 2016, the Group had capital commitments of Bath 0.48 million relating to the construction of assets for water treatment plant and wastewater treatment plant (2015: Baht: 0.38 million).

33.6 As at December 31, 2016, the Group has a commitments with the employer under a contract in the amounting to Baht 858.00 million on behalf of the joint venture where the Group held 51% of such joint venture' share capital. The Group transferred rights and obligations under the construction contract to the another party where held 49% of such joint venture's share capital.

33.7 The subsidiary has contracted environmental impact assessment with a company in Myanmar with a total contract amount of USD 39,000.00 As at December 31, 2016, the subsidiary has outstanding commitments under the contract amounts USD 19,500.00.

33.8 The subsidiary has contracted construction with a company in Myanmar with a total contract amount of KYAT 74,300,000.00 As at December 31, 2016, the subsidiary has outstanding commitments under the contract amounts of KYAT 7,400,000.00.

34. Approval of financial statements

The consolidated and separated financial statements were authorized for issue by the Company's board of directors on February 24, 2017.

Details of Directors and Executives

Mr. Slib Soongswang

Chairman of the Board of Directors / Authorized Director / Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Chairman of the Executive Committee / Chief Executive Officer

Age (years)	64
Education	Master of Business Administration, Thammasat University Bachelor of Engineer (Chemical Engineer), Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	RCP: Role of the Chairman Program Certificate, Class 25/2011 EDP: TLCA Executive Development Program Certificate, Class 14/2014 DCP: Director Certification Program Certificate, Class 117/2009 DAP: Director Accreditation Program Certificate, Class 37/2005
Work experiences during the past 5 years	
2017 – Present	Chairman of the Board of Directors, Hydrotek Public Company Limited
2014 – Present	Member of the Risk Management Committee and Member of the Nomination and Remuneration Committee Hydrotek Public Company Limited
2011 – Present	Chairman of the Executive Committee and Chief Executive Officer, Hydrotek Public Company Limited
2011 – 2016	Vice Chairman of the Board of Directors, Hydrotek Public Company Limited
1982 – 2010	Chairman of the Board of Directors and Managing Director Hydrotek Company Limited
Holding the positions of director / management in other companies	
A. Listed company	None
B. Non-listed companies	1. Director, Hydrotek Utility Company Limited 2. Director, Hydrotek Mandalay Company Limited
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No

Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2016)	10.37
Date appointed as a director	15 December 2011
Attendance in the Board of Directors' Meeting for the year 2016	10 times out of 11 times

Mr. Danai Amorpatchara**Director / Authorized Director / Member of the Risk Management Committee/ Member of the Nomination and Remuneration / Member of the Executive Committee / President**

Age (years)	55
Education	Master of Environmental Engineer, University of Akron Ohio, U.S.A. Bachelor of Engineer, Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 107/2014
Work experiences during the past 5 years	
2016 – Present	Member of the Nomination and Remuneration Committee Hydrotek Public Company Limited
2014 – Present	Member of the Risk Management Committee and Presidaent Hydrotek Public Company Limited
2014 – 2015	Secretary of the Nomination and Remuneration Committee Hydrotek Public Company Limited
2013 – 2014	Executive Vice President, Hydrotek Public Company Limited
2004 – 2013	Senior Vice President, S.napa (Thailand) Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	Director, Hydrotek Utility Company Limited
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2016)	None
Date appointed as a director	30 April 2014
Attendance in the Board of Directors' Meeting for the year 2016	11 times out of 11 times

**Air Chief Marshal Chainan Thumasujarit
Director / Chairman of the Audit Committee / Chairman of the Nomination and Remuneration Committee / Independent Director**

Age (years) 67

Education Thailand National Defense College the Supreme Command Headquarters
Royal Thai Navy Staff College, Institute of Advanced Naval Studies
Bachelor of Arts (Public Administration), Ramkamhaeng University
D.Eng.(Candidate) Asian Institute of Technology (A.I.T.)
Bachelor of Business Administration (1st Class Honours), Sukhothai Thammathirat University
Bachelor of Business Administration, Ramkamhaeng University
M. Eng. Asian Institute of Technology (A.I.T.)
Bachelor of Engineer (Second-class honours), Chulalongkorn University

Related training programs held by the Thai Institute of Directors Association (IOD) ACP: Audit Committee Program Certificate, Class 22/2008
DAP: Director Accreditation Program Certificate, Class 67/2007
MQFR: Monitoring of the Quality of Financial Reporting, Class 16/2012

Work experiences during the past 5 years

2014 – Present	Chairman of the Nomination and Remuneration Committee Hydrotek Public Company Limited Chairman of the Audit Committee, Energy Absolute Public Company Limited Independent Director, Energy Absolute Public Company Limited
2011 – Present	Chairman of the Audit Committee, Hydrotek Public Company Limited
2011	Member of the Audit Committee, Hydrotek Public Company Limited
2007 – 2010	Member of the Audit Committee, Hydrotek Company Limited
2007 – Present	Freelance Structural Engineer Government Pensioner Special Qualified General, the Supreme Command Headquarters Assistant Chief of Staff for Minister of Defence Director, Office of Post Engineer, the Supreme Command Headquarters Director, Design Division, Post Engineer Department Head of Engineer Department, Design Division, Office of Post Engineer, the Supreme Command Headquarters Head of Technical Department, Technical Division, Civil Engineer Department, Royal Thai Air Force

Holding the positions of director / management in other company

A. Listed company	Chairman of the Audit Committee / Chairman of the Risk Management Committee / Member of the Nomination Committee / Corporate Governance Committee, Energy Absolute Public Company Limited
B. Non-listed company	None

Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company None

Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years

- A. Being an executive director, employee, staff or advisor who receives a regular salary No
- B. Being a provider of professional services (e.g. auditor, legal advisor) No
- C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any) No

Criminal record during the past 10 years No

Family relationship of the executive with the Company None

Shareholding ratio in the Company (percent) (as at 31 December 2016) None

Date appointed as a director 15 December 2011

Attendance in the Board of Directors' Meeting for the year 2016 11 times out of 11 times

Mr. Anant Gatepithaya
Director / Member of the Audit Committee / Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee / Independent Director

Age (years) 65

Education Bachelor of Business Administration (Management) Sasin Graduate Institute of Business Administration of Chulalongkorn University
 Master of Commerce (Business Administration) Thammasat University
 Bachelor of Statistics, Faculty of Commerce and Accountancy, Chulalongkorn University

Related training programs held by the Thai Institute of Directors Association (IOD) National Director Conference 2016 : Enhancing Growth Through Governance in Family-Controlled Businesses
 RCL : Risk Management Program for Corporate Leaders, Class 1/2015
 AACP: Advanced Audit Committee Program Certificate, Class 17/2014
 RMP: Risk Management Committee Program Certificate, Class 1/2013
 R-Forum: Director Nomination Issues and Trend Certificate, Class 1/2013
 DTT: Personal Financial Planning Workshop for Directors Certificate, Class 1/2013
 AGM: “Integrity Pact: Key measure for Anticorruption-resolving” Certificate, Class 1/2013
 NDC: “The 2nd National Director Conference 2013” Board Leadership Evolution” Certificate, Class 1/2013
 SE3: “CNBC Summit: Myanmar” Certificate, Class 3/2013
 SE2: “Risk Resilience: How the company’s directors should deal with the issues of Enterprise Risk Management?” Certificate, Class 2/2013
 DBT: The Governance Role of the Board in the Preparation and Response to Unforeseen Crisis and the Oversight of (Foreign) Subsidiaries Certificate, Class 1/2013
 HRP: How to Develop a Risk Management Plan Certificate, Class 2/2012
 QFR: Improving the Quality of Financial Reporting Certificate, Class 1/2006
 DAP: Director Accreditation Program Certificate, Class 7/2004
 ACP: Audit Committee Program Certificate, Class 2/2004
 DCP: Directors Certification Program Certificate, Class 17/2002

Work experiences during the past 5 years

2014 – Present	Chairman of the Risk Management Committee and Member of the Nomination and Remuneration Committee, Hydrotek Public Company Limited
2008 – Present	Member of the Audit Committee, Zeer Property Company Limited
2007 – Present	Member of the Audit Committee, Hydrotek Public Company Limited Member of the Audit Committee, Raja Ferry Port Public Company Limited
2004 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, Fortune Parts Industry Public Company Limited
2003 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, CMO Public Company Limited
2001 – Present	Member of the Audit Committee and Chairman of the Risk Management Committee, Supalai Public Company Limited
2000 – Present	Chairman of the Board of Directors, The Brilliant Solution Company Limited

Holding the positions of director / management in other companies

- | | |
|-------------------------|---|
| A. Listed companies | <ol style="list-style-type: none"> 1. Member of the Audit Committee and Chairman of the Risk Management Committee, Fortune Parts Industry Public Company Limited 2. Member of the Audit Committee and Chairman of the Risk Management Committee, CMO Public Company Limited 3. Member of the Audit Committee and Chairman of the Risk Management Committee, Supalai Public Company Limited |
| B. Non-listed companies | <ol style="list-style-type: none"> 1. Chairman of the Board of Directors, The Brilliant Solution Company Limited 2. Member of the Audit Committee, Zeer Property Company Limited 3. Member of the Audit Committee, Raja Ferry Port Public Company Limited |

Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company None

Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years

- | | |
|---|----|
| A. Being an executive director, employee, staff or advisor who receives a regular salary | No |
| B. Being a provider of professional services (e.g. auditor, legal advisor) | No |
| C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any) | No |

Criminal record during the past 10 years No

Family relationship of the executive with the Company None

Shareholding ratio in the Company (percent) (as at 31 December 2016) None

Date appointed as a director 15 December 2011

Attendance in the Board of Directors' Meeting for the year 2016 11 times out of 11 times

**Associate professor Dr. Kamphol Panyagometh
Director / Member of the Audit Committee / Member of the Nomination and Remuneration
Committee / Independent Director**

Age (years)	45
Education	Ph.D. (Finance) Schulich School of Business, York University, Canada Master of Business Administration (Finance) National Institute of Development Administration Bachelor of Science, King Mongkut's University of Technology Thonburi
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 90/2011
Work experiences during the past 5 years	
2014 – Present	Member of the Nomination and Remuneration Committee, Hydrotek Public Company Limited
2013 – Present	Vice President for Research and Academic Services National Institute of Development Administration Member of the Audit Committee Thai Luxe Enterprises Public Company Limited
2011 – Present	Member of the Audit Committee, Hydrotek Public Company Limited Member of the Audit Committee and Chairman of the Risk Management Committee, Stars Microelectronics (Thailand) Public Company Limited Fund Management Committee National Institute of Development Administration
Holding the positions of director / management in other companies	
A. Listed companies	1. Member of the Audit Committee and Chairman of the Risk Management Committee, Stars Microelectronics (Thailand) Public Company Limited 2. Member of the Audit Committee Thai Luxe Enterprises Public Company Limited
B. Non-listed company	Vice President for Research and Academic Services National Institute of Development Administration
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	No
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No

Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2016)	None
Date appointed as a director	15 December 2011
Attendance in the Board of Directors' Meeting for the year 2016	9 times out of 11 times

Mr. Wasit Panichvorapongsa Member of the Risk Management Committee / Member of the Executive Committee / Executive Vice President

Age (years)	51
Education	Bachelor of Engineer, King Mongkut's University of Technology Thonburi
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 110/2014
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee Hydrotek Public Company Limited
2013 – 2014	Acting Vice President, Operation, Hydrotek Public Company Limited Executive Vice President, Hydrotek Public Company Limited
2004 – 2013	Senior Project Management, S.napa (Thailand) Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2016)	None

Mr. Tanat Supajarunan
Member of the Risk Management Committee / Member of the Executive Committee / Vice President,
Business Development

Age (years)	46
Education	Master of Business Administration National Institute of Development Administration Bachelor of Engineer King Mongkut's Institute of Technology Chaokuntahan Ladkrabbang
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 96/2012
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee, Hydrotek Public Company Limited
2012 – Present	Vice President, Business Development, Hydrotek Public Company Limited
2008 – 2011	Manager, Planning Division, Hydrotek Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	None
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2016)	None

Mrs. Phanalee Noragitt
Member of the Risk Management Committee / Member of the Executive Committee / Vice President,
Account and Finance

Age (years)	52
Education	Master of Accounting, Chulalongkorn University Bachelor of Accounting, Chulalongkorn University
Related training programs held by the Thai Institute of Directors Association (IOD)	DAP: Director Accreditation Program Certificate, Class 90/2011
Work experiences during the past 5 years	
2014 – Present	Member of the Risk Management Committee Hydrotek Public Company Limited
2011 – Present	Vice President, Account and Finance, Hydrotek Public Company Limited
Holding the positions of director / management in other company	
A. Listed company	None
B. Non-listed company	Great Distributor Public Company Limited
Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company	None
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years	
A. Being an executive director, employee, staff or advisor who receives a regular salary	Yes
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No
Criminal record during the past 10 years	No
Family relationship of the executive with the Company	None
Shareholding ratio in the Company (percent) (as at 31 December 2016)	None

Miss Nuntanut Soongswang
Engineer, Business Development / Company Secretary

Age (years)	29
Education	Sirindhorn International Institute of Technology, Thammasat University
Related training programs held by the Thai Institute of Directors Association (IOD)	-
Work experiences during the past 5 years	
2016 – Present	Company Secretary Hydrotek Public Company Limited
2009 – 2016	Engineer, Business Development, Hydrotek Public Company Limited

Holding the positions of director / management in other company

A. Listed company	None
B. Non-listed company	None

Director / management positions in rival companies or other companies which have businesses related to the Company which may cause the conflict of interest to the Company None

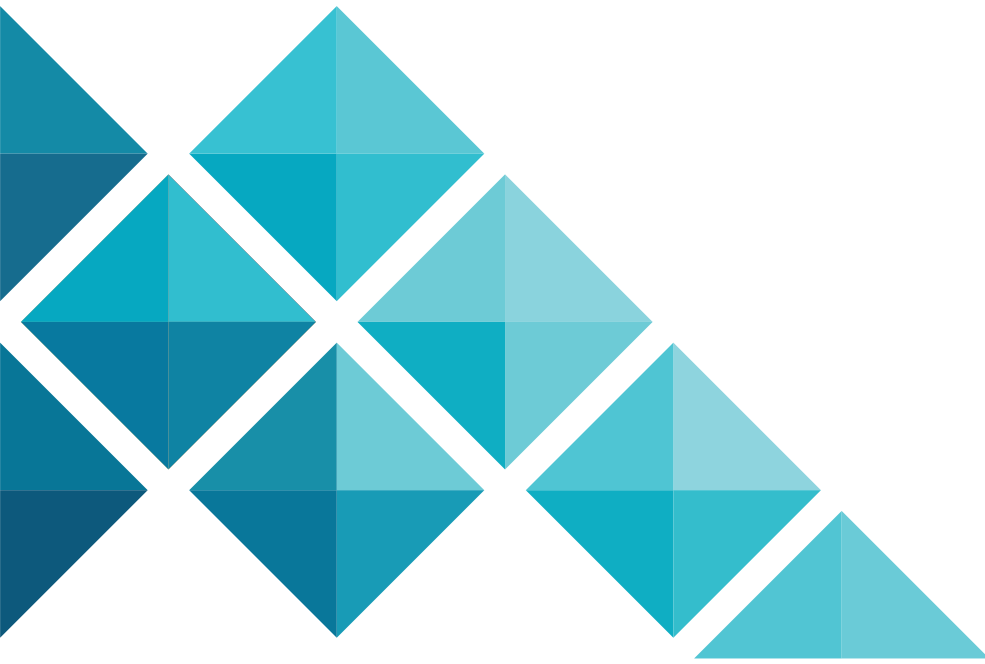
Conflict of interest with the Company / its parent company / subsidiary / associated company or any juristic person which may have current conflict or had conflict during the past 2 years

A. Being an executive director, employee, staff or advisor who receives a regular salary	No
B. Being a provider of professional services (e.g. auditor, legal advisor)	No
C. Having a business relationship in the manner which may interfere with his independent discretion (e.g. purchase / sale of raw material / goods / service / borrowing / lending), and to specify the size of the transaction (if any)	No

Criminal record during the past 10 years No

Family relationship of the executive with the Company Yes

Shareholding ratio in the Company (percent) (as at 31 December 2016) None



HYDROTEK

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