

Vongsayam Korsang Company Limited
Report and financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of Vongsayam Korsang Company Limited

Opinion

I have audited the accompanying financial statements of Vongsayam Korsang Company Limited (the Company), which comprise the statement of financial position as at 31 December 2023, the related statements of income and changes in shareholders' equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vongsayam Korsang Company Limited as at 31 December 2023 and its financial performance for the year then ended in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities.

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 *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to Note 14 to the financial statements. In 2022, the Company entered into an agreement with the Treasury Department, Ministry of Finance, regarding the management and operation of the main water transmission system in the Eastern region. However, the Treasury Department has not yet fully delivered the specified project assets to the Company as stipulated in the concession agreement. The Treasury Department, the previous concessionaire, and the Company are currently negotiating the delivery of the project assets. Once a resolution is reached, the concession agreement may be amended due to the delayed delivery of the project assets. This could affect the accounts related to the concession agreement, including the related disclosures. My opinion is not modified in respect of this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

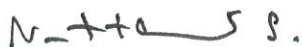
As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company 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.

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



Natthawut Santipet

Certified Public Accountant (Thailand) No. 5730

EY Office Limited

Bangkok: 31 May 2024

Vongsayam Korsang Company Limited

Statement of financial position

As at 31 December 2023

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents		94,802,634	50,795,889
Trade and other receivables	6	141,715,500	93,331,875
Unbilled receivables	7	304,287,158	331,773,015
Short-term loans to related person	8	45,967,855	3,803,746
Short-term loan to other company	9	-	1,000,000
Construction materials and supplies		30,041,811	19,672,178
Prepaid fixed fee under concession agreement	14	-	44,644,356
Advance payment for contractors and construction materials		42,957,078	13,283,458
Other current assets	10	13,057,996	10,790,762
Total current assets		<u>672,830,032</u>	<u>569,095,279</u>
Non-current assets			
Restricted bank deposits	11	55,669,118	55,617,240
Retention receivables		57,616,264	230,560,755
Investments in subsidiaries	12	12,800,000	9,800,000
Property, plant and equipment	13	375,991,372	331,941,914
Intangible assets		2,710,116	821,919
Rights to provide services under concession agreement	14	1,446,135,960	-
Prepaid fixed fee under concession agreement	14	89,288,712	-
Advance payment for concession rights	14	-	580,000,000
Performance bond under concession agreement	14	118,979,500	118,979,500
Other non-current assets	15	53,083,473	3,560,410
Total non-current assets		<u>2,212,274,515</u>	<u>1,331,281,738</u>
Total assets		<u><u>2,885,104,547</u></u>	<u><u>1,900,377,017</u></u>

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

Vongsayam Korsang Company Limited
Statement of financial position (continued)
As at 31 December 2023

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans from financial institutions	16	140,000,000	151,228,341
Trade and other payables	17	240,741,086	123,440,110
Concession payable	14	870,000,000	-
Retention payables		27,480,089	25,627,822
Short-term loan from related party	18	-	30,500,000
Current portion of liabilities under hire purchase agreements	20	4,818,202	866,460
Income tax payable		15,830,224	2,487,256
Other current liabilities	19	13,446,320	13,586,293
Total current liabilities		<u>1,312,315,921</u>	<u>347,736,282</u>
Non-current liabilities			
Liabilities under hire purchase agreements, net of current portion	20	2,650,931	428,142
Provision for long-term employee benefits	21	5,174,603	11,766,872
Total non-current liabilities		<u>7,825,534</u>	<u>12,195,014</u>
Total liabilities		<u>1,320,141,455</u>	<u>359,931,296</u>

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

Vongsayam Korsang Company Limited
Statement of financial position (continued)
As at 31 December 2023

	(Unit: Baht)	
	<u>2023</u>	<u>2022</u>
Shareholders' equity		
Share capital		
Registered		
63,000 ordinary shares of Baht 10,000 each	<u>630,000,000</u>	<u>630,000,000</u>
Issued and fully paid up		
63,000 ordinary shares of Baht 10,000 each	630,000,000	630,000,000
Unappropriated retained earnings	<u>934,963,092</u>	<u>910,445,721</u>
Total shareholders' equity	<u>1,564,963,092</u>	<u>1,540,445,721</u>
Total liabilities and shareholders' equity	<u>2,885,104,547</u>	<u>1,900,377,017</u>

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

.....

Directors

.....

Vongsayam Korsang Company Limited**Income statement****For the year ended 31 December 2023**

(Unit: Baht)

	<u>2023</u>	<u>2022</u>
Revenues		
Revenue from construction services	859,621,339	851,204,096
Revenue from sales of raw water	216,439,884	-
Service income	18,758,020	6,939,081
Other income	9,484,679	7,529,541
Total revenues	<u>1,104,303,922</u>	<u>865,672,718</u>
Expenses		
Cost of construction services	691,777,876	719,040,839
Cost of sales of raw water	158,425,002	-
Cost of services	15,074,978	4,494,717
Administrative expenses	175,061,802	112,334,436
Total expenses	<u>1,040,339,658</u>	<u>835,869,992</u>
Profit before finance cost and income tax expenses	63,964,264	29,802,726
Finance cost	(13,990,286)	(6,247,654)
Profit before income tax expenses	49,973,978	23,555,072
Income tax expenses	(25,456,607)	(11,850,184)
Net profit for the year	<u>24,517,371</u>	<u>11,704,888</u>

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

Vongsayam Korsang Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

	Issued and fully paid-up share capital	Unappropriated retained earnings	Total
Balance as at 1 January 2022	630,000,000	898,740,833	1,528,740,833
Net profit for the year	-	11,704,888	11,704,888
Balance as at 31 December 2022	<u>630,000,000</u>	<u>910,445,721</u>	<u>1,540,445,721</u>
 Balance as at 1 January 2023	 630,000,000	 910,445,721	 1,540,445,721
Net profit for the year	-	24,517,371	24,517,371
Balance as at 31 December 2023	<u>630,000,000</u>	<u>934,963,092</u>	<u>1,564,963,092</u>

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

Vongsayam Korsang Company Limited

Notes to financial statements

For the year ended 31 December 2023

1. General information

Vongsayam Korsang Company Limited ("the Company") is a limited company incorporated and domiciled in Thailand. The major shareholder is Mr. Anurit Kerdsinchai. The Company is principally engaged in construction services and sales of raw water. The registered office of the Company is at 111 Soi Phaholyothin 8, Phaholyothin Road, Samsen Nai, Phayathai, Bangkok.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development, issued under the Accounting Act B.E. 2543.

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

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

3. New financial reporting standard

During the current year, the Company has adopted the revised Thai Financial Reporting Standard for Non-Publicly Accountable Entities which is effective for fiscal years beginning on or after 1 January 2023. The standard was revised in order to provide a more complete scope and to provide more options on accounting treatments while maintaining simplicity in application.

The adoption of the revised standard does not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 Revenue and expense recognition

a) Revenue from construction services

The Company recognises construction revenue 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 period and total anticipated construction costs to be incurred to completion.

The excess of the value of a construction contract over the amount billed to the customer is presented as "Unbilled receivables" under current assets. The excess of the amount billed to a customer over the value of the construction contract is presented as "Construction revenue received in advance" under current liabilities.

b) Revenue from sales of raw water

Revenue from sales of raw water is recognised when the significant risks and rewards of ownership of the goods have been transferred to the buyer. Sales are based on the invoiced value, excluding value-added tax, of goods supplied after discounts and allowances have been deducted.

c) Service income

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

d) Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis.

e) Other revenues and expenses

Other revenues and expenses are recognised on an accrual basis.

Provision for losses on construction projects is made in the accounts in full when the possibility of loss is ascertained.

4.2 Cash and cash equivalents

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

4.3 Trade receivables

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

4.4 Construction materials and supplies

Construction materials and supplies are valued at the lower of cost (under the first-in, first-out method) or net realisable value.

4.5 Investments in subsidiaries

Investments in subsidiaries are stated at cost less allowance for diminution in value (if any).

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for diminution in value (if any).

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

Buildings and building improvement	10 - 20 years
Machinery and equipment	5 - 25 years
Office equipment	5 - 10 years
Motor vehicles	5 - 10 years

Depreciation is included in determining income. No depreciation is provided on land and assets under construction.

4.7 Intangible assets

Intangible assets are stated at cost less any accumulated amortisation and allowance for diminution in value (if any).

Intangible assets (computer software) are amortised as expenses in the income statements on a straight-line basis over the economic useful lives of 10 years.

4.8 Rights to provide services under concession agreement and amortisation

Rights to provide services under concession agreement are measured initially at the acquisition cost and related expenses. Following initial recognition, the rights to provide services under concession agreement are stated at cost less accumulated amortisation and allowance for impairment losses (if any).

The Company calculates amortisation using the units of production method. The Company will begin to recognise amortisation from the date it starts the operation of selling raw water according to the raw water purchase and sale agreement. Additionally, the Company will assess the impairment of assets whenever there is an indication that the assets may be impaired. The amortisation period and the amortisation method of the rights to provide services under concession agreement are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

4.9 Related party transactions

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

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

4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, which interest element is charged to the income statement over the lease period.

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

4.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

For long-term employee benefits, the Company calculates its long-term employee benefits obligation on the basis of its best estimate of its payment obligations as at the end of the reporting period.

4.12 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

6. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables</u>		
Trade receivables - unrelated parties	143,474	93,322
Less: Allowance for doubtful accounts	(5,193)	-
Total trade receivables - net	<u>138,281</u>	<u>93,322</u>
<u>Other receivables</u>		
Other receivables	402	10
Accrued service income	3,033	-
Total other receivables	<u>3,435</u>	<u>10</u>
Total trade and other receivables	<u>141,716</u>	<u>93,332</u>

7. Unbilled receivables

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Unbilled receivables		
Project value as per contract	<u>4,161,358</u>	<u>4,373,461</u>
Accumulated amount recognised as revenue on percentage of completion basis	3,222,668	4,115,810
Less: Value of total billed	<u>(2,918,391)</u>	<u>(3,784,037)</u>
Unbilled receivables	<u>304,287</u>	<u>331,773</u>

8. Short-term loans to related person

Short-term loans to related persons are unsecured loans to a director. The loans carry interest at rates of 4.60% and 4.65% per annum (2022: 3.25% per annum) and are repayable at call.

9. Short-term loan to other company

These represent short-term loan to Clos Monopole Company Limited. The loan carries interest at a rate of 10% per annum and is repayable at call. During the current year, the Company recorded an allowance for doubtful accounts on the loan in full.

10. Other current assets

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Prepaid expenses	7,735	3,423
Undue input VAT	5,323	1,071
Value added tax receivables	-	4,370
Withholding income tax	-	1,927
Total other current assets	<u>13,058</u>	<u>10,791</u>

11. Restricted bank deposits

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

12. Investments in subsidiaries

	(Unit: Thousand Baht)			
Companies	Shareholding		Cost	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(%)	(%)		
SK 1998 Company Limited	98	98	9,800	9,800
VDT Water Supply Company Limited	60	-	3,000	-
Total			<u>12,800</u>	<u>9,800</u>

On 4 June 2022, the Company invested Baht 9.8 million in ordinary shares of SK 1998 Company Limited, representing a 98% interest. This company is engaged in the real estate business and has a registered share capital of Baht 10 million (100,000 ordinary shares of Baht 100 per share).

On 10 April 2023, the Company invested Baht 3.0 million in ordinary shares of VDT Water Supply Company Limited, representing a 60% interest. This company is engaged in the water pipe installation services and has a registered share capital of Baht 5 million (500,000 ordinary shares of Baht 10 per share).

13. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Machinery and equipment	Office equipment	Motor vehicles	Assets under construction	Total
Cost:							
1 January 2022	12,421	103,325	177,364	24,914	111,208	-	429,232
Additions	-	1,046	2,100	3,651	-	104,193	110,990
Disposals	-	-	(170)	-	-	-	(170)
31 December 2022	12,421	104,371	179,294	28,565	111,208	104,193	540,052
Additions	-	7,494	41,710	9,187	6,250	15,212	79,853
Disposals/Write-off	-	-	(16,378)	(10,603)	(18,747)	-	(45,728)
Transfer in (transfer out)	-	100	5,429	1,608	-	(7,137)	-
31 December 2023	12,421	111,965	210,055	28,757	98,711	112,268	574,177
Accumulated depreciation:							
1 January 2022	-	24,309	48,136	14,968	83,965	-	171,378
Depreciation for the year	-	6,619	14,990	3,452	8,227	-	33,288
Depreciation on disposals	-	-	(170)	-	-	-	(170)
31 December 2022	-	30,928	62,956	18,420	92,192	-	204,496
Depreciation for the year	-	7,104	16,869	4,467	6,830	-	35,270
Depreciation on disposals/ write-off	-	-	(15,989)	(9,524)	(16,067)	-	(41,580)
31 December 2023	-	38,032	63,836	13,363	82,955	-	198,186
Allowance for diminution in value:							
1 January 2022	-	-	-	-	-	-	-
Increase during the year	-	-	1,010	2,226	378	-	3,614
31 December 2022	-	-	1,010	2,226	378	-	3,614
Decrease from write-off	-	-	(1,010)	(2,226)	(378)	-	(3,614)
31 December 2023	-	-	-	-	-	-	-
Net book value:							
31 December 2022	12,421	73,443	115,328	7,919	18,638	104,193	331,942
31 December 2023	12,421	73,933	146,219	15,394	15,756	112,268	375,991

During the current year, the Company reversed an allowance for diminution in value of Baht 3.6 million from write-off of damaged machinery and equipment.

As at 31 December 2023, the Company has machinery and motor vehicles under hire purchase agreements with net book value of Baht 14.4 million (2022: Baht 1.3 million).

As at 31 December 2023, the Company has pledged assets with net book value of approximately Baht 75.1 million (2022: Baht 68.5 million) as collateral against credit facilities received from banks.

14. Rights to provide services under concession agreement

On 23 September 2022, the Company entered into an agreement with the Ministry of Finance regarding the management and operation of the main water transmission system in the Eastern region ("the concession agreement"). The Company will manage and operate the main water transmission system in the Eastern region, which comprises three pipelines: Dok Krai, Nong Pla Lai-Nong Khor, and Nong Khor-Laem Chabang (Phase 2). This will be in accordance with the project aimed at providing benefits from the main water transmission system in the Eastern region through private sector involvement. The key terms of the concession agreement are summarised as follows:

- 14.1 The Treasury Department is obligated to properly and completely deliver the water transmission system under the Nong Pla Lai-Nong Khor and the Nong Khor-Laem Chabang (Phase 2) water pipeline projects, which are currently used by the previous concessionaire, to the Company. The specifics of this clause will be subject to the outcome of the negotiations regarding the delivery of the assets and the water transmission system under these projects.
- 14.2 The Treasury Department is obligated to properly and completely deliver the water transmission system under the Dok Krai water pipeline project to the Company, following the termination of the previous concessionaire's right to use the project assets on 31 December 2023.
- 14.3 The Company will be granted the rights to manage and operate the main water transmission system in the Eastern region for a period of 30 years, effective from the date the Company receives the delivery of the water transmission system under the Nong Pla Lai-Nong Khor and the Nong Khor-Laem Chabang (Phase 2) water pipeline projects from the Treasury Department properly and completely.

14.4 The Company is obligated to pay consideration to the Treasury Department as follows:

14.4.1 Initial fee to enter into agreement

The Company is obligated to pay an initial fee to enter into agreement of Baht 1,450 million, of which Baht 580 million shall be paid in the first installment on the agreement date and Baht 870 million shall be paid in the second installment when the Company receives the delivery of the water transmission system under the Nong Pla Lai-Nong Khor and the Nong Khor-Laem Chabang (Phase 2) water pipeline projects from the Treasury Department properly and completely.

14.4.2 Annual fixed fee

The Company is obligated to pay an annual fixed fee of Baht 44.64 million on the agreement date and in subsequent years in advance annually by March of each year. The annual fixed fee will be increased by 9% every 3 years.

14.4.3 Revenue sharing

The Company is obligated to pay revenue sharing from the management and operation of the main water transmission system in the Eastern region at 27% of the gross revenue before deducting all expenses each year throughout the entire term of the agreement, calculated on an accounting period basis from the year the Company receives the delivery of the water transmission system under the Nong Pla Lai-Nong Khor and the Nong Khor-Laem Chabang (Phase 2) water pipeline projects from the Treasury Department properly and completely. The revenue sharing to be paid in each year shall not be less than the amount specified in the agreement.

14.4.4 Performance bond under concession agreement

The Company is obligated to place a performance bond of Baht 118.98 million under the concession agreement. The Treasury Department will return the performance bond to the Company without interest upon the expiration of the agreement.

In 2022, the Company paid an initial fee to enter into agreement of Baht 580 million in the first installment and an annual fixed fee of Baht 44.64 million to the Treasury Department on the agreement date, which are presented as "Advance payment for concession rights" and "Prepaid fixed fee under concession agreement" in the statement of financial position as at 31 December 2022. In addition, the Company paid Baht 118.98 million to the Treasury Department as a performance bond under the concession agreement. As at 31 December 2022, the Company had not received any project assets from the Treasury Department.

On 11 April 2023, the Treasury Department delivered the water transmission system under the Nong Pla Lai-Nong Khor and the Nong Khor-Laem Chabang (Phase 2) water pipeline projects to the Company. However, there are still some project assets that the Treasury Department has not received from the previous concessionaire and delivered to the Company properly and completely. As a result, the Company's management had determined that the 30-year rights to manage and operate the main water transmission system in the Eastern region have not become effective.

However, since the Company received some of the project assets from the Treasury Department in 2023 and began generating revenue from the operation of these assets, in the preparation of the financial statements in accordance with Thai Financial Reporting Standard for Non-Publicly Accountable Entities, the management transferred the initial fee to enter into agreement under the first installment of Baht 580 million, which was recorded as "Advance payment for concession rights" in the 2022 financial statements, to the rights to provide services under concession agreement. The Company recorded the initial fee to enter into agreement under the second installment of Baht 870 million, as the rights to provide services under concession agreement and "Concession payable".

In addition, since the Company has started utilising the project assets received from the Treasury Department, i.e., generating revenue from the sales of raw water, the management has estimated a provision for compensation for sales of raw water of approximately Baht 58.4 million that may be payable to the Treasury Department. Furthermore, the Company has started amortising the rights to provide services under concession agreement during the current year.

As at 31 December 2023, the details of the rights to provide services under concession agreement are as follows:

(Unit: Thousand Baht)	
Rights to provide services under concession agreement	
- Initial fee to enter into agreement	1,450,000
Less: Accumulated amortisation	(3,864)
Rights to provide services under concession agreement - net	<u>1,446,136</u>

On 30 March 2023, the Company paid the second-year annual fixed fee of Baht 44.64 million to the Treasury Department in accordance with the terms of the concession agreement. As at 31 December 2023, the Company has presented the annual fixed fees paid in 2022 and 2023, totaling Baht 89.28 million, as "Prepaid fixed fee under concession agreement" in the non-current assets, as the Company expects to receive the project assets in full in 2025.

As at 31 December 2023, the Treasury Department has not yet properly and completely delivered the water transmission system under the Nong Pla Lai-Nong Khor and the Nong Khor-Laem Chabang (Phase 2) water pipeline projects to the Company. The previous concessionaire is still using some of the project assets that the Treasury Department is obligated to deliver to the Company under the concession agreement. However, on 1 January 2024, the Company received the delivery of the water transmission system under the Dok Krai water pipeline project from the Treasury Department.

The Treasury Department, the previous concessionaire, and the Company are currently negotiating the delivery of the project assets. Once a resolution is reached, the concession agreement may be amended due to the delayed delivery of the project assets, for example, the effective date of the 30-year rights to manage and operate the main water transmission system in the Eastern region, the payment of annual fixed fees, and revenue sharing. This could affect the accounts related to the concession agreement, including the above related disclosures.

15. Other non-current assets

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Advance payment for purchase of land	30,448	-
Deposits for the use of utilities	8,913	2,143
Prepaid expenses	12,855	-
Other retentions	867	1,417
Total other non-current assets	<u>53,083</u>	<u>3,560</u>

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

		(Unit: Thousand Baht)	
	Interest rates (% per annum)	<u>2023</u>	<u>2022</u>
Bank overdrafts	F/D Rate + 1.5	-	1,228
Short-term loans from financial institutions	Based on MLR	<u>140,000</u>	<u>150,000</u>
Total		<u>140,000</u>	<u>151,228</u>

Bank overdrafts and short-term loans from financial institutions are secured by the mortgage of the Company's land with structures thereon, bank deposits, and the transfer of rights of claim over collections for work done under construction contracts.

17. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Trade payables	121,583	86,955
Other payables	16,282	3,014
Provision for compensation for sales of raw water (Note 14)	58,439	-
Accrued expenses	44,437	30,313
Others	-	3,158
Total trade and other payables	<u>240,741</u>	<u>123,440</u>

18. Short-term loan from related party

Short-term loan from related party is loan from STP R&D Water Work Company Limited. This loan is unsecured, interest-free, and repayable at call. During the current year, the Company fully repaid this loan.

19. Other current liabilities

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Undue output VAT	9,386	6,105
Provision for warranty on construction projects	3,119	3,169
Provision for losses on construction projects	-	3,615
Others	941	697
Total other current liabilities	<u>13,446</u>	<u>13,586</u>

20. Liabilities under hire purchase agreements

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Liabilities under hire purchase agreements	8,174	1,370
Less: Deferred interest expenses and input VAT	(705)	(76)
Total	<u>7,469</u>	<u>1,294</u>
Less: Portion due within one year	<u>(4,818)</u>	<u>(866)</u>
Liabilities under hire purchase agreements - net of current portion	<u>2,651</u>	<u>428</u>

21. Provision for long-term employee benefits

	(Unit: Thousand Baht)
As at 1 January 2022	10,312
Increase during the year	1,455
As at 31 December 2022	11,767
Decrease during the year	(6,592)
As at 31 December 2023	5,175

The provisions represent the Company's obligations payable to its employees when they reach a retirement age. They are determined based on the employee's age, length of employment service and salary increase rate, among other things.

22. Contracts in progress

As at 31 December 2023, the aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress of the Company was approximately Baht 3,223 million (2022: Baht 4,116 million) and gross amounts due from customers for contracts in progress were approximately Baht 304 million (2022: Baht 332 million).

23. Commitments and contingent liabilities

23.1 Commitments related to construction contracts

As at 31 December 2023, the Company had commitments of Baht 82.0 million (2022: Baht 203.0 million) relating to construction project under contracts with subcontractors.

23.2 Commitments related to concession agreement

As at 31 December 2023, the Company had commitments in respect of the agreement relating to the management and operation of the main water transmission system in the Eastern region. Under the agreement, the Company is required to pay an annual fixed fee for a period of 28 years, with a 9% increase every 3 years. Additionally, the Company is obligated to pay an annual revenue sharing of 27% from the management and operation of the project once the Company receives all the project assets as described in Note 14 to the financial statements.

23.3 Capital commitments

As at 31 December 2023, the Company had capital commitments related to the purchases of land and machinery amounting to approximately Baht 168.3 million and Baht 26.8 million, respectively.

23.4 Operating lease commitments

The Company has entered into lease agreements in respect of the lease of land, building space and office equipment. The terms of the agreements are between 1 and 4 years.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

(Unit: Million Baht)		
As at 31 December		
	<u>2023</u>	<u>2022</u>
Payable:		
In up to 1 year	6.1	2.7
In over 2 and up to 4 years	5.2	0.3

23.5 Guarantees

As at 31 December 2023, there were outstanding bank guarantees issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business of the Company. The details of bank guarantees are as follows:

(Unit: Million Baht)		
	<u>2023</u>	<u>2022</u>
Guarantee of construction contracts	394.7	303.9
Guarantee of retention	221.6	-
Guarantee of bidding	-	95.9
Other guarantees	24.1	17.7
	<u>640.4</u>	<u>417.5</u>

24. Reclassification

The Company has reclassified certain amounts in the statement of financial position as at 31 December 2022 to conform to the current year's classifications. The reclassifications had no effect to previously reported net profit or shareholders' equity.

	(Unit: Thousand Baht)	
	As reclassified	As previously reported
Cash and cash equivalents	50,796	47,234
Trade and other receivables	93,332	141,995
Short-term loans to related person	3,804	3,115
Prepaid fixed fee under concession agreement	44,644	-
Advance payment for contractors and construction materials	13,283	-
Other current assets	10,791	20,744
Restricted bank deposits	55,617	59,179

25. Events after the reporting period

25.1 During February to May 2024, the shareholders' meetings of the Company approved the following dividend payments:

Date of the shareholders' meeting	Date of dividend payment	Dividend payments (Million Baht)	Dividend per share (Baht)
8 February 2024	9 February 2024	95	1,510
19 February 2024	21 February 2024	80	1,100
28 February 2024	29 February 2024	130	1,450
15 March 2024	18 March 2024	100	990
9 April 2024	11 April 2024	100	910
7 May 2024	13 May 2024	71	640
		<u>576</u>	

25.2 During February to May 2024, the shareholders' meetings of the Company approved the following increases in the Company's registered capital:

Date of the shareholders' meeting	Details	Registration date with the Ministry of Commerce
8 February 2024	Increased from Baht 630 million (63,000 ordinary shares of Baht 10,000 each) to Baht 730 million (73,000 ordinary shares of Baht 10,000 each)	13 February 2024
19 February 2024	Increased from Baht 730 million (73,000 ordinary shares of Baht 10,000 each) to Baht 894.5 million (89,450 ordinary shares of Baht 10,000 each)	23 February 2024
28 February 2024	Increased from Baht 894.5 million (89,450 ordinary shares of Baht 10,000 each) to Baht 1,011.45 million (101,145 ordinary shares of Baht 10,000 each)	7 March 2024
15 March 2024	Increased from Baht 1,011.45 million (101,145 ordinary shares of Baht 10,000 each) to Baht 1,102.15 million (110,215 ordinary shares of Baht 10,000 each)	22 March 2024
7 May 2024	Increased from Baht 1,102.15 million (110,215 ordinary shares of Baht 10,000 each) to Baht 1,147.15 million (114,715 ordinary shares of Baht 10,000 each)	21 May 2024

25.3 On 11 April 2024, a subcontractor filed a lawsuit against the Company, seeking payment for construction costs amounting to Baht 9.9 million, electricity costs incurred by the Company for the project amounting to Baht 1.5 million, and the return of retentions amounting to Baht 4.7 million, plus interest charges. The case is currently being heard by the Court of First Instance. The Company's management believes that no significant loss will result from the litigation.

26 Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 31 May 2024.