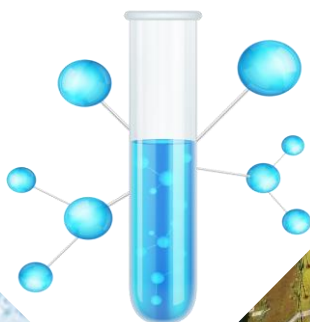




KINGDOM OF CAMBODIA
NATION RELIGION KING

PHNOM PENH WATER SUPPLY AUTHORITY



ANNUAL REPORT 2023

MAJOR STRATEGIC GOALS OF THE PHNOM PENH WATER SUPPLY AUTHORITY

To expand water supply to Phnom Penh suburban and surrounding areas at the same rate and standard as in Phnom Penh analyze the costs and improve the process and procedure to reduce the water cost; to improve staff efficiencies and build the capacity of Authority; to maintain a strong commitment to social environmental responsibilities; to Strategically compare and benchmark the most-efficient water utilities in the world.



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VISION & MISSION

VISION

PPWSA has committed to continue to grow its water supply services in a sustainable manner and to act as a consultant as a facilitator for people who are living in towns, provinces, and the cities throughout the Kingdom of Cambodia and residents in the developing countries of the world, there is access to clean water.

MISSION

PPWSA mission is keep supplying of clean water 24 hours a day, 7 days a week with sufficient pressure and at a reasonable price to the people in Phnom Penh and the town of Kandal province adjacent to Phnom Penh, and low-income residents. In addition, PPWSA has been sharing its work experiences to a number of provincial and municipal water utilities in the Kingdom of Cambodia, as well as regional and global water to achieve the Cambodia's Sustainable Development Goals (CSDGs).

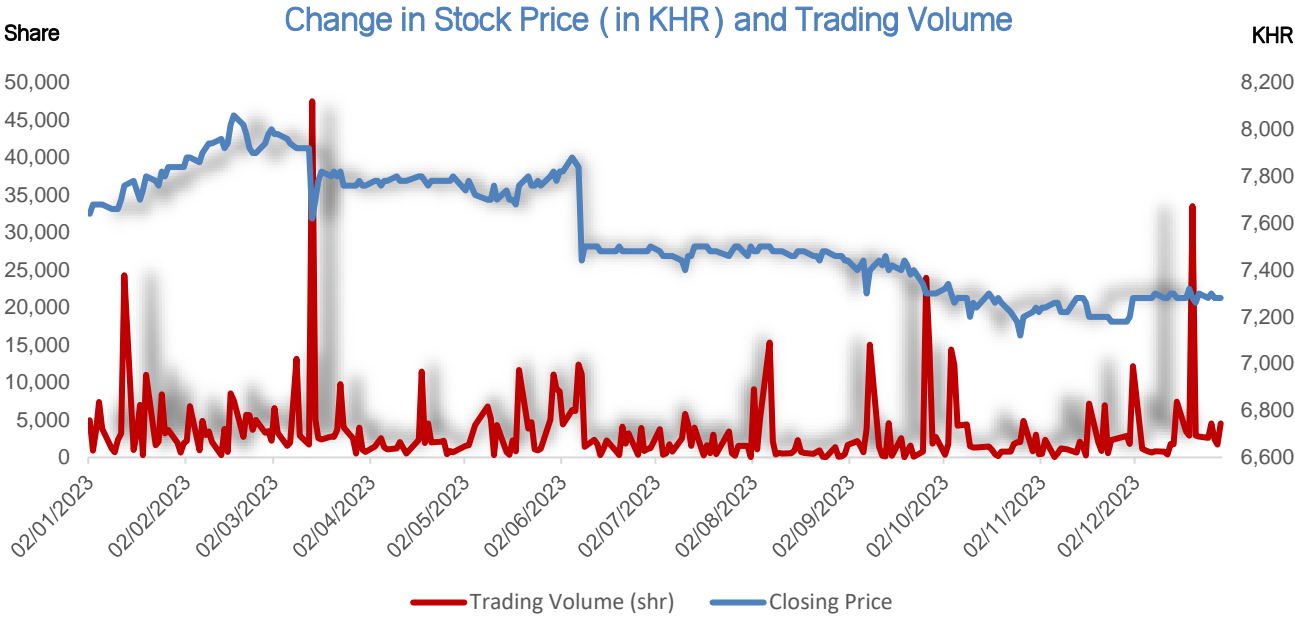
FINANCIAL HIGHLIGHTS

Financial Position	2023	2022	2021
Total assets (KHR'000)	3,159,060,323	2,684,135,875	2,306,806,174
Total liabilities (KHR'000)	1,764,542,852	1,411,922,828	1,140,177,961
Total shareholders'equity (KHR'000)	1,394,517,471	1,272,213,047	1,166,628,213

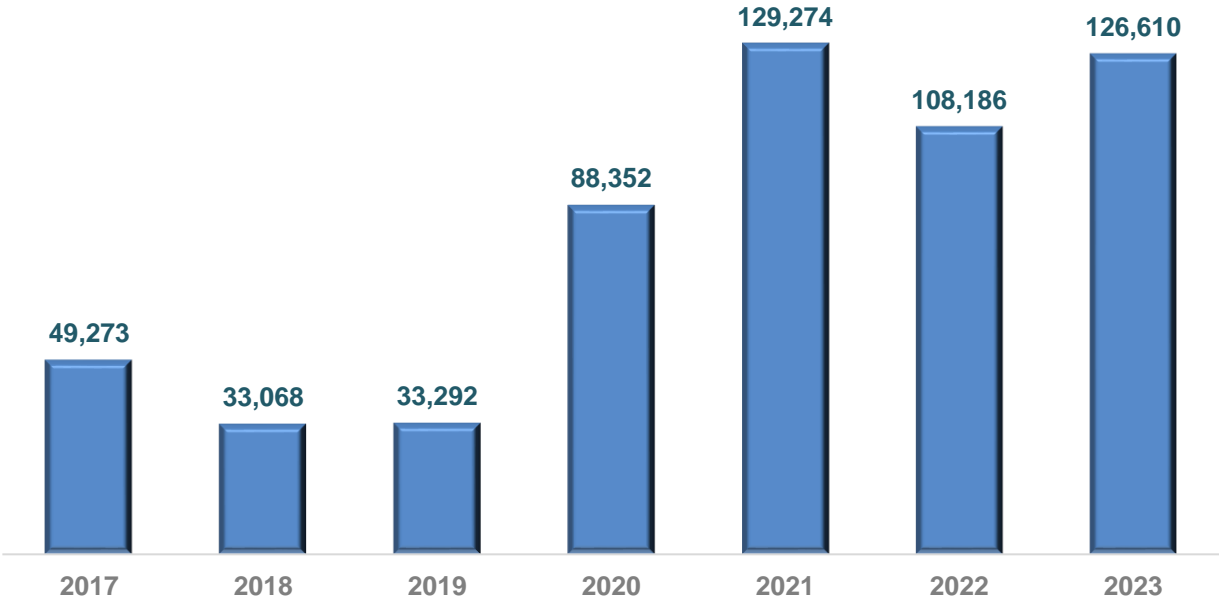
Profit/(Loss)	2023	2022	2021
Total Revenue (KHR'000)	392,054,365	347,283,856	369,145,257
Profit before tax (KHR'000)	153,472,543	130,515,892	165,856,586
Profit after tax (KHR'000)	126,609,582	108,185,865	129,273,917
Total comprehensive income (KHR'000)	126,609,582	108,185,865	129,273,917

Financial Ratio	2023	2022	2021	
Solvency ratio				
Liquidity Ratio	Current Ratio (Times)	2.60	2.21	1.65
	Quick Ratio(Times)	1.51	1.46	1.11
Profitabilities Ratio	Return on Assets (%)	4.33	4.34	6.20
	Return on Equity (%)	9.50	8.87	12.03
	Gross Profit margin (%)	38.33	37.28	42.56
	Profit Margin (%)	32.29	31.15	35.02
	Earning Per Share (KHR)	1,455.73	1,243.90	1,486.37
Interest Coverage Ratio (Times)		42.59	35.86	32.76

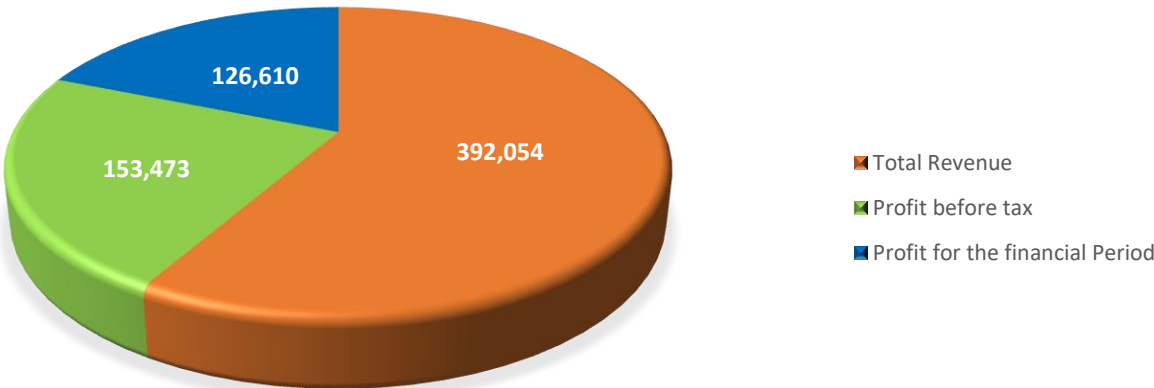
FINANCIAL SUMMARY CHARTS



Profit for each year (In Million KHR)



Profit for the year ended of 2023 (In million KHR)



BOARD OF DIRECTORS



H.E. Sim Sitha

Secretary of State Ministry of Industry
Science Technology and Innovation

Chairman



H.E. Long Naro

Delegation of the Royal Government of
Cambodia in charge of the Director General
of Phnom Penh Water Supply Authority

Member



H.E. Mey Vann

Secretary of State,
Ministry of Economy and Finance

Member



H.E. Nuon Pharat

Deputy Governor of the Board
Of Governors of Phnom Penh

Member



Mr. Ma Noravin

Representative
Of PPWSA's Employee

Member



Mr. Nam Chantry

Non-Executive Director
Representing Private Shareholders

Member



Mr. Sreng Samork

Independent Director

Member

MESSAGE FROM CHAIRMAN OF THE BOARD



In 2023

“ By gaining the trust from the royal government and the support from the two parent ministries, PPWSA successfully performed all its business activities. We have been continuing to develop its service from day to day, both qualitatively and quantitatively, to meet the water demand for the population in Phnom Penh and the provincial town of Takhmao as well as to contribute to the developments of the two municipalities. ”

This year, PPWSA reported total revenues of KHR 392,054,365,000 and profit before tax of KHR 153,472,543,000, net income was KHR 126,609,582,000 while the basic earnings per share was KHR 1,455.73.

PPWSA invests in, builds, expands, operates and maintains water supply and sanitation facilities; takes all the means to improve its production and service, and assure clean water quality to satisfy the requirements for livings, businesses, services and industries; engages in domestic or oversea businesses and services related to water and sanitation sectors due to the Board's resolutions and the existing laws; enhances technical, commercial and financial cooperation with local and international development partners to develop PPWSA based on the Royal Government's policy; maintains financial and operational viability linked to social responsibility; improves staff efficiency and strengthens institutional capacity; conducts cost analysis and reforms the processes and procedures to minimize the costs; and benchmarks its performance against other most effective peers in the world.

Effective Service

PPWSA keeps supplying clean water that is straight drinkable from the tap on a 24x7 basis. In 2023, we laid the mains and distribution pipes of 462,985.40m, produced 279,053,651m³ of clean water and installed 30,113 new house connections, of which 3,708 connections were for the low-income whom we always care for. Furthermore, the water loss accounted for 8.75% only.

Performance of the Board of Directors

In 2023, the Board of Directors have organized 7 meetings as below:

A. Outcomes of the 1st ordinary meeting of the Board of Directors

The meeting was on March 15, 2023 at 8:30 AM at the headquarter of PPWSA with the following agendas:

1. Request for approval on Annual Report 2022 and on the distribution of profit and dividend in 2022

The Board approved :

- a) Unanimously adopted the proposed distribution of net income in 2022, where :
 - Reward to staff (3 months) : KHR 9,326,110,356.13
 - Social Fund (5%) : KHR 4,299,136,464.07
 - Mandatory reserved fund (5%) : KHR 5,409,293,250.00
 - Voluntary reserved fund (5%) : KHR 5,409,293,250.00
- b) Unanimously adopted the retained earnings : KHR 93,062,106,750.00
- c) Total dividend to be distributed : KHR 28,701,143,460.00
 - Dividend yield : 4.15%
 - Dividend per share : KHR 330/share
 - Dividend payout ratio : 3.98%
 - Record date : 30 May 2023
 - Payment date : 20 to 26 June 2023

2. Request for in-principle approval on the disposal of damaged fixed assets and provision of obsolete or damaged inventory in 2022, to be submitted to Ministry of Economy and Finance for in-principle approval on write-off

The Board agreed in-principle to the proposed write-off, and to request Ministry of Economy and Finance to evaluate and auction the fixed assets and inventory in compliance with the present procedures.

3. Request for compliance with the disclosure in the 2nd part of the annexure of PPWSA's Annual Report "Annual Corporate Governance Report" and provision of supporting documents based on the outline of periodical reports of the Securities and Exchange Regulator of Cambodia (SERC) both in Khmer and English.

The Board agreed on the first request (proposed updates of directors' CVs in Khmer and English) and the second request (proposed information of directors' relation with other firms) whereas, for the third request (proposed implementation of the annual performance evaluation for the Board of Directors, Individual directors, Committees and Executive Director, the Board of Directors requested PPWSA to contact SERC for a sample evaluation form as a basis for future implementation.

4. Request for approval on the organization of the 11th General Meeting of Shareholders

The Board approved :

- Date of the 11th General Meeting of Shareholders (GMS) : May 26, 2023 and April 26, 2023 is a Record Date for the attending the 11th General Meeting of Shareholders
- The 11th GMS, including the voting session, will be organized via online meeting
- The GMS will start at 8:00 AM with the proposed agendas as below :
 - Online registration
 - Opening call
 - Presentation on the Annual Business Report 2022 and Business Plan 2023
 - Voting on the approval on dividend
 - Voting on the bonus of Board of Directors
 - Closing remarks.
- Authorize Mr. DENG Polyden, Deputy Director in charge of Finance, to deliver the presentation on the Annual Business Report 2022 and the Business Plan 2023
- Authorize the Director General to conduct and organize the 11th GMS

5. Request for approval on the revision of the composition of the Board Committees
The Board agreed to revise and appoint the composition of the Board Committees as follows :
- a) Nomination and Remuneration Committee
- | | | | |
|----|---------------------------|---|----------|
| 1. | H.E. SIM Sitha | Board Chairman
Representative of Ministry of Industry,
Science, Technology and Innovation | Chairman |
| 2. | H.E. MEY Vann | Board Member
Representative of Ministry of
Economy and Finance | Member |
| 3. | H.E. NUON Pharat | Board Member
Representative of Phnom Penh Municipality | Member |
| 4. | Director General of PPWSA | Member | |
| 5. | Company Secretary | Secretary | |
- b) Audit Committee
- | | | | |
|----|------------------|--|---------------|
| 1. | Mr. SRENG Samork | Board Member
Independent Director | Chairman |
| 2. | H.E. MEY Vann | Board Member
Representative of Ministry of
Economy and Finance | Vice-chairman |
| 3. | Mr. NAM Chantry | Board Member
Non-Executive Director
Representing Privat Shareholders | Member |
| 4. | H.E. NET Mony | State Controller attached to PPWSA | Member |
| 5. | Mr. MA Noravin | Board Member
Representative of PPWSA employees | Member |
6. Request for approval on the Board meeting calendar in 2023
The Board approved the following dates for the Board meetings in 2023 :
- June 22, 2023 for the 2nd quarter
 - September 22, 2023 for the 3rd quarter
 - December 22, 2023 for the 4th quarter
7. Request for review and approval on Organizational Chart of PPWSA
The Board agreed in principle to select the proposed first option of Organization Chart for further revision based on the recommendations of the Board members by removing the proposed box “Risk Management Committee” as well as requesting to rename the box “ Legislation & Inspection” and to revise some of the unit’s roles, maintaining that this unit is not a water debt collector, but resolves the disputes if any. In addition, the Board of Directors also advised Director General disseminate to all senior staff and department employees the statutes, paper on non-compliance of the relevant legal documents of PPWSA with Prakas No. 011/18 SECC/Prk and the recommendations of HML LAW GROUP & CONSULTANTS.
8. Request for a discussion on Code of Ethics, conflict of interest and the implementation in compliance with Prakas No. 011/18 SECC/Prk on Corporate Governance for Listed Companies
The Board acknowledged the information and advised PPWSA to follow the recommendations of Board of Directors.
9. Business Report for the 1st quarter of 2023 and Business Plan for the 2nd quarter of 2023
The Board acknowledge the Business Report for the 1st quarter of 2023 and Business Plan for the 2nd quarter of 2023. On the other hand, for spurring the house connection to the people in Tbong Khmum province, the Board of Directors advised PPWSA prepare a financial analysis and report it to the Board of Director through Telegram later.
10. Procurement Report the end of 2022 and for the 1st quarter of 2023
The Board approved the Procurement Report for the end of 2022 and for the 1st quarter of 2023 and also urged PPWSA to speed up the request for approval from Ministry of Economy and Finance on the procedure of selecting an independent auditor for two-year term.

11. Report on the Social Fund for the end of 2022 and for the 1st quarter of 2023
The Board acknowledged the Social Fund Report for the end of 2022 and for the 1st quarter of 2023 as well as agreed to the three expenditure requests (1st, 2nd and 3rd requests). Separately, for the 4th request, the Board of Directors suggested PPWSA conduct a detailed study before being submitted for a decision from the Board of Directors at the next meeting.
12. Internal Audit Report for the 1st quarter of 2023
The Board acknowledged the report as well as advised PPWSA follow the its recommendations.
13. Others
 - a) Request for a discussion on organizational infrastructure including the office for the Board of Directors
The Board agreed to a preparation as planned by PPWSA .
 - b) Drafted strategic plan for the Public Enterprise Management Reform
The Board acknowledged and suggested Director General, Employee Representative and all senior staff of PPWSA disseminate to every member of the subordinate staff the slide presentation and relevant legal documents before the promulgation of the new Law on Public Enterprise Management, and report the result of this dissemination to the Board at the next meeting.
 - c) Request for approval on the report of the options of land locations with optimal technical and economic efficiency to be selected for the construction of the intake for Bakheng Water Treatment Plant (WTP) Stage 3, including the presentation by SAFEGE consultant on the feasibility study of Bakheng Stage 3 project
The Board decided the following:
 1. Agreed in principle to the result of feasibility study of Bakheng Stage 3 project presented by SAFEGE consultant.
 2. Agreed in principle to select the most technically and economically efficient location for construction of the intake of Bakheng WTP Stage 3.
 3. Requested Director General to follow H.E. MEY Vann's recommendations in preparation for response to the development partner in the coming policy dialog.

Present members : 7 Persons and the State Controller attached to PPWSA

B. Outcomes of the first extraordinary meeting (the 2nd meeting) of the Board of Directors

The meeting was on March 29, 2023 at 14:00 PM at the headquarter of PPWSA and online via Zoom with the following agendas:

Request for a discussion and review on the possibility of water supply in Phnom Penh and Takmao in this summer and the solution to temporary water shortage in April and May

The Board decided the following :

1. Advised PPWSA prepare the technical causes of water shortage by writing in brief and straightforward, along with the request to customers for water saving, for further broadcasting over a wider range of media and through the local authorities.
2. Advised PPWSA contact with major customers for their collaboration on reducing or changing their production hours as well as requested Phnom Penh Municipality to temporarily use river water for road cleaning and public park watering.
3. Proposed a strategic (collective) delivery of water, setting location of supply, time of water delivery, number of water trucks to transport water in each channel, the location of fire hydrants where to get the water, and the location where to install standpipe, etc.
4. Advised PPWSA discuss with the contractor to find the ways and possibilities of speeding up the construction of Bakheng WTP Stage 1 as well as the connection of pipes with the WTP and supply all the water from Chroy Changwar WTP to Phnom Penh.
5. Allowed PPWSA to use the Social Fund to pay all expenses, including water charges, for delivery of clean water to customers in Phnom Penh and Takmao who are facing water shortage during this summer.

Present members : 6 Persons and the State Controller attached to PPWSA

Absent members : 1 Person

C. Outcomes of the 3rd ordinary meeting of the Board of Directors

The meeting was on June 22, 2023 at 8:30 AM at the headquarter of PPWSA with the following agendas:

1. Request for approval on the additional expenses for the connection of electricity to supply in Boeng Thom Water Treatment Plant and for the re-design of Compact Water Treatment System
The Board approved the additional expenses totalling USD361,500 for the electrical connection to Boeng Thom Water Treatment Plant and for the re-design of Compact Water Treatment System.
2. Request for a discussion on the Board of Directors Evaluation Form and Individual Director Evaluation Form
The Board agreed in principle to put the Board of Directors Evaluation Form (Form 1) into practice from this year onward, and requested all the Board members to provide additional inputs on this evaluation form, if any.
3. Business Report for the 2nd quarter of 2023 and Business Plan for the 3rd quarter of 2023
The Board totally agreed to the Business Report for the 2nd quarter of 2023 and Business Plan for the 3rd quarter of 2023, and also advised PPWSA to request Ministry of Industry, Science, Technology and Innovation for intervention to get Kandal Provincial Administration to offer possible plots of concessional land in Arey Ksat area for the construction of Water Treatment Plant to supply clean water there.
4. Procurement Report for the 2nd quarter of 2023 and request for approval on the revised procurement plan for the 2nd semester of 2023
The Board agreed to the Procurement Report for the 2nd quarter and approved on the revision of Procurement Plan for the 2nd semester of 2023.
5. Report on the Social Fund for the 2nd quarter of 2023 and request for approval on three expenditure request
The Board agreed to the Report on the Social Fund for the 2nd quarter of 2023 as well as approved the three requests with the estimated budget of USD109,360 .
6. Internal Audit Report for the 2nd quarter of 2023
The Board acknowledged the report as well as advised the Internal Audit to check the possible revision to the audit report or prepare a new report format by indicating other helpful tools to facilitate the Board's monitoring and decision-making.
7. Report on the Campaign for Water Shortage Solutions in some suburban communes/districts of Phnom Penh and some suburban communes of Takmao town during the 2023 drought.
The Board acknowledge this report.
8. Others
The Chairman of the Board of Directors informed and PPWSA take into account the 3 following items :
 - a) New law of the Public Enterprise Management, which may be scheduled to be promulgated at the end of 2023, no longer stipulates and requires the appointment of Account Inspector and Accounting Agent. Therefore, PPWSA does not need to process this appointment.
 - b) In term of human resource development, as finding the training needs assessment professionals is late, PPWSA can check its possibility to establish a new Human Resource Development Office to do this job and prepare the structure for this office.
 - c) Water Sanitation Service Branch has had only Deputy Director in charge, with no Head of the Branch, and is currently being managed by the Director General. Moreover, Water Sanitation Service Branch is responsible for projects in provinces including bidding and so on. The Chairman was worried this may not conform to the managerial statute. Thus, re-appointment of Head of the Branch shall be proposed.

Present members : 7 Persons and the State Controller attached to PPWSA

D. Outcomes of the second extraordinary meeting (the 4th meeting) of the Board of Directors

The meeting was held on July 17, 2023 at 8:30 AM at the headquarter of PPWSA with the following agendas:

1. Request for the recommendations on Phnom Penh Municipality's asking PPWSA for possibility to supply clean water in Ponheapon, Samrong and Prek Pnov communes, Prek Pnov district, Phnom Penh

The Board approved the following:

- 1) Requested H.E. NUON Pharat to help make a letter on behalf of the Phnom Penh Municipality to the Ministry of Industry, Science, Technology and Innovation, asking for intervention to integrate Ponheapon, Samrong and Prek Pnov communes, Prek Pnov district, into the water supply service area under PPWSA's jurisdictions with a reference to this minute.
 - 2) Granted PPWSA the support to conduct a clear, detailed study on the business situation of Prey Kub Construction Co., Ltd. in Ponheapong, Samrong and Prek Pnov communes, Prek Pnov district, and report the result of this study to the Board in the next meeting in September 2023 to request the parent ministries for guidelines for further implementation.
 - 3) Allowed PPWSA to appoint a joint committee with the proposed members from PPWSA, parent ministries and Phnom Penh Municipality to conduct the above study quickly.
2. Report on the preparation of PPWSA Financial Model 2021-2022 under the grant aid of French Government through AFD
The Board acknowledged the report.

3. Report on preliminary feasibility study of the project for Smart Water Management System (SWMS) under the Government of Republic of Korea's grant aid and request for in principle approval o replication of this study for the remaining DMAs
The Board acknowledge the report on the preliminary feasibility study of the SWMS project under the Government of Republic of Korea's grant aid and in principle agreed that PPWSA replicates this study for the remaining DMAs.

4. Other – Request for recommendations on the water supply problems at Borey Morn Dany's project located in Andong Ta Orn village, Samrong Krom commune, Por Senchey district

The Board acknowledged the report, and approved as follows:

- 1) Requested H.E. NUON Pharat for intervention with the district authority to make a letter through Phnom Penh Municipality, requesting PPWSA to help supply clean water to the residents in Project 26 of Borey Morn Dany real estate developer.
- 2) Agreed that PPWSA used its social fund to cover all the costs to be incurred for water supply to this Borey's project.

Present members : 7 Persons and the State Controller attached to PPWSA

E. Outcomes of the 5th meeting of the Board of Directors

The meeting was held on September 22, 2023 at 9:00 AM at the headquarter of PPWSA with the following agendas:

1. Request for approval on the water wholesale price for water resellers in Tbong Khmum province
The Board agreed in principle that PPWSA sells water in bulk to water resellers in Tbong Khmum province at a price range of KHR1,750/m³ to KHR1,800/m³ with a base price of KHR1,800/m³ .

2. Report on the water supply situation in all the 13 project locations of Borey Morn Dany

The Board approved the following:

- 1) Requested H.E. NUON Pharat to help intervene and facilitate a meeting between the Phnom Penh Municipality's working team in charge of Borey Morn Dany case, PPWSA, representatives of Borey Morn Dany, and representatives of the residents in the Borey's projects to discuss and do a survey on the solution to the problems of water supply in this Borey's project locations based on the principle that "PPWSA is responsible to pay the investment costs for installation of distribution pipes and/or transmission pipes to the entrance of Borey's project locations to enable sufficient water supply for the Borey residents whereas the investment costs for laying the water distribution network in the Borey is to be covered by the residents, and the same water tariff as PPWSA's current water tariff will be implemented.

- 2) Allowed PPWSA to use the social fund budget to pay the above investment costs and the house connection fees for the suffering residents in the Borey Morn Dany.
 - 3) Allowed PPWSA to offset the Borey Morn Dany's water debt against its 3-month water deposit in compliance with the policy of PPWSA.
3. Report on the Social Fund for the 3rd quarter of 2023 and request for approval on the Social Fund Plan 2024
- The Board totally acknowledged the social fund report for 3rd quarter of 2023 and in principle approved the Social Fund Plan 2024, categorized into 5 types of budgets as below :
- | | |
|--|-------------------|
| a. Budget for social infrastructure | 20% of total fund |
| b. Budget for emergencies | 20% of total fund |
| c. Budget for employee relief | 35% of total fund |
| d. Budget for the low-income connections | 10% of total fund |
| e. Budget for miscellaneous expenditures | 15% of total fund |
4. Internal Audit Report for the 3rd quarter of 2023 and Internal Audit Plan 2024 and request for in principle approval on the proposal to hire a consultant to formulate an internal audit manual
The Board approved as follows:
- 1) Totally agreed on Internal Audit Report for the 3rd quarter of 2023 and Internal Audit Action Plan 2024
 - 2) Agreed in principle that PPWSA formulates an Internal Audit Manual, requesting the Independent Director to help prepare the terms of references (TOR) of this proposed project for PPWSA as a basis for requesting development partner to include it in the Institutional Improvement Project. On the other hand, the proposed project for hiring a technical consultant to compile this manual will be discussed and approved in the Board meeting later, in case there is no support from the development partner for the above proposed project.
5. Report on the study of water supply situation in Prek Pnov, Ponheapon and Samrong communes, Prek Pnov district, Phnom Penh
The Board acknowledged the report and gave the following recommendations:
- 1) PPWSA shall expedite the preparation of the decision on appointment of a joint committee for the study of the Prey Kub Construction company's water supply business situation in Prek Pnov, Ponheapon and Samrong communes, Prek Pnov district, following the Board's resolution in the extraordinary meeting on July 17, 2023.
 - 2) The joint committee to be appointed above and PPWSA's taskforce shall keep collecting further data and information from the company for detailed study, analysis and evaluation as well as submit suggestions to the Board for approval in the next meeting.
6. Report on the feasibility study of Bakheng Water Supply Project - Phase 3
The Board approved as follows :
- 1) Totally agreed to the report on the feasibility study of Bakheng Water Supply Project - Phase 3.
 - 2) Granted the support to the Bakheng Water Supply Project - Phase 3, and authorised Delegation of the Royal Government of Cambodia in charge of the Director General of PPWSA to negotiate loans with the development partner and sign a loan agreement in order to implement the project as scheduled.
7. Preliminary report on feasibility study of the Project for Sustainable Development of Water Supply in Eastern and Southern Parts of Phnom Penh under the Republic of Korea's grant aid
The Board acknowledged the report as well as allowed PPWSA to divert the project on the feasibility study of the Sustainable Development Project for Water Supply in Eastern Part to that of the Smart Water Management System under the Republic of Korea's grant aid, and requested the consultant to conduct a clear economic analysis of this project. However, the project on the feasibility study of the Sustainable Development Project for Water Supply in Southern Part still resumes.

Present members : 6 Persons

Absent members : 1 Person and the state Controller attached to PPWSA

F. Outcomes of the third extraordinary meeting (the 6th meeting) of the Board of Directors

The meeting was held on September 27, 2023 at 9:00 AM at the PPWSA headquarter and online via ZOOM with the following agendas:

1. Business Report 2023 (8 months actual and 4 months estimate) and request for approval on Business and Investment Plan 2024

The Board totally completely acknowledged the Business Report 2023 (8 months actual and 4 months estimate). In addition, the Board advised PPWSA to revise the evaluation criteria for subsidizing the low-income connections based on the poverty evaluation criteria (Poor Level 1 and Poor Level 2) which are currently being implemented by the Royal Government as well as requested H.E. NUON Pharat for intervention to speed up PPWSA's requests for permission to dig across some parts of roads to install the water transmission pipes. On the other hand, for the plan 2024, the Board proposed to adjust Net Profit to KHR148,772,843,000 and Total Investment to KHR610,368,724,411 and agreed to increase one salary step for PPWSA staff of the 4 cadres. The main indicators of the Business and Investment Plan 2024 to be proposed for support and approval from both parent ministries are as below:

- | | |
|----------------------------|---------------------|
| 1. Total Revenues | KHR 470,600,692,000 |
| 2. Total Expenses | KHR 284,634,638,000 |
| 2.1 Operating Expenses | KHR 183,734,829,000 |
| 2.2 Loss on Exchange Rate | KHR 10,838,745,000 |
| 2.3 Depreciation Expenses | KHR 69,914,399,000 |
| 2.4 Interest | KHR 9,575,951,000 |
| 2.5 Meter Change | KHR 5,207,417,000 |
| 2.6 Non-Operating Expenses | KHR 5,363,297,000 |
| 3. Net Profit | KHR 148,772,843,000 |
| 4. Total Investment Budget | KHR 610,368,724,411 |
| 4.1 Counterpart Budget | KHR 172,782,814,461 |
| 4.2 AFD | KHR 426,779,334,950 |
| 4.3 EIB | KHR 10,806,575,000 |
2. Procurement Report for the 3rd quarter of 2023 and request for approval on Procurement Plan 2024

The Board totally approved the Procurement Report for the 3rd quarter of 2023 and the Procurement Plan 2024.

Present members : 7 Persons and the State Controller attached to PPWSA

F. Outcomes of the 7th meeting of the Board of Directors

The meeting was held on December 22, 2023 at 9:00 AM at the PPWSA headquarter with the following agendas:

- 1) Request for approval on the Board meeting calendar in 2024

The Board approved the following the following dates for the Board meetings in 2024:

- March 15, 2024 is for the 1st quarter's meeting
- June 21, 2024 is for the 2nd quarter's meeting
- September 20, 2024 is for the 3rd quarter's meeting
- December 20, 2024 is for the 4th quarter's meeting

- 2) Request for discussion on the 2023 Board Performance Evaluation Report

The Board agreed to the 2023 Board Performance Evaluation Report.

- 3) Business Report 2023 (10 months actual and 2 months estimate) and Business Plan for the 1st quarter of 2024

The Board totally agreed to the Business Report 2023 (10 months actual and 2 months estimate) and Business Plan for the 1st quarter of 2024 as well as approved the request for extension of implementation schedule for the Project on Construction of Boeng Thom Water Treatment Plant and advised PPWSA carefully implement this project as scheduled.

- 4) Report on the Social Fund for the 4th quarter of 2023 and request for approval on 3 expenditure requests

The Board approved the report on Social Fund for the 4th quarter of 2023 and agreed to the 3 expenditure requests.

- 5) Procurement Report for the 4th quarter of 2023

The Board totally approved the Procurement Report for the 4th quarter of 2023.

- 6) Internal Audit Report for the 4th quarter of 2023

The Board acknowledged the report and also advised PPWSA to follow the recommendations raised.

- 7) Report on the construction of Boeng Thom Water Treatment Plant with production capacity of 6,000m³/day

The Board already acknowledged and approved in Agenda 3 above.

- 8) Report on the water supply to Borey Morn Dany

The Board acknowledged the report and requested H.E. NUON Pharat to intervene in creating more representative(s) of the residents living in Borey projects No. 14 and No. 22 to facilitate the collection of budget from the residents to be paid to PPWSA for investment costs in term of installation of the water distribution network at the above locations as well as urged the Borey Morn Dany to take responsibility for the investment cost for the installation of the water distribution network in Borey project 31.

- 9) Other

- a) Request for in-principle approval on an annual grant scheme for 5 postgraduate scholarships at Cambodia University of Technology and Science (CamTech)

After detailed discussion and since such a request is not described in the Decision No.001 above, the Board approved a grant to the civil servants of Ministry of Industry, Science, Technology and Innovation for payment of 2-year tuition fee for only 5 master degree scholarships at CamTech University, worth a total of USD45,000 or USD22,500 per annum.

- b) Report on the power deligation for implementation of the external projects and updates on legal documents for bidding external projects by Water Sanitation Service Branch. The Board acknowledged the report as well as authorised the Deputy Director General in charge of Water and Sanitation Service Branch to sign the contract with Kubota Construction Co., Ltd. and the documents relevant to the Project on Extension of Water Supply System in Svay Rieng province.

- c) Report on the dissemination of PPWSA statute to the management and employees of PPWSA

The Board acknowledged the report.

Present members : 7 Persons and the State Controller attached to PPWSA

PPWSA has a clear strategy to expand the water distribution network to the surrounding areas of Phnom Penh based on the extension of water treatment facilities, keeping the same tariff and standard for Phnom Penh, and a strong commitment to social and environmental responsibility.

In the fiscal year 2024, PPWSA plans to produce 311,224,300m³ of clean water, expand 488,450m of additional distribution network, and generate total revenues of KHR470,600,692,000 with total expenses of KHR284,634,638,000 as approved by the Board and the 2 parent ministries.

Acknowledgement

We would like to express our deep gratitude to the Royal Government, the two tutelary ministries (Ministry of Industry, Science, Technology and Innovation, and Ministry of Economy and Finance), Securities and Exchange Committee of Cambodia, and all the shareholders who always trust and support PPWSA.

We are also proud and thankful to PPWSA's staff at all levels, who worked hard and responsibly to achieve the best results.

Phnom Penh, March ៨ , 2024

CHAIRMAN

SIM SITHA

MESSAGE FROM DIRECTOR GENERAL



In 2023

“ On behalf of PPWSA, I am honored and pleased to present the Annual Report 2023 and the financial statements of PPWSA. For the year ended December 31, 2023. PPWSA earned total revenue by KHR392 billion and profit before tax by KHR153 billion and total comprehensive income for the financial year by KHR126 billion. ”

The significant activities in 2023

With the support of the Royal Government, the Ministry of Guardians and the Board of Director during this year, PPWSA remains strong with better risk management, efficient use of financial resources and throughout management of expenditures, especially with a focus on reducing water loss rates, despite road repair and widening activities. Across Phnom Penh, this is one of the many reasons for the leakage of water pipes, as shown in the financial report audited by an independent auditor in 2023. PPWSA earned total revenue by KHR392,054,365,000, the profit before tax by KHR153,472,543,000 and basic earning per share by KHR1,455.73. At the end of this period, the total assets increased up to KHR3,159,060,323,000, the capital increased up to KHR1,394,517,471,000. This increase is due to PPWSA achieving great success in reducing the rate of water loss to the single digit. The rate in 2023 is only 8.75%. Reducing water loss as a life-and-death factor for PPWSA in the course of its operations and business. At the same time, in order to adapt the fluctuations of inflation, we have adjusted the water tariff of clean water from January 1, 2020 to the present, which allows us to supply clean water to roughly ten thousands of families, including low-income residents, at a reasonable price to contribute to the government's poverty reduction policy. Phnom Penh Water Supply Authority has the capacity to supply water 24 hours/day and 7days/week, this year we can produce 279,053,651m³.

Water treatment practices are in line with National and World Health Organization (WHO) water quality standards, with 53 water quality laboratories analyzed from (Singapore and Shanghai laboratories). Paying attention to the water quality makes PPWSA guarantee customers to drink directly from the faucet to contribute to society responsibly in order to encourage people to have access to clean water, which is a clean water program (Water for All). Proper sanitation services for healthy living, a better life and environment.

The goal of expanding the water distribution network is to areas with economic potential, and low-income residents. In 2023, PPWSA were installed pipes 462,985.40m, making the total length of the

main pipe and the current distribution pipe equal to about 4,723km, and maintaining an average pressure of 20 meters in the entire distribution network with the pipes size 63mm to 1600mm were laid by PPWSA. We have been working to improve the quality of customer services to find and increase the number of large customers with high water demand to ensure efficient collection of water bills, which this year maintains maximum rates and network growth. The year ended 31 December 2023, the number of customers increased by 478,141 connections.

Expectations for 2024

For the year 2024, we will make more efforts to improve the corporate government of PPWSA, and still adhere to the vision and mission of the previous years. As a destination for next year, PPWSA estimated to earn profit for the financial year about KHR148,772,843,000 that was approved by the Board of Directors, and the two parent ministries.

PPWSA is still committed to providing quality and efficient water supply and serve to provide trust to the customers. In addition, PPWSA is still striving to provide water supply to low-income people. In the form of subsidizing the right to purchase water in accordance with the standard of living of each family from 30%, 50%, 70% and 100% to implement a special water distribution project for the poor communities using PPWSA funds for the benefit of the people.

Acknowledgement

We would like to express our deep gratitude to the Royal Government, the two tutelary ministries the Ministry of Industry, Science, Technology, and Innovation, and the Ministry of Economic and Finance, and the Board of Directors for their support and good leadership for 2023, and all the customers who made PPWSA succeed as today.

Phnom Penh, March 01, 2021

DIRECTOR GENERAL OF PPWSA

LONG NARO

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PART 1. GENERAL INFORMATION OF PPWSA

A. IDENTITY OF PHNOM PENH WATER SUPPLY AUTHORITY

- ◆ Name in Khmer : រដ្ឋាករទឹកស្វយ័តក្រុងភ្នំពេញ (រ.ទ.ស.ភ)
- ◆ Name in Latin : PHNOM PENH WATER SUPPLY AUTHORITY (PPWSA)
- ◆ Standard Code : KH1000010004
- ◆ Address : #45, St. 106, Sangkat Srah Chark, Khan Daun Penh, Phnom Penh, Cambodia
- ◆ Phone number : (855) 31 322 6345
- ◆ Website : www.ppwsa.com.kh Email : ir@ppwsa.com.kh
- ◆ Company registration number: Co.0839Et/2012 Date : 27 March 2012
- ◆ License number: Sub-decree No. 52 អនុក្រឹត្យ.បកី Issued by : Royal Government of Cambodia
Date : 19 December 1996
- ◆ Disclosure Document approved and registered by SECC's Resolution No.012/12គ.ម.ក/ស.ស.វ.
Date : 23 March 2012
- ◆ Representative of the listed entity: **H.E. Long Naro** Delegation of the Royal Government of Cambodia in charge of the Director General of Phnom Penh Water Supply Authority.

B. NATURE OF BUSINESS

- ◆ Invest in, build, expand, operate, repair and maintain water supply and sanitation facilities.
- ◆ Take all the means to improve its production and service, and assure clean water quality to satisfy the requirements for living, businesses, services and industries and engage in domestic or overseas business and services related to water and sanitation sectors due to the Board of Directors's resolutions and the existing laws.
- ◆ Enhance technical, commercial and financial corporations with local and international development partners to develop PPWSA in accordance with the Royal Government's policies.
- ◆ Maintain financial and operational sustainability pertaining to social interests.
- ◆ Expand water supply to phnom penhs' surburban areas and surrounding regions at the same rate and standard as in Phnom Penh.
- ◆ Improve staff efficiency and continue to build the capacity of the enterprise.
- ◆ Analyze cost factors and reform processes and procedure to reduce water costs.
- ◆ Strategically compare with the most efficient water utilities in the world.
- ◆ Strong commitment to social and environmental responsibility.

C. GROUP STRUCTURE OF THE PPWSA

The PPWSA neither had any subsidiary nor was owned by another group as of December 31, 2023.

PART 1. GENERAL INFORMATION OF PPWSA (Con't)

D. THE PPWSA'S MILESTONES

1. Official Inauguration Ceremony of the Bakheng Water Production Facilities phase

On Monday, June 19, 2023, PPWSA organized The Official Inauguration Ceremony of the Bakheng Water Production Facilities phase 1 highly presided over by **Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia** and H.E. Kitti Settha Pandita CHAM Prasadh, Senior Minister, Minister of Industry, Science, Technology and Innovation. Bakheng Water Production facilities phase 1, which is the great achievement of PPWSA, was constructed on 15 hectares of land with total production capacity of 195,000 m³/day resourced from Mekong Leur River. The Water Production facilities located on Bakheng Leur village, Bakheng commune, Chroy Changeva district, Phnom Penh.

Bakheng Water Supply Project Phase 1 is co-financed between Royal Government of Cambodia (RGC), Phnom Penh Water Supply Authority (PPWSA), The French Development Agency (AFD), European Investment Bank (EIB), European Union (EU) of total project budget worth 247 million US dollars.

Bakheng Water Production Facility Phase 1 was started the construction on May 05, 2020 and has been put into testing-operations on the production and supply of clean water since April 21, 2023 that reach the completion on May 5, 2023 with 36 months of construction period. Bakheng Water Production Facility Phase I is the ever-largest project in the history of Cambodia's clean water infrastructure development that is constructed by the French firm, Vinci Construction Grants Projets with supervision from PPWSA and technical assistance from the French firm, SAFEGE consulting Engineers. The construction project is contracted within the Design-Build framework.

Bakheng Water Production Facility Phase 1 has a production capacity of 195,000 m³/day giving an extra capacity to existing capacity of 640,000m³/day up to 835,000m³/day and increase the access supply of clean water to about 170,000 families. In addition to this, it also contributes to solving the problem of scarcity of water for people living at the suburb and 3 communes in Takhmao.

At the beginning of 2024, after PPWSA put into operation of Bakheng Water Production Facilities phase 2, the total production capacity of clean water could increase by more than 1 million cubic meters per day. This gives the people living in Phnom Penh and Takhmao, especially those living on the outskirts of Phnom Penh, access to clean water supply ensuring a better water pressure and the current water shortage trend will be ended by early 2024.

2. The ceremony of historically succed the completion of drilling of a 2-meter-diameter

The successful completion of drilling of a 2-meter-diameter and 540 meters-long treated water transmission main beneath the Tonle Sap Riverbed named the "**GREAT PIPE OF SAMDECH BUN RANY HUN SEN.**" from the Launching Shaft on the east to the Receiving Shaft on the west side to bring clean water from Bakheng water treatment plant to supply people all over Phnom Penh on December 15, 2023

3. Officially launched PPWSA App

In December 2023, the PPWSA's mobile app was officially launched, allowing customers to easily track and check water bills and other services.

PART 1. GENERAL INFORMATION OF PPWSA (Con't)

E. MARKET SITUATION

Phnom Penh Water is managed through “Service area including 14 Khans and Takhmao City” which provides the supply of clean water 24 hours per day, 7 days per week to people living across Phnom Penh Capital and Takhmao City with sufficient supply pressure, quality that complied with drinking water standards of the WHO and national drinking water standards and reasonable prices.

F. COMPETITIVE SITUATION

Phnom Penh Water Supply Authority is the only public enterprise (monopoly) in the business operation of providing clean water supply throughout Phnom Penh Capital and Takhmao City with technical and economic characteristics. Furthermore, PPWSA does not compete on water price in the market and is not subject to political pressure under any circumstances.

G. FUTURE PLAN

- ◆ Encourage the follow-up and implementation of the updated master plan 2021-2030 to increase the potential and coverage of water supply across Phnom Penh and Takhmao.
- ◆ Driving innovation through technology and technical in the water sector to be in line with the first phase of the Pentagon strategy on two of the five key priorities: water and technology, as well as Cambodia's digital government policy to ensure sustainability and contribute to reducing energy consumption.
- ◆ Continue to reduce unnecessary expenses and boost the efficiency in collecting water bills, as well as striving to earn revenue from services and other revenues as planned.
- ◆ Promote and disseminate widely about the benefits of using the Mobile App of PPWSA to customers.
- ◆ Keep enhancing the effectiveness and efficiency in repairing and maintaining the water production and supply system to have a long-life service to ensure the supply of clean water to the people 24 hours per day, 7 days per week.
- ◆ Update and prepare “documents of technical specification” to be standardized in order to ensure high quality of the water supply system.
- ◆ Reducing non-revenue water was as low as possible.

PART 1. GENERAL INFORMATION OF PPWSA (Con't)

H. RISK FACTORS “Analyst, Management Opinion and Risk Mitigation”

Phnom Penh Water Supply Authority is responsible for the production and distribution of water for general use for the public service in an administrative and technical manner, with the guarantee of both quantity and quality of clean, sterile water and drinking water directly from the network. However, there are still some risk factors that are facing and the following preventive measures:

Risk Factors/ Challenges	Risk Countermeasure and Actions
1/. Project Design and Planning	
<ul style="list-style-type: none"> ▪ Micro-Tunnel Works of Drilling DN2000mm under the riverbed of Tonle Sap River have been delayed due to geo-technical factors, underground unforeseen problems which containing water penetrating the bottom of the shaft and heavy rainfall, which is the natural cause, affecting the works of casting concrete at the bottom of the well. However, it has been re-estimated and postponed to the first quarter of 2024 for completion. 	<ul style="list-style-type: none"> ▪ Requested to Consultant and Contractor for Emergency Study in the implementation of installation HDPE DN1400mm Pipe at the bottom of Tonle Sap River in order to be able to send clean water from Bakheng Water Treatment Production Plant to the City before May 2023 in accordance with Strategic Planning of Water Supply of PPWSA. ▪ Kept monitoring and instructed to the construction contractor to complete the drilling work of DN2000mm by the end of December 2023 to be able to continue the work of welding, cleaning, disinfection, and pressure testing in the first quarter of 2024.
<ul style="list-style-type: none"> ▪ Shortage of Clean water supply to the outskirts living area of people during the dry season which happened in early 2023 between March-May. 	<ul style="list-style-type: none"> ▪ Collaborated with Phnom Penh Municipality and local authorities to prepare water tanks to supply clean water to people in the suburbs areas and areas with low water pressure. ▪ Completion of Bakheng Water Production Plant, Phase I has been speeding and to be completed in accordance to the completion schedule of May 2023. As a result, Phase I has been commissioning and putting in the operation in late April 2023. ▪ Bakheng Water Production Plant, Phase I has been inaugurated presided over by Samdech Techno Hun Sen and operated at average production capacity of 190,000 m³/day.

Risk Factors/ Challenges	Risk Countermeasure and Actions
2/. Water Production Management	
<ul style="list-style-type: none"> ▪ The development of land backfilling into the River near Intake Pumping Station of Koh Norea and Bakheng, the global climate change factor, and livelihoods of fishermen who live on the water and near Pumping Station dumping into river source, has led to the changes in the raw quality. 	<ul style="list-style-type: none"> ▪ Water Level Equipment for measuring real-time has been installed at the pumping station to control the changes of raw water quality. ▪ Increasing the consumption of raw-materials to ensure the quality of clean water from treated pumping station in accordance with water quality standard.
<ul style="list-style-type: none"> ▪ Operation & Maintenance of production facility's equipment is still not good and management-monitoring program has not been established yet. While Bakheng Water Treatment Plant which is new, has started the operation and production as well as other plants scheduled to be operated in next year of 2024, will require the preparation of documents, O&M Manuals for management and monitoring for efficient and sustainable maintenance purpose. 	<ul style="list-style-type: none"> ▪ Organization of Taskforce in charge of O&M to implement OFAMS in order to inspect and re-organize the repair and maintance of facility equipment and other instruments ▪ Asset Management & Maintenance has been in priority for study and preparation of the software for O&M works in all platnts.
3/. Water Distribution Management	
<ul style="list-style-type: none"> ▪ Road Infrastructure Development and some construction sites have affected underground water pipes, causing leaks. ▪ Short-term Challenges in 2023 that new operation of Bakheng Water Production Plant, Phase I put into operation will probably cause leaks on water network in some locations. 	<ul style="list-style-type: none"> ▪ Permeanent Team to standby and cooperate with local authority to suspect the acitivities in order to reduce the impact. ▪ Production Management of all plants to monitor under the conditions of suitable water supply pressure. ▪ Pressure Management has been installed in some location to monitor and measure the real-time pressure.
4/. Commercial Operation	
<ul style="list-style-type: none"> ▪ The average of water tariff faced a slightly decline, which may be due to the issues of real estate sector and the downturn of industries between 2022-2023. 	<ul style="list-style-type: none"> ▪ Study of finding the potential customers in having high consumption has been established. ▪ Implementation of custmer contract for big customers has stregthened.
<ul style="list-style-type: none"> ▪ Customer service with questions and requests in the social media and other digital platforms 	<ul style="list-style-type: none"> ▪ Customer Care has been designed and PPWSA Mobile App is to be launched in first quarter of

Risk Factors/ Challenges	Risk Countermeasure and Actions
<p>have been increased while the response is not up to speed.</p>	<p>2024 to facilitate and provide a good service to the customer for paying bills on times, requesting connection application online and others request to solve.</p> <ul style="list-style-type: none"> ▪ One Window Service has been launched in order to provide a good customer service with efficiency and transparency.
<p>5/. Finance Management</p>	
<ul style="list-style-type: none"> ▪ Repair expense of water leaks and maintenance expense of water supply equipment has been increased during the new operation of Bakheng Water Treatment Plant, Phase I. 	<ul style="list-style-type: none"> ▪ Pressure management of water network should be maintained at appropriate supply to reduce the leaks. ▪ Pressure monitor instrument has been installed in some location to control and monitor the pressure in the water network.
<p>6/. Human Resource Management</p>	
<ul style="list-style-type: none"> ▪ Office building is not adequate for employees to work. 	<ul style="list-style-type: none"> ▪ Board of Directors, parental ministries and developing partners (AFD/EU) have agreed in principle to allow PPWSA to kick off the concept design study in administration office arrangement of 16-story building (width of 16.6m and length of 60m), located in PPWSA headquarter (2023 – 2027).
<p>7/. Information Technology</p>	
<ul style="list-style-type: none"> ▪ The development of advanced technology poses a threat in cyber security (cyber attacks by hacking to the software management). 	<ul style="list-style-type: none"> ▪ Preventive System to be set up in order to be able to respond in short time to minimize the impact. ▪ Improving the level of system security and data management. ▪ Standard Operation Procedure has been set up to prevent the hacking and cyber attacks through technology system.

PART 2. Information on Business Operation Performance

A. Business Operation Performance including business segments information

A.1. Water Treatment and Distribution System and Water Loss Reduction

A.1.1. Water Treatment

The water treatment in 2023 as follows:

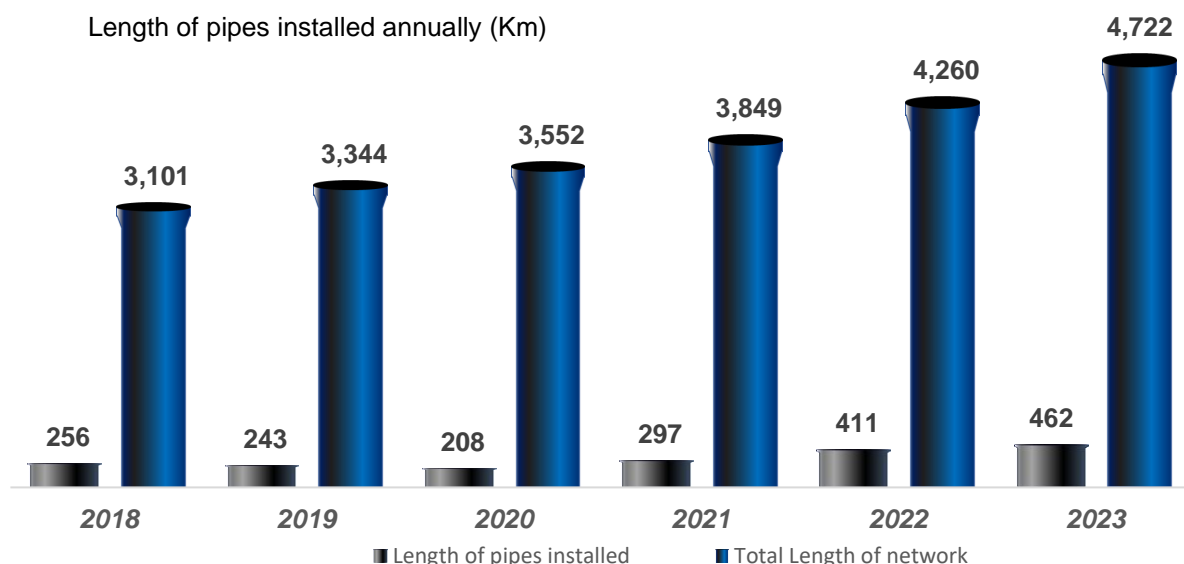
Description (water treatment plant)	PLAN (m ³)	ACTUAL (m ³)	RATE (%)
Phum Prek	58,648,700	60,944,768	104
Chruoy Chang War	54,007,000	55,688,460	103
Chamkar Morn	18,857,000	19,036,451	101
Niroth	95,428,000	95,076,620	100
Bakheng	43,752,000	47,464,218	108
Mlech	325,200	497,183	153
Thbong Khmom	273,900	345,951	126
Beoung Thom	971,300	-	-
TOTAL	272,263,100	279,053,651	102

The quality of treated water at the 7 water treatment plants (WTPs) and distribution networks

Parameters	Unit	WHO	Phum Prek WTP	Chroy Chang War WTP	Chamcar Morn WTP	Niroth WTP	Bakheng WTP	Mlech WTP	Thbong Khmom WTP	Distribution Pipes
Turbidity	NTU	≤5	0.30	0.25	0.14	0.34	0.17	0.46	0.57	0.34
pH Value	pH	6.50-8.50	7.38	7.52	7.51	7.23	7.52	7.13	7.43	7.34
Free Available Chlorine	mg/l	0.10-1.0	1.57	1.35	1.14	1.38	1.18	1.40	1.00	0.45
Total Available Chlorine	mg/l	<2	1.79	1.50	1.30	1.54	1.29	1.60	1.14	0.59
Total coliforms	cfu/100ml	0	0	0	0	0	0	0	0	0
E. Coli	cfu/100ml	0	0	0	0	0	0	0	0	0

A.1.2. Pipes Laying

Length of pipes installed annually (Km)



PART 2. Information on Business Operation Performance (Con't)

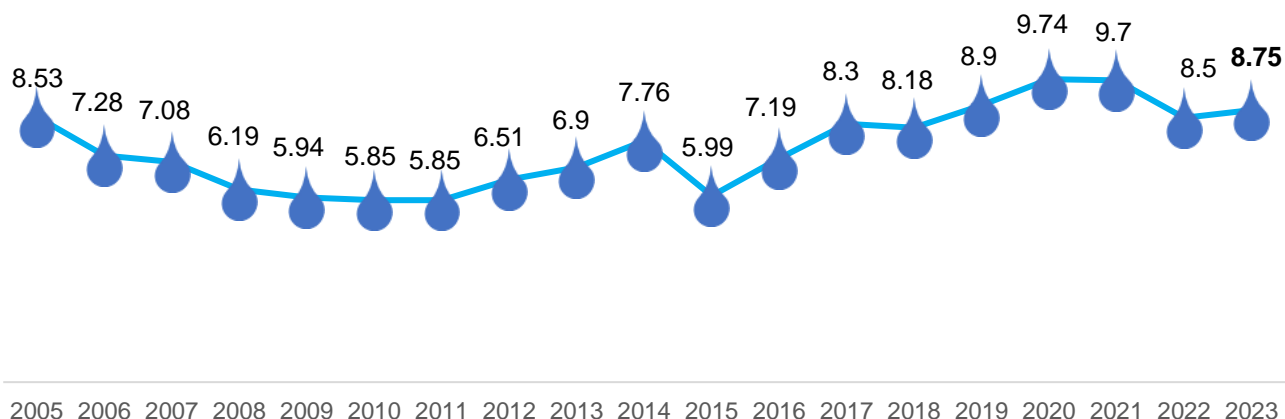
A. Business Operation Performance including business segments information (con't)

A.1. Water Treatment and Distribution System and Water Loss Reduction (con't)

A.1.3. Water Loss Reduction

In 2023, PPWSA's water loss rate was kept in single digits 8.75%, as shown in the graph below.

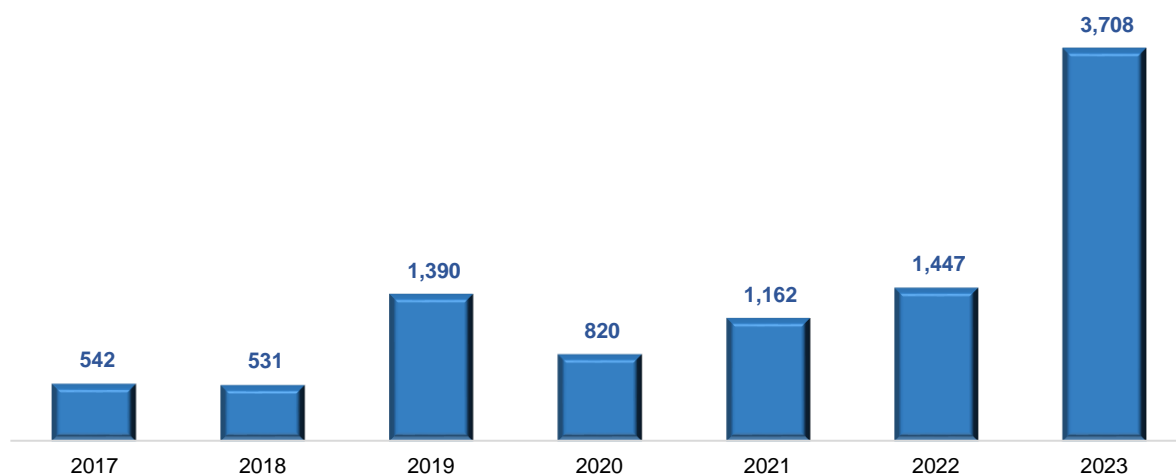
NRW trend from 2005 to 2023 (in percentage)



A.2. Business Activities and Results

A.2.1. Water for All Program

low-incom household connections



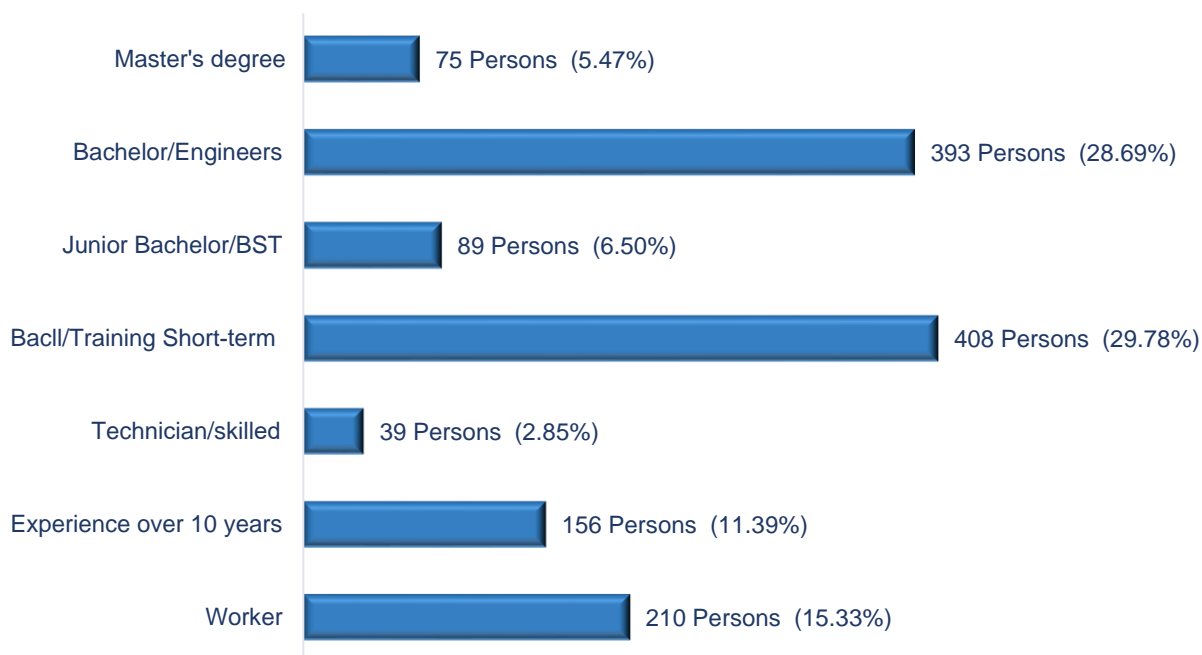
A.2.2. House Connection and Customer Management

Type of Customers	2018	2019	2020	2021	2022	2023	
	(connection)	(connection)	(connection)	(connection)	(connection)	(connection)	(%)
Domestic	301,834	321,212	333,099	350,463	360,948	381,752	79.8409
Commercial	58,789	62,366	68,136	74,344	83,874	89,702	18.7606
Administrative	664	696	744	823	913	918	0.1920
Wholesalers	07	07	10	11	09	06	0.0013
RDE Representative	21	17	14	16	05	03	0.0006
Standpipe	14	17	17	16	16	14	0.0029
Room rental	5,703	5,752	5,759	5,728	5,789	5,746	1.2017
Total	367,032	390,067	407,779	431,401	451,554	478,141	

PART 2. Information on Business Operation Performance (Con't)

A. Business Operation Performance including business segments information (con't)

A.3- Human Resource Management



Total staff of PPWSA in 2023: 1,370 persons (229 females)

B. Revenue Structure

N°	Source of Revenue	2023		2022		2021	
		(KHR'000)	%	(KHR'000)	%	(KHR'000)	%
1	Sales	349,640,073	89.18	299,723,507	86.31	282,369,797	76.49
2	Construction service fees	16,665,617	4.25	24,976,316	7.19	26,241,989	7.11
3	Foreign exchange gain – net	4,111,039	1.05	1,105,700	0.32	2,273,984	0.62
4	Other income	21,637,636	5.52	21,478,333	6.18	58,259,487	15.78
Total revenues		392,054,365		347,283,856		369,145,257	



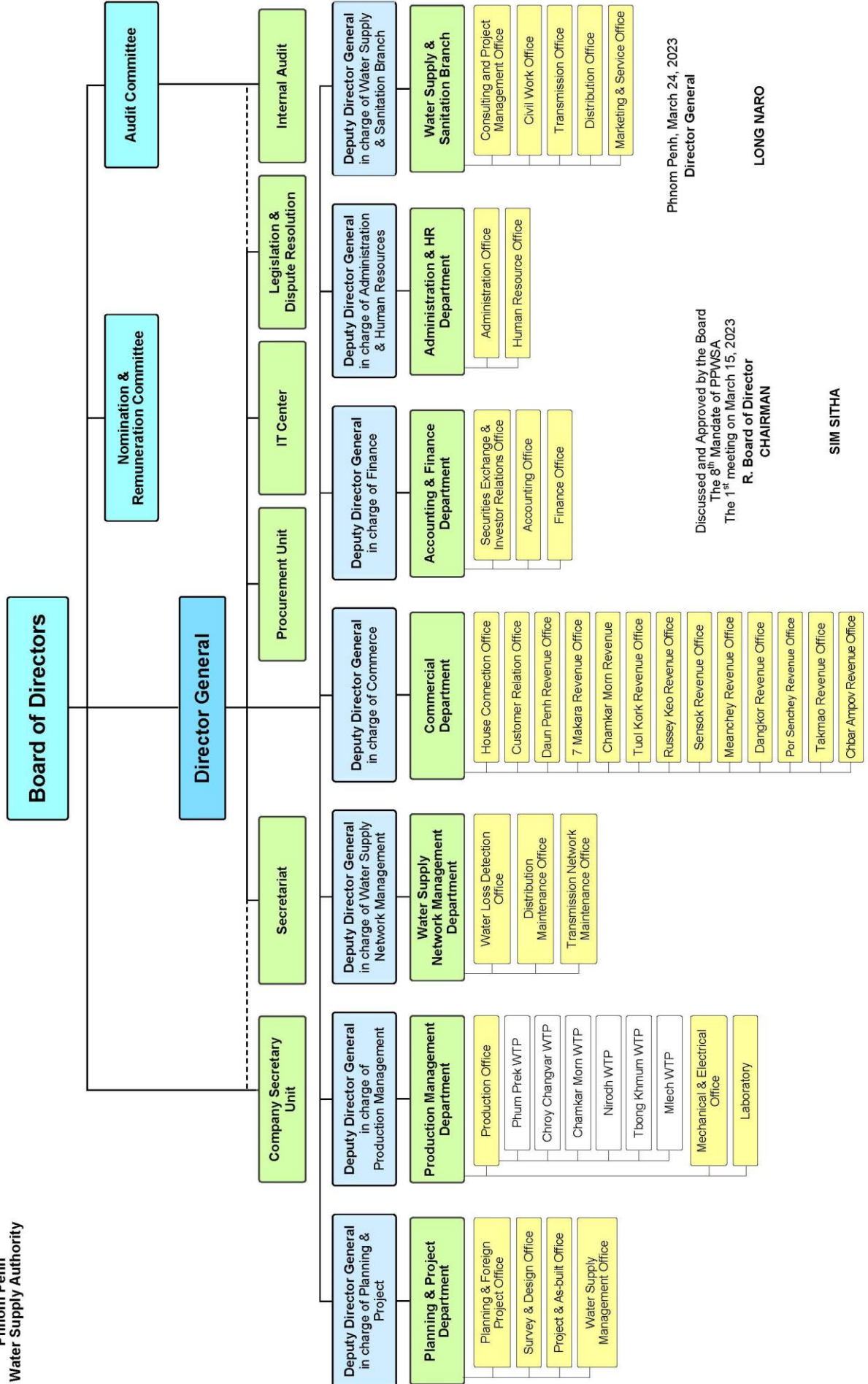
Phnom Penh
Water Supply Authority

Kingdom of Cambodia
Nation Religion King

PART 3. Information on Corporate Governance

A. Organization Structure

Organization Chart of Phnom Penh Water Supply Authority



Phnom Penh, March 24, 2023
Director General

Discussed and Approved by the Board
The 8th Mandate of PPWSA
The 1st meeting on March 15, 2023
R. Board of Director

LONG NARO

CHAIRMAN

SIM SITHA

PART3. Information on Corporate Governance (con't)

B. Board of Directors

No.	Name	Position	Date of being a governor	Deadline of current mandate
1	H.E. SIM Sitha	Chairman	06 January 2023	06 January 2026
2	H.E. MEY Vann	Member	06 January 2023	06 January 2026
3	H.E. LONG Naro	Member	06 January 2023	06 January 2026
4	H.E. NUON Pharat	Member	06 January 2023	06 January 2026
5	Mr. MA Noravin	Member	27 February 2023	27 February 2026
6	Mr. SRENG Samork	Independent Director	13 May 2022	13 May 2025
7	Mr. NAM Chantry	Non-Executive Director Representing Private Shareholders	13 May 2022	13 May 2025

- PPWSA Secretary
 - Mr. CHOU Phalla
 - Mr. HUOT SokHeng

C. Senior Officers Senior Officer Composition

No.	Name	Sex	Position at PPWSA
1	H.E. Long Naro	Male	Director General
2	H.E. Neth Mony	Male	State Controller attached to PPWSA
3	H.E. Samreth Sovithiea	Male	Deputy Director General
4	H.E. Chan Piseth	Male	Deputy Director General
5	H.E. T. Kroeun Nary	Female	Deputy Director General
6	Mr. Ma Noravin	Male	Deputy Director General
7	Mr. Chea Setephoat	Male	Deputy Director General
8	Mr. Pheng Ty	Male	Deputy Director General
9	Mr. Deng Polyden	Male	Deputy Director General and Disclosure Officer
10	Mr. Chou Phalla	Male	Company Secretary and Disclosure Officer
11	Mr. Huot Sokheng	Male	Company Secretary
12	Mr. Som Sovann	Male	Director of Commercial Department
13	Mrs. Seng Keadara	Female	Director of Internal Audit
14	Mr. Savuth Vathana	Male	Director of Information Technology Center
15	Mr. Heng Sophannarath	Male	Director of Admin and Human Resource Department
16	Mr. Ou Kunavath	Male	Director of Planning and Project Department
17	Mr. Sok Nareth	Male	Director of Accounting and Finance Department
18	Mr. Chhim Sereyvuth	Male	Director of Legislation and Depute Resolution Unit.
19	Mr. Tuy Bunsereyrieth	Male	Director of Water and Sanitation Service Subsidiary
20	Mr. Kaing Sorphynga	Male	Director of Water Supply Network Management Department
21	Mr. Kem Kanvicheth	Male	Director of Production System Management Department
22	Mrs. Sim Voleka	Female	Director of Procurement Unit
23	Mr. Meas Kosal	Male	Assistant of Deputy Director General in charge of Planning and Project
24	Mrs. Prak Chanmakara	Female	Assistant of Deputy Director General in charge of Administration and Human Resources
25	Mr. Ros Borin	Male	Assistant of Director General

Note: Details related to corporate governance are attached in appendix I.

PART4. Information on Securities' Trading and Shareholder

A. Information on Securities

1. Information on Equity Securities

• Name of equity securities:	Ordinary Share
• Equity securities' symbol:	PWSA
• Class of equity securities:	Voting Share
• Par value per equity securities:	KHR 1,000
• IPO Price:	KHR 6,300
• The total number of outstanding Shares:	13,045,975 shares
• Market capitalization:	KHR633,164,619,360 (as at December 29, 2023)
• Permitted Securities Market:	Cambodia Securities Exchange (CSX)
• Listing Date:	April 18, 2012

B. Securities' Price and Trading Volume

Share		January	February	March	April	May	June
Trading Price (KHR)	Maximum	7,840	8,060	8,000	7,800	7,820	7,880
	Average	7,738	7,935	7,835	7,782	7,747	7,565
	Minimum	7,640	7,840	7,620	7,760	7,680	7,440
Trading Volume (Share)	Maximum	24,296	8,537	47,505	11,428	11,661	12,387
	Average	4,385	3,784	5,570	2,209	3,834	3,464
	Minimum	299	310	516	445	283	307

Share		July	August	September	October	November	December
Trading Price (KHR)	Maximum	7,500	7,500	7,460	7,340	7,280	7,320
	Average	7,471	7,473	7,387	7,250	7,227	7,286
	Minimum	7,400	7,440	7,300	7,120	7,180	7,260
Trading Volume (Share)	Maximum	5,806	15,331	23,943	14,382	7,159	33,510
	Average	1,932	1,901	3,835	2,895	1,843	4,283
	Minimum	215	50	14	174	54	387

C. Controlling Shareholder

No.	Name	Nationality	Number of Shares	Percentage
1	The State represented by the Ministry of Economy and Finance	Khmer	73,927,187	85%
Total :			73,927,187	85%

D. Substantial Shareholder

As of December 31, 2023, there were no substantial shareholders who held PPWSA's shares.

PART4. Information on Securities' Trading and Shareholder (Con't)

E. Information on Dividend Distribution in the last 3 (three) years

Details of dividend distribution	2022	2021	2020
Net comprehensive income (KHR'000)	108,185,865	129,273,917	88,351,845
Total cash dividend (KHR'000)	28,701,143	26,961,680	22,786,968
Total share dividend	N/A	N/A	N/A
Other dividend	N/A	N/A	N/A
Dividend payout ratio	26.53%	20.86%	25.79%
Dividend yield	*4.37%	**4.33%	***4.30%
Dividend per share	KHR 330	KHR 310	KHR 262

*Closing price as at 30 December 2022: KHR 7,560

**Closing price as at 31 December 2021: KHR 7,160

***Closing price as at 31 December 2020: KHR 6,100

PART 5:
INTERNAL CONTROL
AUDITOR REPORT BY
INTERNAL AUDITOR

Internal Audit Report
On Compliance and Operation Monitoring
In 2023

Attached as APPENDIX II

PART 6:
FINANCIAL STATEMENT
AUDITED BY THE
EXTERNAL AUDITOR

**Directors' Report and
Audited Financial Statements
For the Year Ended 31 December 2023**

Attached as APPENDIX III

PART 7. Information on Related Party Transactions and Conflict of Interest

- A. Material Transactions with Shareholder(s) who hold at least 5% or more shares of outstanding equity securities

There are no such transactions.

- B. Material Transactions with Director(s) and Senior Officer(s)

There are no such transactions.

- C. Transactions with Director(s) and Shareholder(s) related to buy/sell asset and service

There are no such transactions.

- D. Material Transactions with Immediate Family Members of the Director(s), Senior Officer(s) and Shareholder(s) who hold at least 5% or more shares

There are no such transactions.

- E. Material Transactions with the Person, who associated with Director(s) of the Listed Entity, its Subsidiary or Holding Company

There are no such transactions.

- F. Material Transactions with Former Director(s) or a Person who involved with Former Director(s)

There are no such transactions.

- G. Material Transactions with Director(s) who is holding any position in a non-profit organization or in any other company other than the listed entity

There are no such transactions.

- H. Material Transactions with Director(s) who get benefit whether finance or non-financial from the listed entity

There are no such transactions.

PART 8. Management's Discussion and Analysis

A. Overview of operations

1. Revenue analysis

PPWSA generates revenues from three main sources – water sales, construction service fees and other incomes.

- Water sales revenue is sourced from water consumption – domestic / households, commercial and industrial, administrative, rented rooms, and wholesalers. This revenue is reported net of discounts, allowances and credits and is recognized based on the volume of water supplied to the customers. Water bills are issued every two months.
- Construction service revenue is sourced from the fees of construction services related to the expansion of the distribution network that PPWSA constructs for a construction company.
- Other revenues/incomes are sourced from water meter maintenance charges, sales of water connection materials, penalty charges for unauthorized water use, and others.
 - Water meter maintenance revenue is generated from the monthly meter maintenance charge on a basis of KHR50 per 1 mm of water meter diameter. This revenue is used to cover the cost of future replacement of water meters for the customers.
 - Plumbing material sales revenue is generated from the sale of water meters, pipes and fittings.
 - Penalty fees is a revenue generated from penalties for customers' late payments penalties and illegal connections.
 - Other revenues are generated from contributions by commercial and industrial customers for installing special network connections into their properties and fees earned for collection of sewerage maintenance charges on behalf of Phnom Penh Municipality.

➤ Year ended 31 December 2023 compared to year ended 31 December 2022

Description	2023	2022	Changes	
	(KHR'000)	(KHR'000)	(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total Revenues	392,054,365	347,283,856	44,770,509	12.89%

PPWSA has a total revenue KHR392,054,365,000 for 31 Dec 2023 and KHR347,283,856,000 at 31 Dec 2022. The revenue increased by KHR44,770,509,000 or 12.89%. The increase in total revenue FY2023 was due to sales revenue increased by KHR49,916,566,000 or 16.65% and foreign exchange gains-net increased by KHR3,005,339,000 or 271.80%.

2. Revenue analysis by segment

The analysis of PPWSA's revenues by segment are shown as below:

Description	2023	%	2022	%
	(KHR'000)		(KHR'000)	
Sale	349,640,073	89.18%	299,723,507	86.31%
Construction service fee	16,665,617	4.25%	24,976,316	7.19%
Foreign exchange gains-net	4,111,039	1.05%	1,105,700	0.32%
Other income	21,637,636	5.52%	21,478,333	6.18%
Total Revenues	392,054,365		347,283,856	

PART 8. Management's Discussion and Analysis (Con't)

A. Overview of operations (Con't)

2. Revenue analysis by segment (Con't)

The following are the only analysis of significant revenue streams by segment:

➤ Year ended 31 December 2023 compared to year ended 31 December 2022

Description	2023		2022		Changes		
	Volume	Amount	Volume	Amount	Volume	Amount	%
	(M ³)	(KHR'000)	(M ³)	(KHR'000)	(M ³)	(KHR'000)	
	a	b	c	d	a - c	b - d	(b-d)/d*100
Domestic	129,309,534	129,038,204	112,027,600	110,873,519	17,281,934	18,164,685	16.38%
Commercial	92,973,454	169,743,939	84,775,017	151,870,153	8,198,437	17,873,786	11.77%
Public administrative and autonomy	10,213,861	23,785,957	9,195,964	19,671,036	1,017,897	4,114,921	20.92%
Representative and room rental	16,683,547	11,940,060	12,814,186	10,317,389	3,869,361	1,622,671	15.73%

◆ Revenue from household water sales (Domestic)

Revenue from domestic water sales amounted to KHR129,038,204,000 for the year ended 31 December 2023 and KHR110,873,519,000 for the year ended 31 December 2022, that is prompting an increased by KHR18,164,685,000 or 16.38%. The reason of the increase is that the number of connections increased by 20,804 from 360,948 to 381,752 connections. The monthly consumption per connection ascended by 2.83m³ from 26.31m³ to 29.14m³ and average tariff ascended by KHR8.20/m³ from KHR989.70/m³ to KHR997.90/m³.

◆ Revenue from commercial and industrial water sales (Commerce)

Revenue from commercial water sales amounted to KHR169,743,939,000 for the year ended 31 December 2023 and KHR151,870,153,000 for the year ended of 31 December 2022, that is prompting an increased by KHR17,873,786,000 or 11.77%. The reason of the increase is that the number of connections ascended by 5,828 from 83,874 to 89,702 connections and monthly consumption per connection ascended by 0.88m³ from 89.37m³ to 90.25m³ and the average tariff ascended by KHR34.28/m³ from KHR1,791.45/m³ to KHR1,825.72/m³.

◆ Revenue from public administrative water sales

Revenue from public administrative water sales amounted to KHR23,785,957,000 for the year ended of 31 December 2023 and KHR19,671,036,000 for the year ended of 31 December 2022, that is prompting an increased by KHR4,114,921,000 or 20.92%. The reason of the increase is that monthly consumption per connection ascended by 45.53m³ from 737.50m³ to 783.03m³ and the connections ascended by 5 connections from 913 to 918 connections and water tariff KHR 2,500/m³.

◆ Revenue from representative and rental rooms water sales

Revenue from representative and rent rooms water sales amounted of KHR11,940,060,000 for the year ended of 31 December 2023 and KHR10,317,389,000 for the year ended of 31 December 2022, that is prompting an increase by KHR1,622,671,000 or 15.73%. The reason of the increase is that monthly consumption per connection ascended by 55.17m³ from 184.94m³ to 240.11m³ and the average tariff ascended by KHR 15.68/m³ from KHR 700.00/m³ to KHR 715.68/m³. On the other hand, the number of customer descended by 50 connections from 5,819 to 5,769 connections.

PART 8. Management's Discussion and Analysis (Con't)

A. Overview of operations (Con't)

3. Gross profit margin analysis

PPWSA prepared and presented its income statements by nature, without showing gross profit. However, this presentation enables discussions and analyzes on the operating profit which is calculated by subtracting operating expenses from total income.

The details of the operating expenses will be discussed in Item "a-4" below.

4. Profit before tax

Profit before tax is derived from the subtraction of operating expenses from the gross revenues and net finance income (expenses). In discussing and analyzing the operating expenses, we considered the total expenses as follows.

➤ Year ended 31 December 2023 compared to year ended 31 December 2022

Description	2023 (KHR'000)	2022 (KHR'000)	Changes	
			(KHR'000)	Percentage
	a	b	a - b	(a-b)/b*100
Total revenues	392,054,365	347,283,856	44,770,509	12.89%
Employee benefits expenses	(80,292,438)	(70,175,422)	10,117,016	14.42%
Depreciation and amortisation charges	(61,978,135)	(59,455,074)	2,523,061	4.24%
Electricity costs	(42,291,446)	(35,218,743)	7,072,703	20.08%
Raw materials for water treatment	(15,875,313)	(12,140,740)	3,734,573	30.76%
Construction service expenses	(9,731,518)	(16,618,024)	(6,886,506)	(41.44%)
Finance income	6,737,766	4,656,618	2,081,148	44.69%
Finance costs	(3,527,730)	(3,610,434)	(82,704)	(2.29%)
Profit before tax	153,472,543	130,515,892	22,956,651	17.59%

PPWSA earned profit before tax of KHR153,472,543,000 at 31 Dec 2023 and KHR 130,515,892,000 at 31 Dec 2022, representing an increase of KHR22,956,651,000 or 17.59%. The increase in profit before tax was primarily due to sales revenue increased by KHR49,916,566,000 or 16.65% and foreign exchange gains-net increased by KHR3,005,339,000 or 271.80%, however construction service expenses decreased by KHR6,886,506,000 or 41.44%.

5. Profit for the financial year

Under the Law on Commercial Enterprises, in the context of duties and taxes, PPWSA had to pay annual taxes at the rate of 20%. This 20% tax is calculated by applying the 20% tax rate on the taxable profit.

PART 8. Management's Discussion and Analysis (Con't)

A. Overview of operations (Con't)

5. Profit for the financial year (con't)

➤ Year ended 31 December 2023 compared to year ended 31 December 2022

Description	2023 (KHR'000)	2022 (KHR'000)	Changes	
			(KHR'000)	Percentage
	c	d	c - d	(c-d)/d*100
Profit before tax (a)	153,472,543	130,515,892	22,956,651	17.59%
Tax expense (b)	(26,862,961)	(22,330,027)	4,532,934	20.30%
Profit for the financial year	126,609,582	108,185,865	18,423,717	17.03%
Total comprehensive income for the financial year	126,609,582	108,185,865	18,423,717	17.03%
Effective tax rate (b)/(a)	17.50%	17.11%		

PPWSA earned profit for the financial year of KHR126,609,582,000 at 31 Dec 2023 and KHR 108,185,865,000 in 2022, representing an increases of KHR18,423,717,000 or 17.03%. The increase in profit for the financial year was due to sales revenue increased by KHR49,916,566,000 or 16.65% and foreign exchange gains-net increased by KHR3,005,339,000 or 271.80%, however construction service expenses decreased by KHR6,886,506,000 or 41.44%, in additional, Finance income increased by KHR2,081,148,000 or 44.69%.

6. Analysis of factors and trends analysis affecting financial conditions and results

The protracted situation of the war between Russia and Ukraine, as well as the uncertain state of the world economy continues to affect the progress of the global economy and in the region as well, however. PPWSA continues to operate daily and remains profitable in the Annual 2023. Continuing to maintain this profit as sales revenue continues to grow year-on-year due to the following supporting factors:

- **NRW rate:** PPWSA utilized an effective mechanism to reduce NRW to 8.75% in this quarter. Maintaining water loss rate to a minimum, it is a critical factor enabling PPWSA to ensure its financial viability and sustainable enterprise development.
- **Increase in customer base:** To generate revenues from water sales, PPWSA increased its customer base, expanding its service coverage to unserved areas by filling up its coverage with distribution networks in Phnom Penh and its surrounding areas, in particular, the economically potential zones.
- **Increase in average water tariff:** Finding new commercial and industrial customers increased PPWSA's average water tariff because the tariff for this customer category is higher than that of other customer categories.
- **Operating expenses management:** PPWSA managed these expenses, especially the electricity consumption cost which is huge and significant in the water treatment process, through the introduction of new technologies such as variable speed distribution pumps. PPWSA Managed the efficient and economical use of raw materials in water treatment.

For operating expenses, PPWSA try to reduce unimportant expenditures such as general administration, maintenance by controlling and maintaining general tools and usage material regularly to ensure the quality and reduce others expenses.

PART 8. Management's Discussion and Analysis (Con't)

A. Overview of operations (Con't)

6. Analysis of factors and trends analysis affecting financial conditions and results (con't)

- **Strict practices in procurement process:** PPWSA has strictly adhered to applicable laws, regulation and other guidelines in relation to the procurement process for purchases of material and raw materials. This process is transparent and encourages market price competition, which allows PPWSA to make low cost purchases, without neglecting quality.
- **Cash management:** With the above high collection ratio 99.90%, PPWSA was capable enough to manage its cash efficiently. With this, PPWSA reserved cash as working capital for two-three months, and invested available cash in short-term fixed deposits at commercial banks with high interest rates. PPWSA also scrutinizes risks and benefits associated with the high interest rates.
- **Selection of low-rate financiers:** Due to the increasing water demand, PPWSA is in need of finance for its investment projects, such as construction of WTPs, and laying of transmission and distribution pipes. PPWSA has sought international development partners such as AFD to get the low interest rate financing.
- **Economic situation:** Although the war between Russia and Ukraine, as well as the war between Israel and Palestine, has continued to affect the global economy as well as Cambodia, PPWSA's average water prices have not been significantly affected.

B. Significant Factors Affecting Profit

1. Demand and supply conditions analysis

According to a study of water demand compared to population growth in Phnom Penh due to the expansion of the area around Phnom Penh, PPWSA has built the first phase of Bak Kheng water treatment plant with a production capacity of 195. It was announced to be operational on June 19, 2023 and is continuing to build the second phase of Bak Kheng Water Treatment Plant with the same production capacity of 195,000 m³ / day, which is scheduled to be put into operation at The beginning of 2024 and the Boeung Thom water treatment plant with a capacity of 5,000 m³ / day is scheduled to be operational in mid-2024 to meet current and future water needs.

2. Variations in prices of raw materials analysis

Variation in prices of raw materials for water treatment might slightly affect the production cost because the portion of this cost is not higher than 10% of the operating expenses. However, PPWSA adhered very strictly to the procurement procedures to ensure the conformity of raw material prices to market prices, and this procedure allows PPWSA to obtain low competitive prices.

3. Tax analysis

Under the Law on Commercial Enterprises, in the context of duties and taxes, PPWSA is obliged to pay duties and taxes as stipulated in the existing laws and regulations. PPWSA is required to pay taxes under the real regime tax system and is a large taxpayer determined by the General Department of Taxation.

4. Exceptional and extraordinary items analysis

At the end of December 31, 2023, the management believes that PPWSA does not have any unusual and extraordinary elements.

PART 8. Management's Discussion and Analysis (Con't)

C. Material changes in sales and revenues

PPWSA's main revenues are the sales of safe water and house connection which is a basic need of Phnom Penh residents. The water sales represented about 89.18% of gross revenue on 31 December 2023. PPWSA is also the monopoly water supplier in Phnom Penh and its outskirts. Revenues may grow, subject to the demography including the enlargement of Phnom Penh capital and the Takhmao city.

D. Impact of foreign exchange, interest rates and commodity prices

D.1. Impact of exchange rate

PPWSA records the accounting using the base currency, the riel, and foreign currency transactions are converted to the base currency at the exchange rates ruling at the dates of the transactions. Gains and losses arising from the settlement of such transactions, changes in assets and liabilities denominated in foreign currencies are recorded in the detailed income statement. Most of PPWSA's payments are made in KHR, so there is no significant impact on the exchange rate.

D.2. Impact of interest rates

D.2.1. Impact of interest rate on interest income

Due to the absence of a currency market in Cambodia, PPWSA could afford only short-term investments in 9-12 month fixed deposits at local commercial banks.

D.2.2. Impact of interest rate on interest expense

The PPWSA has had two financing sources with floating and fixed interest rates. The fixed-rate financing was received via MEF from ADB at the interest rate of 1.65% per annum, and from JICA at the interest rate of 0.66% per annum. The floating-rate loan is received directly from AFD at the interest rate of 6-month EURIBOR - 1.35%. The interest rate must range from 0.25% to 5.21% per annum.

D.3. Impact of raw materials prices

Through PPWSA's procurement process in accordance with applicable laws and regulations, as well as other guidelines that require PPWSA to contract with suppliers of materials and raw materials. Competitive price or negotiable price. The protracted war between Russia and Ukraine and the war between Israel and Palestine have pushed up the prices of materials and raw materials in domestic and foreign markets. Rising prices of materials and raw materials have also affected PPWSA's investment and operating costs. However, despite the increase in the cost of materials and raw materials, the management has carefully considered the plan and the need for raw materials to ensure the timely and affordable use of public procurement laws effective.

E. Impact of inflation

PPWSA's water tariff remained unchanged from 2001 to 2019. To adjust to the variations in inflation, PPWSA has been implementing the revised tariff since 1 January 2020, and maintained better financial stability.

F. Economic / Fiscal / Monetary Policies of the Royal Government

PPWSA's business was influenced by a number of the government policies such as:

- **Service coverage expansion:** Further expansion of the water service coverage is restricted due to PPWSA's mission that allows water production and distribution to the public in Phnom Penh only. This restriction is stipulated in Sub-decree No. 52 ANKR.BK, dated 19 December 1996, on the Establishment of PPWSA.

PART 8. Management's Discussion and Analysis (Con't)

F. Economic / Fiscal / Monetary Policies of the Royal Government (Con't)

- **Enlargement of Phnom Penh area:** The Royal Government had a policy to enlarge the Phnom Penh area by integrating 20 additional communes into Phnom Penh, which expanded PPWSA service coverage.
- **Immovable property tax policy:** Ministry of Economy and Finance (MEF) has put into force PRAKAS No. 493 សហវិ.ប្រកាស, dated 19 July 2010, on Immovable Property Tax Collection. PPWSA's immovable properties are used to process the water treatment facilities, and tax-exempt according to MEF's Notification No. 006 សហវិ.អំណាច, dated 18 May 2011.

PART 9: Other Necessary Information for Investor Protection

PPWSA has been striving to produce quality and safe water to supply to its customers. To gain more trust from its customers, in the fourth quarter of 2023, PPWSA has sent the sample of water taken from the distribution network of Steung Mean Chey in Phnom Penh, to TUV SUD PSB Pte Ltd., Singapore's independent laboratory for quality analysis by testing **125 parameters** as follows:

1.	Microbiological parameter	1 test
2.	Physical parameters	6 tests
3.	Radiological parameters	2 tests
4.	Chemical parameters	116 tests

As a result, clean water distributed by PPWSA from Steung Mean Chey water network is compliance with National Water Drinking Quality Standard (NWDQS) and WHO Drinking Water Quality Guidelines (1st Addendum of 4th Edition 2017) as detailed in the appendix of TEST REPORT: 7191321955-CHM23-NHT.

SIGNATURE OF DIRECTORES OF PHNOM PENH WATER SUPPLY AUTHORITY

Phnom Penh, March ៩ , 2024
Read and Approved

Signature

Sim Sitha

Chairman of the Board

Phnom Penh, March ៩ , 2024
Read and Approved

Phnom Penh, March ៩ , 2024
Read and Approved

Phnom Penh, March ៩ , 2024
Read and Approved

Signature

Long Naro

Director

Signature

Mey Vann

Director

Signature

Nuon Pharat

Director

Phnom Penh, March ៩ , 2024
Read and Approved

Phnom Penh, March ៩ , 2024
Read and Approved

Phnom Penh, March ៩ , 2024
Read and Approved

Signature

Ma Noravin

Director

Signature

Nam Chantry

Director

Signature

Sreng Samork

Director

APPENDIX I
ANNUAL CORPORATE
GOVERNANCE REPORT 2023

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ANNAUL REPORT APPENDIX

FOR 2023

ANNUAL CORPORATE GOVERNANCE REPORT

Part 1. Shareholders

A. Shareholders Structure (by 31 December 2023)

1. Shareholder Information

Description	Nationality	Types of Shareholder	Number of Shareholders	Number of Shares	Percentage
Less Than 5%	Cambodian	Individual	3,906	4,823,740	5.546%
		Legal Person	6	2,535,862	2.916%
	Non-Cambodian	Individual	598	5,233,032	6.017%
		Legal Person	6	453,341	0.521%
From 5% to 30%	Cambodian	Individual	N/A	N/A	N/A
		Legal Person	N/A	N/A	N/A
	Non-Cambodian	Individual	N/A	N/A	N/A
		Legal Person	N/A	N/A	N/A
From 30%	Cambodian	Individual	N/A	N/A	N/A
		Legal Person	1	73,927,187	85%
	Non-Cambodian	Individual	N/A	N/A	N/A
		Legal Person	N/A	N/A	N/A

2. Shareholders who are directors, senior officers, and employees of the PPWSA

Shareholders	Number of Shareholders	Number of Shares	Percentage
Directors	2	20,216	0.023%
Senior officers	20	125,900	0.145%
Employees	383	707,906	0.814%
Total:	405	854,022	0.982%

Part 1. Shareholders (Con't)

B. Shareholders' and Protection of Shareholders' Rights

1. Shareholders' rights

PPWSA's ordinary shareholders have been had equal rights as follow:

- The rights in receiving information disclosed by the PPWSA in compliance with the applicable Laws and Regulations.
- The rights for participating in the PPWSA's general shareholder meeting according to the instruction of participating in the general shareholder meeting.
- The voting rights in the general shareholder meeting according to the instruction of participating in the general shareholder meeting.
- The rights in receiving the dividend declared by the PPWSA according to the shareholding proportion of shareholders.
- The rights in receiving the remaining assets from the PPWSA's dissolution according to the shareholders' shareholding proportion.
- Other rights are determined by the applicable Laws and Regulations.

2. The rights prevention of shareholders and minority shareholders

The rights of Shareholders of PPWSA are protected by the Article of Incorporation of Phnom Penh Water Supply Authority dated June 27, 2012 and through establishing the Code of Conduct for Directors and Senior officers.

In 2023 Phnom Penh Water Supply Authority had prepared the 11th General Meeting of Shareholders at May 26, 2023. PPWSA had passed the announcement to all PPWSA's shareholder and eligible to join the meeting through the process of meeting procedure prepared by PPWSA. Moreover, all shareholders were able to vote on the subjects raised by PPWSA in the 11th GMS. In addition to this, PPWSA had distributed the dividend for the year 2022 to PPWSA's shareholders by payment was made in June 20, 2023.

3. The Protection of Minority Shareholders' Rights and the Practice in 2023

PPWSA has no restricted to the rights of minority shareholders by protected equally and had practiced in 2023 the same way to othe shareholders as mentioned above.

C. General Shareholder Meeting

1. Procedures of General Shareholder Meeting and Voting

General Shareholder Meeting and Voting may be made in compliance with the applicable Laws and Regulations.

Part 1. Shareholders (Con't)

C. General Shareholder Meeting (Con't)

2. Information of the 10th General Shareholder Meeting and voting

No.	Date	Type of Meeting	Quorums	Agendas	Resolutions
1	26 May 2023	Ordinary	180 Shareholders (75,766,448 shares) Equal to 99.65%	<ol style="list-style-type: none"> 1. Report of the Annual Business Performance for 2022 and The Annual Business Plan for 2023 2. Q & A 3. The voting program: <ul style="list-style-type: none"> ➢ Approval of the dividend distribution to shareholders for 2022. ➢ Approval of the remuneration of the Board of Directors for 2023. 	<p>The voting results:</p> <ul style="list-style-type: none"> ➢ Approved the distribution of the aggregate cash dividend of KHR 28,701,143,460 for the fiscal year 2022: <ul style="list-style-type: none"> ▪ Dividend per share: KHR 330 ▪ Record date: June 09, 2023 ▪ Payment date: June 20-26, 2023 ➢ Approved the remuneration of KHR1,107,979,000 for 7 members of the BOD members and one State Controller.

D. Dividend Distribution

1. Dividend Policy

After approving the accounting, if having profit, the Board of Directors of the PPWSA may decide to transfer money for:

1.1 Settlement of loss of the previous year;

1.2 After the settlement of loss of the previous year, if there is still any profit left, the board of Directors may use the profit for:

(a) Allocating the Management and employees as follows:

- In case the profit is from 5% to 10% of the total annual operating expenses of the PPWSA, the allocation shall be equal to one (1) month of net salary to Management and each employee.
- In case the profit is from 10% to 20% of the total annual operating expenses of the PPWSA, the allocation shall be equal to two (2) months of net salary to Management and each employee.
- In case the profit is more than 20% of the total annual operating expenses of the PPWSA, the allocation shall be equal to three (3) months of net salary to Management and each employee.

(b) 2% of retirement benefit for the professional disabilities.

(c) Creating mandatory reserve: 5%

(d) Creating voluntary reserve: 5%

(e) 5% for the social fund shall be recorded as expenses in the year of the transaction.

1.3 After the above allocation, the remaining profits shall be:

(a) Kept for investment reserve as approved by the Board of Directors.

(b) The remainder of the investment reserve shall be distributed 85% to the Ministry of Economy and Finance and 15% to shareholders who are public investors.

2. Historical information of dividend distribution for the last three years

No.	Detail of Dividend Distribution	2022	2021	2020
1	Announcement date of dividend distribution	May 26, 2023	May 13, 2022	March 26, 2021
2	Record date	June 09, 2023	May 30, 2022	April 21, 2021
3	Dividend payment date	June 20, 2023	June 08, 2022	June 01, 2021

Part 2. Board of Director

A. Board of Director

1. Board Composition

No.	Name	Position	Date of being a governor	Deadline of current mandate
1	H.E. SIM Sitha	Chairman	06 January 2023	06 January 2026
2	H.E. MEY Vann	Member	06 January 2023	06 January 2026
3	H.E. LONG Naro	Member	06 January 2023	06 January 2026
4	H.E. NUON Pharat	Member	06 January 2023	06 January 2026
5	Mr. MA Noravin	Member	27 February 2023	27 February 2026
6	Mr. SRENG Samork	Independent Director	13 May 2022	13 May 2025
7	Mr. NAM Chantry	Non-Executive Director Representing Private Shareholders	13 May 2022	13 May 2025

- ◆ PPWSA Secretary
 - Mr. CHOU Phalla
 - Mr. HUOT SokHeng

2. Short biography of directors

H.E. SIM SITHA

Khmer, Khmer nationality, His Excellency was born on August 3, 1961 and was awarded the Industrial-civil Engineering at Cambodia-Soviet Institute of Technology of Cambodia, Phnom Penh, Cambodia in 1989. He graduated of Master's degree in Business Administration from University of Management and Economics, Sihanoukville, Cambodia in 2004. Moreover, in 2004, he had successfully completed his PhD thesis in Business Management at Asia Europe University, Phnom Penh, Cambodia. His Excellency was a Deputy Chief of Sihanoukville waterworks from February 1996 and promoted to be Chairman from June 2003 to July 2012. After that His Excellency became Director General of Phnom Penh Water Supply Authority and also a member of the Board of Director, the 5th mandate from July 2012 till 2022. After retired as Director General of PPWSA in 2022, H.E. Sim Sitha was appointed as Secretary of State, Ministry of Industry Science Technology and Innovation and appointed as Chairman of the Board of Director, the 8th mandate of PPWSA from January 6, 2023 to the present. In August 2023, was appointed as Chairman of the Board of Directors, the 1st mandate of Svay Rieng Water Utility. At the same year in November, He became a member of National River Basin Management Committee.

H.E. MEY VANN

Khmer, Khmer nationality, His Excellency was born on October 6, 1969 and graduated with a Master of Economic Policy from the University of D'Auvergne, France in 1999. He graduated with a PhD in Business Economics from PRESTON University, USA in 2009. His Excellency is the Director General of the General Department of Financial Industry at the Ministry of Economy and Finance Since 2013 and in 2017 He was appointed as delegate of the Royal Government in Charge as Director General of general department of financial industry of Ministry of Economy and Finance (with the rank of under secretary of state). From 2019 to 2020 He was the advisor at Supreme National Economic Council (with the rank of Secretary of State). From 2020 till present he is a Secretary of State of Ministry of Economy and Finance. His Excellency Mey Van is a member of the Board of Directors of the 5th Mandate of Phnom Penh Water Supply Authority from February 24, 2014 to the present

Part 2. Board of Director (Con't)

A. Board of Director (Con't)

2. Short biography of directors (Con't)

H.E. LONG NARO

Khmer, Khmer nationality, His Excellency was born on February 24, 1966. From 1984 to 1988 He was studied at Engineering School for Plan and Construction “ Georgi Dimitroff ” Glauchau (East Germany) and received Mechanical Engineer certificate. In 2004 he was graduated with Master degree of Business administration from the Charles Sturt University (Australia University). H.E LONG NARO, started working at PPWSA in 1989 and was promoted as the Director of Technical Production and Distribution Department in 1997. From 2002 to 2006 was promoted as Deputy Director in charge of Controlling and Managing the Chroy Changva and Niroth water treatment plant construction. From 2012 to August 12 , 2021 was a Deputy director general in charge of Sanitation and Branch, and from August 12, 2021 to the present is Director General of PPWSA. He was also appointed as a delegate of the Royal Government of Cambodia in charge of the Director General of the Phnom Penh Water Supply Authority from **His Majesty King Norodom Sihamoni** on July 13, 2023 to the present.

H.E. NUON PHARAT

Khmer, Khmer nationality, His Excellency was born on January 1, 1980 and graduated with Bachelor of Laws in Public and Private Sector in 2001 at the Royal University of Law and Economics. At Jean Moulin Lyon3, he graduated with a Master Degree in Judicial and Criminal Science and a Bachelor of Laws in 2003. From 2003 to 2005, he was the Assistant Director at the Royal School of Judges. From 2005 to 2006, he was the officer in charge of International Relations at the Royal Academy of Judicial Professions. From 2006 to 2008, he was a professor of law at three universities. From 2008 to 2015, he was the Chief Legal Officer of the Office of the Investigating Judge at the Extraordinary Chambers in the Courts of Cambodia. From 2007 to present, he is a member of the Council of Jurists at the Office of the Council of Ministers. From 17/06/2017 to the present, His Excellency is the Deputy Governor of Phnom Penh Municipality. H.E. Nuon Pharat is the member of the Board of Directors of the 6th Mandate of Phnom Penh Water Supply Authority from August 18, 2017 to the present.

Mr. MA NORAVIN

Khmer, Khmer nationality, born on June 15, 1973. In 1996, he graduated with a bachelor's degree in hydrology from the Institute of Technology of Cambodia. Then in 2008 he received a master's degree in Socio-Environmental Engineering in Japan. He joined the PPWSA. In 1997, he was appointed Director of the Office of Project Studies in 2003. In 2008, he was appointed Deputy Director of the Department of Production and Water Supply, and from 2012 to the present, he is the Director of the Department of Production and Water Supply. He became a member of the Board of Directors of the 7th mandate of PPWSA. From February 24, 2020 to the present.

Part 2. Board of Director (Con't)

A. Board of Director (Con't)

2. Short biography of directors (Con't)

Mr. SRENG SAMORK

Khmer, Khmer Nationality, born on March 13, 1962 earned a degree in Bachelor of Science, Electrical Engineering (BSEE) from California State of University of Long Beach (USA) in 1988 and Master of International Business Administration (MIBA) from West Coast University (USA) in 1994. After master degree he started his first career as a country sale manager at Cambodia Beverage Company, Coca-Cola from 1995 to 2002. After that, in 2002, He became an Investment officer in MPDF project at International Finance Corporation. In 2003, He was a Senior manager at ANZ Royal Bank. From 2010 to 2011, He was Commercial Director of Cambodia Airports (Phnom Penh, Seim Reap, Sihanouk ville). From 2012 to 2016 was a Head of Retail Banking at Foreign Trade Bank of Camodia. From 2015 to 2021 he became Independent director of Amret Plc and became a chair of Audit Committee of Amret from 2016 to 2020. From 2016 to present he is a Business advisor at Axis Investment Consulting. Moreover, From May 13, 2023 onwards, he has been elected as Independent Director for PPWSA's Board of Directors.

Mr. NAM CHANTRY

Khmer, Khmer Nationality, born on July 17, 1986 earned a degree in Bachelor of Business Administration in Accounting and Finance from Build Bright University in 2009 and Master of Business Administration specialized in Financial Management from Royal University of Law and Economics in 2013. From 2008 to 2013, He worked as Head of Administration and Fincance at Cambodian Red Cross and Swiss Red Cross for Water and Sanitation Project. From 2013 to 2015 He was a financial advisor at national AIDs Authority (Global Fund) and MAGNA children at risk. At 2015 he worked as Financial advisor at project for agricultural Development and economic Empowerment at the ministry of agriculture forestry, Fisheries. From 2016 to 2019 he was a Head of Administration Accounting Finance and Taxes at KC JSM service Co Ltd in the project of Real estate development and investment. Presently, He is a chief of finance officer at AXS Ventures Co Ltd and private fund management representative at OBOR Management Co Ltd from 2019, Founder and CEO at PRINCE Labore bureau from 2022, Co-founder and CEO at ADMIT GROUP from 2022, and from May 13, 2022 onwards, he has been elected as Non-Executive Director Representing Private Shareholders for PPWSA's Board of Directors.

3. If Any Director is Director, Shareholders or Co-owner of Other Company

N.	Name	Related Company Name	Director, Shareholders, or Co-owner
1	H.E. SIM Sitha	Svay Rieng Water Utility	Chairman of BOD
2	Mr. Sreng Samork	Credit Guarantee Corporation of Cambodia	Independent Director
3	Mr. Nam Chantry	1. ADMIT GROUP 2. PRINCE Labore Bureau	Director and Co-founder Director and Founder

Part 2. Board of Director (Con't)

A. Board of Director (Con't)

4. Board Roles, Duties, and Responsibilities and Performance

- ✓ Define enterprise development projects in accordance with the guidelines set by the Royal Government according to the request of the Director General
- ✓ Define annual budgets and investment programs, as well as reserve financing for investment programs. Approve accounting statements (financial statements and detailed results report)
- ✓ Define the organizational structure, number of frameworks, division of general functions and salaries of employees at the request of the Director General
- ✓ Allow to open or decide to close the activities of the agency or representative office
- ✓ Allow the purchase of all types of real estate in accordance with Prakas No. 997 MEFORT dated 25 December 1997 on procurement management in public enterprises
- ✓ Select the account commissioner and determine the bonus to the account commissioner
- ✓ Decide on other contracts or treaties
- ✓ Regularly review the objectives set for the enterprise and take corrective
- ✓ measures on requests for amendments to the statute.

5. Board Meetings

N.	Date	Type of Meetings	Name of Director
1	March 15, 2023	Ordinary	<ul style="list-style-type: none">▪ H.E. SIM Sitha▪ H.E. MEY Vann▪ H.E. LONG Naro▪ H.E. NUON Pharat▪ Mr. MA Noravin▪ Mr. NAM Chantry▪ Mr. SRENG Samork▪ H.E. NET Mony (State Controller attached to PPWSA)
2	March 29, 2023	Extraordinary	<ul style="list-style-type: none">▪ H.E. SIM Sitha▪ H.E. MEY Vann▪ H.E. NUON Pharat▪ Mr. MA Noravin▪ Mr. NAM Chantry▪ Mr. SRENG Samork▪ H.E. NET Mony (State Controller attached to PPWSA)
3	June 22, 2023	Ordinary	<ul style="list-style-type: none">▪ H.E. SIM Sitha▪ H.E. MEY Vann▪ H.E. LONG Naro▪ H.E. NUON Pharat▪ Mr. MA Noravin▪ Mr. NAM Chantry▪ Mr. SRENG Samork▪ H.E. NET Mony (State Controller attached to PPWSA)

N.	Date	Type of Meetings	Name of Director
4	July 17, 2023	Extraordinary	<ul style="list-style-type: none"> ▪ H.E. SIM Sitha ▪ H.E. MEY Vann ▪ H.E. LONG Naro ▪ H.E. NUON Pharat ▪ Mr. MA Noravin ▪ Mr. NAM Chantry ▪ Mr. SRENG Samork ▪ H.E. NET Mony (State Controller attached to PPWSA)
5	September 22, 2023	Ordinary	<ul style="list-style-type: none"> ▪ H.E. SIM Sitha ▪ H.E. LONG Naro ▪ H.E. NUON Pharat ▪ Mr. MA Noravin ▪ Mr. NAM Chantry ▪ Mr. SRENG Samork
6	September 27, 2023	Extraordinary	<ul style="list-style-type: none"> ▪ H.E. SIM Sitha ▪ H.E. MEY Vann ▪ H.E. LONG Naro ▪ H.E. NUON Pharat ▪ Mr. MA Noravin ▪ Mr. NAM Chantry ▪ Mr. SRENG Samork ▪ H.E. NET Mony (State Controller attached to PPWSA)
7	December 22, 2023	Ordinary	<ul style="list-style-type: none"> ▪ H.E. SIM Sitha ▪ H.E. MEY Vann ▪ H.E. LONG Naro ▪ H.E. NUON Pharat ▪ Mr. MA Noravin ▪ Mr. NAM Chantry ▪ Mr. SRENG Samork ▪ H.E. NET Mony (State Controller attached to PPWSA)

Part 2. Board of Director (Con't)

B. Board Committees

1. Board Committee Structure

1.1. Audit Committee

No	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Mr. Sreng Samork	Member of the BoD - Independent Director	March 28, 2023	4	4
2	H.E. Mey Vann	Member of the BoD	March 28, 2023	1	
3	Mr. Nam Chantry	Member of the BoD	March 28, 2023	4	
4	H.E. Neth Mony	State Controller of PPWSA	March 28, 2023	2	
5	Mr. Ma Noravin	Member of the BoD	March 28, 2023	4	

Roles and Responsibilities of Audit Committee

- Review financial reports
- Review the internal control
- Review of internal audit
- Review the external audit
- Checking risk management in case there is no risk management committee
- Report and advice the Board of Directors
- Implement other tasks assigned by the Board of Director.

Results of Audit Committee Performance

- Showing of definition or sample of assessment for the rating and classification.
- Should be added the surprise audit into the internal audit plan at least 2-3 times a year.
- Revising the scopes of work in the auditees column which was set in the next annual plan. The scope of works of the House Connection Office of the Commercial Department should be added a point "The receiving of connection fee, the reconnection and the water meter's change from small to large size".
- Preparing the schedule of training course related to the internal audit.
- The audit committee accepted the external audit fee KHR 1,200,000,000.00 (one Billion two hundred million Riel only) for two years. The audit's fees planning will be submitted to Board of Director's the 5th meeting, the 8th mandate.
- Preparing the Standard Operating Procedures of Internal Audit (SOP) that was gotten 11 recommendations from Delegation of the Royal Government in charge of Director General of General Department Of Internal Audit, Ministry of Economy and Finance (MEF) and related points mentioned in the Internal Audit Guide Book published in 2017, by MEF, and Sub-decree No.265HNKro.BK, Dated August 16, 2023 on the organization and implementation of the Internal Audit. The scope of SOP is very limited compared with the international standards, so the chairman of Audit Committee requested to Board of Director's the 5th meeting, the 8th mandate to find a professional consultant to be preparing the audit annual and developing employees of internal audit to get the efficiency and effectiveness.

Part 2. Board of Director (Con't)

B. Board Committees (Con't)

1. Board Committee Structure (Con't)

1.2. Nomination and Remuneration Committee

No	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	H.E. SIM Sitha	Chairman of the BOD	March 28, 2023	1	1
2	H.E. Mey Vann	Member of the BoD	March 28, 2023	1	
3	H.E Nuon Pharat	Member of the BoD	March 28, 2023	1	
4	Director General of PPWSA	Member of the BoD	March 28, 2023	1	
5	Company Secretary	Secretary	March 28, 2023	1	

Roles and Responsibilities of Nomination and Remuneration Committee

- Review and recommend the qualifications and procedures for the appointment of directors and senior officers.
- Evaluate the qualifications of director and senior officer candidates and propose to the board of directors.
- Review and update the mechanism, and assess the performance of the Board of directors, individual directors, and Board committees at least 1 (one) per year.
- Develop procedures for reviewing and recommending the remuneration for director and senior officers.
- Carry out any other task assigned by the board of directors.

Results of Nomination and Remuneration Committee Performance

- On 22 December 2023, the Committee convened a discussion on the 2023 Board Performance Evaluation Report.

2. Changes of Committee Member

Committees	Name	Reasons
Nomination and Remuneration Committee	H.E SIM Sitha	H.E Sim Sitha was appointed as the Chairman of Board of Director to replace H.E. Oum Sotha who had been expired from his mandate.

C. Remuneration or Compensation

Remuneration and Compensation Receivers

N.	Remuneration and Compensation Receivers	Remuneration and Compensation Amount	Other
1	Directors	KHR 127,529,040	
2	Executive Directors	KHR 57,325,028	
3	Senior Officers	KHR 326,214,890	
4	Top 5 Employees receiving Remuneration and Compensation Receivers	KHR 107,909,373	

Part 2. Board of Director (Con't)

D. Annual Performance Evaluation of Board of Directors, Directors

In 2023, PPWSA does not performance evaluation of board of directors, directors

No.	Description	Evaluation Process	Criteria
1	Board of Directors	The Board evaluated the performance in 2023	<ul style="list-style-type: none"> ▪ Structure and characteristics of the Board ▪ Roles and responsibilities of the Board ▪ Board meetings ▪ The Board's performance of duties ▪ Relationship with management ▪ Self-development of directors and executive development

E. Training for Directors and Senior Officers

No.	Name	Subjects	Date	Location
In-Country Training: Senior Officer 22 Participate (4 Females)				
1	Mr. Savuth Vathana Mr. Heng Sophannarath Mrs. Seng Keadara Mr. Som Sovann Mrs. Sim Voleka Mrs. Prak Chanmakara Mr. Kem kanvicheth Mr. Tuy Bunsereyrith Mr. Kaing Sorphyna	General English	Start From 21/11/2022	ELT
2	Mr. Sok Nareth	Financial Model	Start From 27/3/2023 to 19,23,30/5/2023	PPWSA
3	Mr. Hout Sok Heng	Data Analytics	Start From 27/3/2023 (4 Month Study)	ISTAD Institute(Online)
4	Mr. Pheng Ty	Education, Outreach, Sharing, Discovery, Research and Disaster, Comments on the Bachelor of Curriculum Program of Water and Urban Engineering Professionals	31/5/2023	Himawari Hotel

No.	Name	Subjects	Date	Location
5	Mr. Deng Polyden	Participate in a workshop to gather basic inputs for drafting a law on the management of public enterprises and state-owned shares	20 to 23/9/2023	Siem Reap Province
6	H.E Samreth Sovithiea H.E Chan Piseth H.E. Mrs. Roeun Nary Mr. Chea Satephoat Mr. Deng Polyden Mr. Pheng Ty Mr. Chou Phalla Mr. Som Sovann Mr. Ou Kunavath Mr. Sok Nareth Mr. Tuy Bunsereyrieth Mr. Kaing Sorphyna Mr. Kem Kanvicheth Mrs. Seng Keadara Mr. Savuth Vathana Mr. Hout Sok Heng Mr. Chhim Sereyvuth Mr. Prak Chanmakara Mr. Sim Voleka Mr. Meas Kosal Mr. Ros Borin	Dissemination of the Statute of Phnom Penh Water Supply Authority	21/12/2023	PPWSA
Overseas Training: Senior Officer 02 participate				
1	Mr. Sok Nareth	Participate on Technical Training Between ACMF and International Sustainability Standard Board (ISSB)	17 to 18/10/23	Indonesia
2	Mr. Savuth Vathana	Training, Workshop and Visit on “JP-US-EU Industrial Control Systems Cybersecurity Week”	08 to 14/10/23	Japan

Part3. Code of Business Conducts Practices

A. Code of Business Conducts Practices for Director and Senior Officers Policies

Implementation of the Laws and Regulations

Directors and senior officers shall implement and ensure that the PPWSA complies with the applicable Laws and Regulations while performing their roles and responsibilities. Suppose the director or senior officer has known the reliable information relating to the breach of the applicable Laws and Regulations by the PPWSA, directors, senior officers, or employees; in that case, they shall inform the Director General, Chairman of the board of directors, head of the Audit Committee, or the Internal Auditor.

Conflict of interest

Adding to articles 134, 135, 136, and 138 of the Law on Commercial Enterprises, directors and senior officers shall avoid any conflict-of-interest acts with the PPWSA.

A conflict of interest, in general, arises when the interest of directors or senior officers or their family members are directly related to or may severely affect to:

- (a) the PPWSA's interest or business.
- (b) the abilities of other directors or senior officers in performing their roles and responsibilities.

Directors and senior officers shall disclose to the PPWSA board of directors and publicly disclose transactions or relations that are led to the conflict of interest with the PPWSA, as determined by the Securities and Exchange Regulator of Cambodia (SERC) or the Cambodia Securities Exchange (CSX).

Directors and senior officers shall inform PPWSA or request to disclose their interests in writing in the minute of meeting of the board of directors, in case of:

- (a) A director or senior officer is a contractual party or those who request to entering into a contract with the PPWSA; or
- (b) A director or senior officer has significant interest with individual or legal persons who are the contractual party or party who requests entering into a contract with the PPWSA.

According to the applicable Laws and Regulations, the Independent Director shall not have any interest in the PPWSA affected to the independence and shall not hold more than 1% of the PPWSA's total share.

Business opportunity

During the performance and responsibility, directors and senior officers shall concentrate on the PPWSA interest. Directors and senior officers shall avoid:

- (a) working for the personal interest while performing in the role and responsibilities as the director or senior officer of the PPWSA.
- (b) using PPWSA's assets and information or the position and role as the director or senior officer of the PPWSA for the personal interest.
- (c) competing with the PPWSA.

Part3. Code of Business Conducts Practices (Con't)

A. Code of Business Conducts Practices for Director and Senior Officers Policies (Con't)

The board of directors will determine the non-compliant acts, considering the facts and the circumstances related to those acts.

Equal relations

While performing their roles and responsibilities, directors and senior officers shall have equality between customers, suppliers, competitors, contractors, and employees of the PPWSA.

Directors and senior officers shall not take advantage of anybody dishonestly by playing a trick, concealing or misrepresenting important information, misrepresenting events, or acting dishonestly in the business.

The use of information about the rights, the confidential information of the PPWSA, or persuading both former and current directors, senior officers, and employees of the PPWSA to leak such information are prohibited.

Directors and senior officers shall perform their roles and responsibilities in good faith and for the PPWSA and shareholders' interests. Directors and senior officers shall not take advantage of their positions as directors or senior officers and shall not receive any gifts from third parties for the director and senior officer position.

The protection and the use of PPWSA's assets

While performing their roles and responsibilities, directors and senior officers shall promote the control and proper use of PPWSA's assets, tangible and intangible assets.

PPWSA's assets are information, material, equipment, intellectual property, tool, resource, IT system, and other assets which the PPWSA owns or the leased assets or assets hold by the PPWSA are used for the PPWSA's legal business.

The accounting complaint

The PPWSA Audit Committee or the Internal Auditor shall be responsible for establishing the appropriate procedures for receiving and maintaining the complaints and reviewing the complaints related to the accounting, internal accounting control, or other issues in connection with the audit.

Directors or senior officers can file the complaint on the above issues to the PPWSA Audit Committee or the Internal Auditor. The request for the confidential review may be made in compliance with the applicable Laws and Regulations.

The encouragement to report immoral or illegal acts

Directors and senior officers shall promote the PPWSA to adhere to the Code of Conduct and encourage employees to report the evidence of immoral or illegal acts to the department or competent officials of the PPWSA.

Insider trading

Directors and senior officers shall perform and adhere to the applicable Laws and Regulations and the bylaw and policy of trading PPWSA's shares.

Part3. Code of Business Conducts Practices (Con't)

A. Code of Business Conducts Practices for Director and Senior Officers Policies (Con't)

Confidentiality

Directors and senior officers shall keep the PPWSA's confidential information that they know unless the PPWSA allows disclosing or is required by the applicable Laws and Regulations, the competent authority, or the competent court in the Kingdom of Cambodia.

The term "confidential information" consists of the non-public information that may be used by competitors or non-public information that affect the PPWSA or its customers if that information is disclosed.

Directors or senior officers shall discuss with the Director General or Chairman of the board of directors before disclosing that confidential information as per the Laws and Regulations.

Disclosure

Director and senior officers must clearly understand the procedures and review the PPWSA disclosure to do the press release, report, and disclosure document for filing to the regulators included the SERC, in compliance with the applicable Laws and Regulations, the guideline of the SERC, and the CSX.

On the other hand, the scope of roles and responsibilities of directors and senior officers, who have the power of directing or managing to file documents to SERC and/or the CSX or other public disclosure associated with the general business, the results, terms, and financial performance, shall discuss with directors, senior officers, and the relevant employees; and take the appropriate action for the procedure and the review of disclosure to ensure that the disclosures have been entirely, clearly, appropriately, timely and understandable.

In the scope of the procedure and the review of disclosing, the director and the senior officer:

- shall clearly understand the PPWSA disclosure requirements, the business and financial operation of the PPWSA.
- shall not do the false statement or misrepresentation, regarding the PPWSA information, to others whether they are inside or outside the PPWSA, including the Independent Auditor, government's regulator, or other institutions.

Amendment and exemption

This Code of Conduct may be amended or exempted for not performing by the PPWSA board of directors regarding disclosure requirements and the applicable Laws and Regulations. In the general rule, the board of directors will not provide any exemption for not performing this Code of Conduct if there is no appropriate and necessary reason.

Directors and senior officers shall adhere to the content of this Code of Conduct. Directors and senior officers must understand this Code of Conduct and seek explanation and additional advice regarding the interpretation of this Code of Conduct when there is an event that may be conflicted with this Code of Conduct.

The board of directors shall take the appropriate action in the case of violating this Code of Conduct.

Directors and senior officers can directly ask the Director General in relating to the performance or interpretation of this Code of Conduct.

Part3. Code of Business Conducts Practices (Con't)

A. Code of Business Conducts Practices for Director and Senior Officers Policies (Con't)

Effect

The PPWSA board of directors approved this Code of Conduct on February 15th, 2012, and it is effective since the PPWSA has received approval from the SERC on public offering and listed on the CSX.

B. Publishing of Code of Business Conducts Practices to director and senior staff and employees

The PPWSA board of directors approved this Code of Conduct and published attach with PPWSA Annual Report in order to share to directors, senior staffs and employee's shareholder as well as public to find in detail.

C.Mechanisms and Procedures to Assess Code of Business Conducts Practices

None

D. Related Parties Transactions

1. Listed securities policy for transaction management with stakeholders

No	Related Parties	Policies
1	Holding Company	None
2	Mixed Investment Agreement	None
3	Subsidiaries	None
4	Excessive and overwhelming majority of shareholders holding the right to vote	None
5	Director and members of the director's own family	None
6	Employees and family members of employees	None
7	Others	None

2.Important transactions with related party

None

Part 4. Risk Management, Internal Control and Auditing

A. Brief Risk Management System or Risk Management Policies

- The suspension of water supply hasn't been clarify by delay in long time. **Because of abandoned house and the concrete road.**
- The implemantation of civil works isn't compliance with the SOP of Technical and Project. **The Office in-charge has been updating SOP by accepting only Vice Director General and will be going through Director General on October 2023.**
- Project implementation of Water and Sanitation Service Subsidiary before receiving the project. **Due to urgent needs of water supply for social works in many places, such as hospitals, schools, as well as communities (priorities). Water and Sanitation Service Subsidiary will participate with the relevant departments to implement the projects.**
- The planning for maintenance of the administration building didn't be accordance with the annual plan. **According to the His Excellency's advise to make initial repairs on the crumples site and prepare to build a new building.**
- Payment of installation new water distribution pipes, which not the reference's attachment in the report of inspection on the pipe digging work by no specification of completion project and being processed. **As the office in charge has not been separated into sections on the completed project and ongoing project only making notes, so the Accounting and Finance Department will instruct the office in charge to cooperate with the relevant departments to record completed projects and ongoing projects as an attached table for annex.**

B. Brief Internal Control System

Internal Control is the process by Board of Director, Audit Committee, Internal Audit, External Audit, Managers, and staffs. Its purpose in order to ensure the efficiency, accuracy of operations and reliability on reporting, compliance with applicable law and regulations, and assets safeguard as well as the proper governance of the enterprise. In order to be successful of internal control should be included: Management environment, Risk assessment, Control activities, Information and communication, and monitoring activities.

Base on the 2023 plan on compliance and operation with approval of the chairman of the Audit committee, date 15 September 2022 in which :

- | | |
|--|------------------|
| 1. Commercial Department | (First Quarter) |
| 2. Planning and Project Department | (Second Quarter) |
| 3. Water Supply and Sanitation Branch | (Third Quarter) |
| 4. Accounting and Finance Department and
Administration and Human Resource Department | (Fourth Quarter) |

Based on the advise of the chairman of audit committee and Board of Director which needed to do the Surprise Audit among 2-3 times per year, so the auditor has been section:

- Checking the inventories lists at the House Connection Office of Commercial Department (Second quarter).
- Cash count on the Revenue of house connection at the Finance Office of Accounting and Finance Department (Fourth quarter)

Part 4. Risk Management, Internal Control and Auditing (Con't)

C. Auditing

1- Internal Audit

1.1- Roles and Responsibilities of Internal Auditors

- Prepare strategic internal audit plan and annual internal audit plan to be approval by the Audit Committee and sent to the National Audit Authority, and Internal Audit General Department of Ministry of Economy and Finance.
- Review all the procedures and policies as well as the applicable specification for recommendations.
- Define the appropriateness, adequacy and better inputs to the internal control system and the operations of PPWSA
- Review the confidentiality of compliance and operation by department/unit as well as the methods to identify measure, classify and report all the information.
- Review the quarterly and annual audit and ask the relevant unit for recommendations to be submitted to the Audit Committee, the Board, the National Audit Authority, and Internal Audit General Department of Ministry of Economy and Finance, or relevant ministries.
- Review the current system to ensure consistency with the laws and regulations in term of operations and reports.
- Re-assess the management, maintenance, protection and verification of the assets, and evaluate the resources savings and efficiency, as well as improve the performance and give recommendations.
- Conduct a study and analysis on risks and seek recommendations from the Audit Committee and the Board.
- Prepare the expenditure plan for audit service and review of financial Statements.
- Facilitation of audit work with National Audit Authority to be in term of workload and reducing duplication.
- Implement other tasks assigned by the management.

1.2- New Appointment and Removal/Resignation of head and/or Deputy of Internal Auditors

There is no such transaction.

1.3- Appointment of head and/or Deputy of Internal Auditors

There is no such transaction

2- External Auditors

N.	Name of Audit Firms	Agreement Date	Auditing Fees		Non-audit Fees
			KHR	USD	
1	BAKER TILLY (CAMBODIA) CO.,ITD	៩ វិច្ឆិកា ២២, 202H	280,000,000		

The reasons for the change or suspension and termination of the audit service provider in the securities sector are non-existent.

Part 5. Stakeholders

A. Identify Policies and Activities Related to the Following:

No	Contents	Policies	Actions
1	Customer Welfare	<ul style="list-style-type: none"> - Provide services and provide clean water to customers, guaranteed by national and world standards - Produce and supply water to ensure customers with appropriate pressure and quantity. At the same time, water quality should comply with the Cambodia National Drinking Water Standards and World Health Organization. 	<ul style="list-style-type: none"> - In 2023, PPWSA provided services to customers in Phnom Penh, Takhmao City and Tbong Khmum Province, earning a total of 30,113 connections (29,331 new connections) and 707 old connections (relocated) and resized water meter 75 connections. - Provide water supply services to 3,708 subsidized customers, including: <ul style="list-style-type: none"> ▪ 30% of subsidy : 243 connections ▪ 50% of subsidy : 1,019 connections ▪ 70% of subsidy : 543 connections ▪ 100% of subsidy : 1,903 connections - As of December 31, 2023, the growth of customers is 478,141 connections (Active) - Ensure the quality of clean water for daily use and internationally recognized. - Solutions to customers are divided into two: <ol style="list-style-type: none"> 1. Receive informations directly and via telephone : 1,576 cases 2. Receive informations via Facebook Page : 6,242 cases - Total water production capacity in 2023 was 279,053,651 m³. - Water quality complies with Cambodia National Drinking Water Standard and World Health Organization. - Check water quality at water treatment plants 3 times/day by laboratory and had instrument for real time monitoring for water quality. - Check water quality in distribution network by taking 80 water samples per week. - Sent water samples to independent laboratory in Singapore to be analyzed every year, and the results obtained as a confirmation of PPWSA's clean water quality is drinkable directly from the network. - Niroth laboratory received certificate from ISO/IEC 17025 : 2017. - Organize a respond procedure to immediately resolve customer concern in case of problem related to water quality by checking water quality and explain to customer in person.

Part 5. Stakeholders (Con't)

A. Identify Policies and Activities Related to the Following (Con't)

No	Contents	Policies	Actions
2	Suppliers and Subcontractors Selection	<ul style="list-style-type: none"> - Comply with procurement procedures (Public Procurement Law of the Kingdom of Cambodia) - International Procurement 	<ul style="list-style-type: none"> - Request the approval from Ministry of Economy and Finance on procurement planning - Step of bidding process - Announced, sold and open bidding document - Evaluated to bidding requisitions - Management contract and practice <p>Adhere to procedures for overseeing, preparing, and supervising the execution of financing projects with development partners, as well as coordinating with their bidding guidelines (including ADB, AFD, JICA, EIB, WB, EDCF).</p>
3	Management and Protection of Employees	<ul style="list-style-type: none"> - Staff and Enterprise Statute - Employment contract - Internal regulations 	<p>Strictly implement the points stated in - Staff and Enterprise Statute, such as :</p> <ol style="list-style-type: none"> 1- Provide salary according to roles and responsibilities and payment regularly twice a month. 2- Provide other benefits such as severance pay, health benefit, overtime payment, seniority benefit and annual bonus. 3- Provide work uniform and safety equipment. 4- Ensuring job security for employees by making payment to National Social Security Fund for occupational accidents, health care and pensions. 5- Provide additional benefit to employees who injured during working hours. <p>Signed an employment contract with:</p> <ul style="list-style-type: none"> • Contract employees • Probation employees • Fulltime employees <p>All employees must comply with the internal rules and regulation of the organization, such as:</p> <ul style="list-style-type: none"> • Working hours from 8:00 am to 4:30 pm • There are 4 types of uniforms according to requirement • Respect hierarchy in workplace

Part 5. Stakeholders (Con't)

A. Identify Policies and Activities Related to the Following (Con't)

No	Contents	Policies	Actions
4	Environment Protection	- In accordance with Royal Government policy, especially the Ministry of Environment on environmental considerations and protection.	The implementation of PPWSA's project to expand production and water supply systems began following an initial environmental and social impact assessment report by PPWSA and seeking approval from the Ministry of Environment. After receiving approval and during implementation of the project, PPWSA always inspects environmental impact of the project every semester and prepares a report to financiers and the Ministry of Environment.
5	Community Interaction	- Expand the service area to the community according to the actual possibilities	<p>PPWSA has expanded its service area to people living outside community in 12 districts, 61 villages, equal to 3,708 connections :</p> <ol style="list-style-type: none"> 1. Daun Penh district (Rotes Plerng Village: 01 connection) 2. 7 Makara district (Village 1, 2, 3, 4, 5: 03 connections) 3. Toul Kork district (Village 23: 14 connections) 4. Russey Keo district (Sporn Kpus, Kroul Kor, and Beoung Salang Village: 100 connections) 5. Chrouy Changvar district (Bak Khang Village: 04 connections) 6. Preaek Phnov district (Kob Srov Toch, Kob Srov Thom, Svay Chek, Prey Thom, Chamkar Sboung, and Tropang Sompur Village: 343 connections) 7. Sen Sok district (Trung Moin, Orkide, Tek Tla, Tropang Chouk, and Borey 100 khnornng Village: 41 connections) 8. Mean Chhey district (Mean Chhey 1, Mean Chhey 2, Mean Chhey 3, Thnot Chrom, and Prek Torl Village: 162 connections) 9. Chbar Ampov district (Chrouy Ampil, Yok Bat 1, Prey Thom, Prey Thom 1, Ta Phrom, Chompus Kaek, Chompus Kaek 1, Koh Krobey, and Koh Krobey 1: 311 connections) 10. Dang Kor district (Prey Veng Lech, Prey Veng Kert, Toul Sombor, Domnak Sangkae, Tek Tla, and Prey Sompur: 588 connections) 11. Pou Senchey district (Samor, Komreang, Brotas Lang, Phea, Tang Ro Neam, Veal, Krang, Tropang Krosang, Tropang Orndung, Aksar, and Tropang Anh Chanh: 1,999 connections) 12. Ta Kmao (Prey Somrong 3, Prek Ho Lech and Prek Ho Kert: 142 connections)

Part 5. Stakeholders (Con't)

A. Identify Policies and Activities Related to the Following (Con't)

No	Contents	Policies	Actions
6	Creditors' Rights Protection	- Guaranteed by the Royal Government	<ul style="list-style-type: none">- Letter of legal guaranteed number 2502 MOJ.IRDP/19 published by Ministry of Justice dated December 19, 2019 on Bakheng water treatment plants project.- Letter of legal guaranteed number 0311 MOJ.IRDP/20 published by Ministry of Justice dated February 24, 2020 on Bakheng water treatment plants project – phase 2.
7	Anti-Corruption Program	<ul style="list-style-type: none">1- Carry out business with customers in a transparent manner.2-Implementation in accordance with the Government's Policy	<ul style="list-style-type: none">1- Providing the service to customers equally with Non-caste, No Discrimination or Partisanship.2-Every senior officer has to Declare of assets in every 2 years.

Part 5. Stakeholders (Con't)

B. Describe the Corporate Social Responsibilities of PPWSA

No	Beneficiaries	Amount	Purposes of CSR
1	Social Infrastructure	KHR1,613,989,567	<ul style="list-style-type: none"> - Constructed of one concrete school building sized 9m x 2m cover of tile with 3 rooms for students living in Ou Chrov Village, Komreing Commune, Battambang Province. - Constructed of one school Building with 5 rooms for Kraing Tta Sen High Shool, equiped with insided needed equipments such as each teacher desk set, student tables, and white board. The school located at Kraing Tta Sen village, Prey Nhei commune, Pursat city, Pursat provine. - Funding to connect clean water to poor people who have just moved to a new location in Samrong Tbong community, Samrong village, Prek Phnov commune. - Support for the repair of 1 red gravel road with a length of 950 meters in Ampeng village, Angkol commune, Damnak Chang Eur district, Kep province. - Payment for clean water connection to Sihanouk Reach Buddhist University. - Support for the repair of 1 red cobblestone road with a length of 2,587 meters in Phnom Leav village, Pong Teuk commune, Damnak Chang Eur district, Kep province. - Funding for the campaign to disseminate information on clean water and the implementation of clean water network to customers in Tbong Khmum, the work of organizing clean water in Tbong Khmum and mission fees for officials to organize clean water in Tbong Khmum. - Support for Pipat Rainsy pagoda to pay for construction materials and labor costs for the construction of 1 kitchen and 2 bathrooms in the area of Pipat Rainsy pagoda called Wat Chen Dam Dek. - Pay for the purchase of water tanks and fittings for water supply to the people in the suburbs during the water shortage in the dry season March-April 2023. - Construction of 1 school building with 3 rooms in Rokar Primary School in Rokar Village, Sangkat Srayov, Steung Sen City, Kampong Thom Province. - Payment for water system and water supply to the 3rd Army Division, 31st Infantry Brigade, for 5 locations. - Construction of a 4 rooms office building measuring 15m x 12m in Bachong Village, Sangkat Preah Bat, Stung Treng City, Stung Treng Province.

No	Beneficiaries	Amount	Purposes of CSR
2	Emergencies	KHR579,274,000	<ul style="list-style-type: none"> - Purchase foodstuffs (3 times) such as: 10 tons of rice, 100 big cases of mama noodle, 100 sticks of soy sauce, 100 sticks of fish sauce and 100 small cases of pure water to support people affected by floods and many poverty families that are short of daily food. - Support training courses for poor students in Angkol commune, Damnak Chang Eur district, Kep province, January to December 2023. - Payment of supplementary payment to water distribution representative for 11-12 / 2022 / to 1-10 / 2023. - Funding to participate in humanitarian assistance to the activities of the Cambodian Red Cross on the occasion of the 160th anniversary of the World Red Cross Red Crescent, May 8, 2023 through the Red Cross Branch of the Ministry of Industry, Science, Technology and Innovation, the Cambodian Red Cross Branch in Kep and the Red Cross Branch Red Tbong Khmum Province. - Supported Pursat Provincial Administration to purchase 15 tons of rice and some food items to help flood victims. - Sponsored in “CSX Fun Run 2023” organized by the Cambodia Securities Exchange to contribute to the charity work of Kantha Bopha Hospital for the Smile of Cambodian Children, which is scheduled to take place on Borey Peng Huoth, Boeung Snor on the 23rd December 2023 - Support the administration of Chey Thom commune, Khsach Kandal district, Kandal province to purchase 30 solar lamps for the road in Prek Sdey village. - Support the publication of 1,000 Science Technology and Innovation’s guidebooks for dissemination and distribution to students in other provinces.
3	Employee relief	KHR215,200,000	<p>In 2023 Social Fund Committee had provided fund supported to 196 staffs who had:</p> <ul style="list-style-type: none"> - Mild illness 75 persons - Moderate illness 22 persons - Severe illness 10 persons - Maternity 8 persons - Covid-19 78 persons - Severe illness can lead to death 1 persons - Death 2 persons
4	Communities and Low-income resident support	KHR1,047,250,400	<p>Provide water supply services to 3,708 subsidized customers, including:</p> <ul style="list-style-type: none"> - 30% of subsidy : 243 connections - 50% of subsidy : 1,019 connections - 70% of subsidy : 543 connections - 100% of subsidy : 1,903 connections

No	Beneficiaries	Amount	Purposes of CSR
5	Other Support	KHR1,768,836,595	<ul style="list-style-type: none"> - Support for the purchase of equipments and construction materials for the construction of 4 divisional headquarters buildings to support the Intervention Brigade No. 8, Preah Vihear Province, which is in friendship with the Phnom Penh Water Supply Authority under the presidency of His Excellency Director General and Accompanying delegate. - Funding to participate in Cambodia Tech Expo 2022 on the sidelines of the ASEAN Summit in November 2022. - Payment for water at fire stations used for humanitarian purposes from January to December 2023. - Funding to support the organization of the "National Day of Science, Technology and Innovation" and "the 1st Cambodia-International Science, Technology and Innovation Exhibition 2023", which held on March 26, 2023 at the Koh Pich Convention and Exhibition Center. - Support the organization of visiting, conversing and partying with officers and soldiers in the 31st Infantry Brigade on the occasion of the celebration of the Khmer New Year. - Participate in organizing an exhibition booth at the French Embassy on the occasion of the 30th anniversary of the relationship between the French Agency for Development and the Kingdom of Cambodia to showcase the achievements of projects funded by the French Agency for Development on February 20th 2023. - Support the administration of Chey Thom commune, Khsach Kandal district, Kandal province to purchase 300 poles and road solar lights in 5 villages. - Funding for the participation of MISTI's lantern design in the Water Festival, which took place on 26-27-28 November 2023. - Funding for organizing boats to participate in races to celebrate the Water Festival, floating lanterns and worshipping the moon Ok Ambok in Tbong Khmum Province in 2023. - Expenses to participate in the aftermath of Phnom Penh Capital Hall's Kathen Donation Ceremony to pay homage to the monks who have been waiting for the rain for three quarters in Seima Pagoda, Wat Prasad Rimaram, located in Sangkat Ponsaing, Khan Prek Phnov.

Part 6. Disclosure and Transparency

A. Identify the Following Information in the Annual Report:

No	Information	Yes/No
1	Visions/ Missions/ Objectives	Yes
2	Financial Indicator	Yes
3	Non-financial Indicator	Yes
4	Main Risk Factors	Yes
5	Dividend Policy	Yes
6	Biography of Directors	Yes
7	Training for Directors	Yes
8	Number of Board Meeting	Yes
9	Attendance of Directors in Board Meetings	Yes
10	Remuneration or Compensation for Directors and Senior Officers	Yes

B. The mechanism of disclosure including means, procedures, and responsible person in charge of disclosure

Mr. Deng Polyden, Deputy Director General in charge of Finance, and **Mr. Chou Phalla**, Company secretary, were the Disclosure Officer, having the assistance of the Securities Exchange and Investor Relations Office of Accounting and Finance Department to disclose the PPWSA information to the public.

The quarterly and annual reports are drafted by of the Securities Exchange and Investor Relations Office to requested for approval of the board of directors and followed by submitting these reports to the Securities and Exchange Regulator of Cambodia (SERC) in order to disclose to the public, after reviewing by the Director of Accounting and Finance Department and approving by the Disclosure Officer. After approved by the SERC, the Securities Exchange and Investor Relations Office shall send these reports the Commercial Department to publicly disclose the PPWSA website.

The Securities Exchange and Investor Relations Office shall submit the special disclosure and requested disclosure, reviewed by the Director of Accounting and Finance Department, the Disclosure Officer, and approved by the **Delegation of the Royal Government of Cambodia in charge of the Director General of Phnom Penh Water Supply Authority**, to the SERC. After the approved by the SERC on the submitted disclosure, the Securities Exchange and Investor Relations Office shall send these reports to the Commercial Department to publicly disclose on the PPWSA's website.

Regarding timely disclosure and voluntary disclosure, the Securities Exchange and Investor Relations Office shall submit these disclosures to the CSX through the CSX electronic disclosure system, after reviewing by the Director of Accounting and Finance Department and approving by the Disclosure Office. After the approval of CSX on the submitted disclosure, the Securities Exchange and Investor Relations Office shall send these reports to the Commercial Department to publicly disclose on the PPWSA's website.

Part 6. Disclosure and Transparency (Con't)

C. Investor Relations

1. Mechanism and procedures for the Investor Relations

The PPWSA communicated with investors through the Transfer and Paying Agent of the PPWSA to inform the annual dividend distribution and the general shareholder meeting. The Investor who wishes to understand the PPWSA shall directly request the PPWSA or through their securities firms to conduct the meeting as per investors' request.

Besides the above mechanisms, investors could directly contact the Disclosure Officer and the Securities Exchange and Investor Relations Office as follows:

- The Disclosure Officer: Dpolyden@ppwsa.com.kh or
cphalla@ppwsa.com.kh; or
- The Securities Exchange and investor Relations Office: Ksokuntheary@ppwsa.com.kh or
ir@ppwsa.com.kh

2. Investor relations in 2023

In 2023, the PPWSA contacted its investors through ACLEDA Bank, Plc. to inform the dividend distribution for 2022 and the 11th general shareholder meeting.

APPENDIX II

Internal Audit Report

On Compliance and Operation Monitoring

In 2023

Previous Recommendation	Implemented /Response	Recent Recommendation	Type of Risk
months in order to assume on the customers and principle applied.		deposit ASAP.	
Year 2016			
<p>1- The size changes of water meter not principle applied by water consumptions not complied with contractual</p> <p>Every customer's request letter of size change of water meter, the Office in-charge have to follow up the water consumers as set in the contract. In case the consumers not applied with the contract need to calculate the average consumption per day to be additional paid according to the agreement in contract.</p>	Because of the missing of House Connection's followed up needed to be ratified from March onwards.	The House Connection Office have to follow up the consumers usage as in contract.	Law
<p>2- The inventory stocks are incorrect, some of them non-movement and non-returned to the stock of the Accounting Office</p> <p>The Office in-charge have to make sure of the monitoring to able to manage.</p>	The remaining 03 categories will be returned to the Accounting Office stock after the next month.	The Customer Relation Office have to finishing on time.	Law
Year 2020			
<p>1- The customers didn't pay for the using water deposit</p> <p>The Office in-charge have to check, verify and make an invitation letter to the customers who that not yet to paid for the using water deposited to follow to the Regulation No 633 S.S. on the supplies and usage water in Phnom Penh City "Who using water have to paid for using water at least equal to payment for 03 months".</p>	The Revenue Office have to focus on two priority, use lots of water regularly or customers business type and customers in an area prone to development (relocation). The Revenue Offices are going to correct from March, 2023.	The Revenue Office have to motivating to the customer to come and pay the deposit as soon as in possible.	Law
<p>2- Inspection-measurement of water meter cleans from 40 mm not compliance with SOP</p> <p>The Office in-charge have to pay attention on their responsibilities as defined in SOP. In case the over-cleaning that not compliance with the SOP have to justify the reasons or update the SOP in accordance with actual implementation.</p>	The Customer Relation Office is updating the SOP and going to finish on second quarter, 2023.	The Customer Relation Office have to hurry up to complete SOP update.	
ii. Planning and Project Department (Year 2020)			
<p>1- The Actual works has had done more than the annual plan</p> <p>The office must cooperate with the private sector and Phnom Penh Capital Hall to facilitate the project and request the principle from the Director General to purchase materials for the reserve.</p>	Fully implemented		

Previous Recommendation	Implemented /Response	Recent Recommendation	Type of Risk
<p>2- Procedures of Quotation plans are slower to comply with the SOP</p> <p>The office must carry out the work in accordance with Technical and project office SOP point 4.2 “Work on the project to install distribution water pipes in and outside of the investment plan, after receiving the approval in principle (Director General) to the Technical and project Office to start the project” or need to adjust the SOP operational procedures to be in line with the actual implementation.</p>	Fully implemented		
iii. Water and Sanitation Service Subsidiary (Year 2021)			
<p>1- Sand’s invoice number duplication and over Lapping</p> <p>The officer in-charge shall be checking and recording properly.</p>	Fully implemented		
iv. A- Administration and Human Resource Department Year 2021			
<p>1- Monitoring of overtime work is not done properly, without keeping track of report for extra hours</p> <p>Officers in-charge must keep a proper track record of their work.</p>	Fully implemented		
B- Accounting and Finance Department Year 2015			
<p>1- Payments to some departments / units and suppliers are late</p> <p>The Officer in-charge have to make the payments on time and get Director General’s approval, some departments and suppliers’ payments to be late.</p>	<p>The reasons are</p> <ul style="list-style-type: none"> - Lots of work - Shortage employees <p>The Finance Office will be ratified to be better from 2024.</p>	<p>The Finance Office must strengthen the payment to suppliers accordingly.</p>	Law
Year 2021			
<p>1- Inventory’s management in accuracy</p> <p>The Office cooperates with the relevant departments/units to monitor and record the inventories properly before ordering to avoid congestion in the PPWSA’s warehouse.</p>	Fully implemented		

B. Audit’s result

i. Commercial Department

1. House connection

22,353 Connections

- Domestic (PPWSA) 20,738 Connections
- Domestic (Tbong Khmum) 425 Connections
- Commercial (PPWSA) 593 Connections
- Commercial (Tbong Khmum) 08 Connections
- New Connection but use an old meter number (Relocate Water meter) 489 Connections
- New Connection but use an old meter number (Resize Water Meter) 100 Connections

2. The Clean water for low-income families	1,447	Connections
3. The movement Water Meter (Lift/Scroll)	2,388	Meters
4. The changes of water meter's damage	5,985	Meters
• Size water meter from 15 mm to 25 mm		5,910 Meters
• Size water meter from 40 mm up to		75 Meters

Commercial Department operates their tasks smoothly and good cooperation; Otherwise, these have some weakness points that need to be improved:

1- The Report of provided new connection are incompleation

In 2022, the House Connection Office provided new connection with 22.353 connections. The Auditors selected with 450 connections to review, filled in the information's of new connections are inaccuracy and incompleation.

- a) No signature of the Technical chief of section, no written the inventories usages 60 connections.
- b) No signature of the Technical chief of section, the actual date of the measurement is different from the measurement of appointed date and material usages are differated from the noted of letter 306 connections.

These are not the proper implementation on filling in the new connection information.

Those cases are:

- The actual pipe laying work is not proper to the noted of letter.
- The late in providing new connection (The equipment was changed by the Labor)
- The reporting is not complied with the administrative procedures.

The Officer in-charge have to:

- Verified the usage materials with the reporting descriptions in the lay out's noted of letter.
- Recording the new connections' information properly in order to be good at reporting by accuracy and completeness. **Level of risk, Low.**

Auditee's response:

1. *No signature and no written the materials in use because of these tasks have been advised from management in which no signature and no written the materials in uses. The Office in-charge will be ratified the above matters by following the auditor's recommendation.*
2. *No signature, measured date different from appointed date and materials in use different from the noted of letter:*
 - *The data's employees wrote the actual date in the noted of letter. The Office will advise to the specialist staff to be well-prepared.*
 - *The material in use differred from the noted of letter: After sent the layout to the chief of labor to get the materials at warehouse, they go to site work to connect the connection for customers, but some locations have the distribution pipes are different from the KIS's layout, so the chief of labor needs to change the material from the warehouse in order to be with pipe size and actual material. The Office in-charge will be correction on the noted of letter and signature by chief of section.*

It will be begun to rectify from March 2023 onwards. GA

2- The suspension of water supply not to clarification that was delay in long time

The suspension of water consumption of customer is the first step that required to the water consumers need to solve the debt of previous water consumption to following the contract. In 2022 the Auditor reviewed to the suspension of consumption water of Cham Cha Mon Revenue Office, Por Sen Chey Revenue Office and Chbar Om Pov Revenue Office. The Audit resulted, late in implementation of water consumption's Suspension (between 30 days to 583 days), in the Por Sen Chey Revenue Office and Chbar Om Pov Revenue Office as:

The Revenue Office	Total of Consumers	The Total of Suspensions of water consumption	The suspension of water consumption in 2022	The debt of water consumption
Por Sen Chey	70,961	3,354	1,280	326
Chbar Om Pov	44,439	1,404	722	118

These are not properly and accuracy.

This case affects to the amount of water consumptions used are remained.

The Officer in-charge have to prepare the time frame of work accordingly with implementing suspension of water supplies by accuracy and transparency. In cases can't implementation that case need to request to Director **General's** approvals. **Level of risk, Medium.**

Auditee's response: because of Abandoned house and the Concrete road.

The office will be rectified on March 2023 on ward.

3- The reporting of meter location's movement (Lift/Scroll) was duplicated

In 2022 the meter location's movement (Lift/Scroll) 2,388 meters the auditor reviewed, the report was duplicated 145 cases as:

- Duplication 02 times 140 cases
- Duplication 03 times 05 cases

It's not correction and the report's preparations are not clear.

This case affects to the storage documents and administrative procedures.

The officer in-charge have to check, verify and follow up accurately before input the data into the report. **Level of risk, Low.**

Auditee's response: duplicated report of meter location's movement (Lift/Scroll) by labor of water with attached in the report and the original one to warehouse for transferred the remained materials. Now we have to revise by providing the original of minute meeting to the labor of meter to check and verify of monthly stock.

The office will be rectified on March 2023 onwards.

4- The Lift and Scroll the meter location's movement

In 2022 The Customer Relation Office has to lift/scroll the meter location's movement 2,388 meters as:

- The payment of customer 827 meters
- The payment of PPWSA 1,561 meters

The Auditor was selected 522 meters:

- The payment of customer 151 meters
- The payment of PPWSA 371 meters

The result of auditor, the reporting of customer's payments is incompleted: 8+

- 1) No Head of Department's approval on the location's movement's noted of letter 09 meters
- 2) No signature of The Customer Relation Office 39 meters
- 3) No implementation date 32 meters
- 4) No signature responsible and completion date of work 14 meters

It doesn't apply to the administrative procedures.

This case makes to unclear documents and difficult to follow up on later.

The Officer in-charge have to record properly in order the report to be well-prepared and completion. **Level of risk, Low.**

Auditee's response:

- *In the 1st case, we're following by the SOP for all of the locations that longer than 5-meter, approval by the Chief of Office. At the end of 2022 by the Head of Department's advise, all of the meter location's movement (Lift/Scroll) must have a signature from the Head of Department and revising for SOP.*
- *In the 2nd, 3rd and 4th cases, the labor of mater has to be missing to fill in the information before implementation and not checked by minute meeting's reporter.*
- *Now we will revise the above case by the recommendation of the auditor.*

The Office will be rectified on March 2023 on ward.

5- The Defective Water Meter change not compliance with Standard Operating Procedures of Management Water Meter

In 2022 The Customer Relation Office have to change the defective water meter, So the auditor selected the meter changed report for 05 months (July, August, September, October and November) to review equal 1,768 meters, showed that the late of implementation has been out of the standard operating procedures:

1. Defective water meter (non-flow) 21 meters
2. Defective water meter (flow) 195 meters


It doesn't apply to the management water meter on **4.3 The Defective Water Meter on Point Procedure-** "After receiving the information from customer, The Customer Relation Office must manage the employees to check and change the meter immediately not up to 3 hours for the defective water meter (non-flow) and three (03) days of working day, defective water meter (flow) by cooperating with the area management team or leakage repairing team of the Management of water supply system Office.

This case:

1. Contrasted from the principle setted.
2. Customer's disappointed.

The Officer in-charge have to do the above case to apply with standard of operation SOP or have to revise on the SOP in accordance with the actual implementation. **Level of risk, Law.**

Auditee's response:

- *The late of defective water mater change: because nobody home (Locked) or take long time to prepare the customer invitation letter which was rejected by customers.*
- *Cooperation with area management team or the in-charge office on the excess consumer usage, suspension and the change of water meter from 40 mm (Revising SOP) *

- Now have been revised and accepted the recommendation of auditor.

The Office will be rectified on March 2023 on ward.

Auditee has sent the constructive report all rectify on the above finding on 29 June 2023.

ii. Planning and Project Department

- Civil construction project 21 projects
 - + Annual Plan 06 projects
 - + Adjusted Annual plan 03 projects
 - + Actual Project 11 projects
 - + Social Benefit Fund 01 projects
- Got 483 received the exceed standard of connection application or the rights policy of Home Connection Office.
- Job Budget Project 1,098 projects
- Quotation Project 692 projects

Planning and Project Department operates their tasks smoothly and good cooperation; otherwise, there have some weakness points that need to be improved:

1- Book of number of referents are skip and Duplicate

The registration book (incoming and outgoing) of the Department of Planning and Planning in 2022 found that:

- Outgoing letter
 - Duplicated 181 and 251 (Book 1 from 001-380)
 - Duplicated 675 (Book 2 from 381- 677)
 - Number backward 49 (To number 293 backward to 244)
- Incoming letter
 - Skipped the number 206 (Book 1 from 001 - 445) and 707 (Book 2 from 446 - 873)
 - Duplicated 426 (Book 1 from 001- 445)

The Management of outgoing and incoming books are not proper.

This case leads the above case are not clear.


The Officer in Charge must be checking and recording the book of outgoing and incoming properly and in order. **Level of risk, Low.**

Auditee's response: We accepted the audit recommendation. We will strengthen the weakness point to be minimum and due to leak of manpower. By requesting at the beginning of 2023 and will be gotten at the end of 2023 as well. It will be improved from 2024.

2- The performed of Construction do not compliant with the SOP of Technical and Project.

In 2021, Project management office has completed civil construction 21 projects

1. Annual Plan 06 projects
2. Adjust Annual plan 03 projects
3. Actual Project 11 projects
4. Social Benefit Fund 01 projects

Internal Audit selected 13 Projects to check found that Scope of work and Technical standards not go through Director General. 

This case not implemented through the SOP of Technical and Project Point 4.3.3.1.10. **Technical Standard and civil construction “Technical Standard and civil construction that use in PPWSA must be formal.”**

It doesn't comply with administrative procedures.

The officer in charge has to work following the SOP or update SOP to comply with the actual works. **Level of risk, Low.**

Auditee's Responses: SOP has been updating for Vice Director General and will be go through Director General on October 2023.

3- The feedbacks to house connection office are inappropriate.

In 2022 Design Office got 483 applications for the right to purchase water in excess of the standard or the rights policy of Home Connection Office. Internal Audit selected 264 applications to check found the dates of reference of requests are incorrect by taking the date of the measuring agent as a reference date.

This does not apply properly due to inaccurate information.

This case doesn't comply with actual works and administrative procedures.

The officer in charge must be sure to check the information that had been received. **Level of risk, Low.**

Auditee's Responses: We accepted the audit recommendation we will improve on this case to apply with administrative procedures.

The Office will start the revision after getting the audit report.

4- Project Code work is not yet appropriate with duplicate project codes

The Plan and Project Department is responsible for monitoring all implementation activities compared to the annual plan. In 16 projects of annual plan and implementation and found that the project codes were duplicated.

This case not implemented through the SOP of Technical and Project Point 4.2.2.3 **Things to avoid “Each project must have project code and document code that must not duplicate or overlap with the completed project”.**

This case leads to ineffective of project planning.

The officer in charge must cooperate with relevant departments to check and monitor the project code properly before working on. **Level of Risk Low.**

Auditee's Responses: we compared with these 16 projects with dynamics NAV system, there was no duplication of codes, as those errors were recorded in Microsoft Excel only and did not affect the project implementation procedures.

The Office will start the revision after getting the audit report.

5- Report of projects plan and implementation of Water and Sanitation Service Subsidiary are inconsistent

In 2022, The Plan and Project Department had raised the project plans (Job Budget) 1,098 projects:

- Water and Sanitation Service Subsidiary (Phnom Penh and Takhmao) 898 projects
- Water and Sanitation Service Subsidiary (Tboung Khmum) 63 Projects
- Water Supply System Management Department (Phnom Penh and Takhmao) 106 Projects
- Water Supply System Management Department (Tboung Khmum) 31 Projects *ST*

Internal Audit found that Planning and Project Department did not record the 125 projects of 1,098 projects in the monitoring list.

This case not complied with the SOP of Planning and Financing Point **4.1.1.1 Located and expanded water distribution Line** “Design Office under the Department of Planning and Project have to survey the location, which invested the water distribution Line, build a list of pipe connection materials and located the expanding water distribution line. **The Planning and Project Department must cooperate with the Water and Sanitation Service Subsidiary to ensure that the water distribution line expansion plan can be implemented as planned**”.

In this case, the report of the project to expand the water distribution line is not clear.

Officials in charge must cooperate with the branch of water and sanitation services to record the monitoring of project implementation properly. **Level of Risk Low.**

Auditee’s Responses: For these 125 projects, actually we have already sent the projects to the Water and Sanitation Service Subsidiary, but the provision of Soft Copy data to the audit is lacking. The Office will start the revision after getting the audit report.

Auditee has sent the constructive report all rectify on the above finding on 16 October 2023.

iii. Water and Sanitation Service Subsidiary

In 2022, Water and Sanitation Service Subsidiary carried out:

- Phnom Penh Water Supply Authority (Phnom Penh)
 - Laying Pipe 1,358 Projects
 - Drainage work 01 Project
- Provinces project
 - Siem reap
 - Tboung Khmum
 - Kompong Thom
 - Pursat

Water and Sanitation Service Subsidiary operates their tasks smoothly and good cooperation; otherwise, there is a weakness point that needs to be improved:

Project implementation of Water and Sanitation Service Subsidiary before get the project documents.

In 2022, Water and Sanitation Service Subsidiary carried out 1,358 projects in Phnom Penh after the audit reviewing that 72 projects equal 5.3% were implemented before receiving the projects.

- Job Budget 67 projects
- Quotation 5 projects

This case not implemented through the SOP of Technical and Project Point:

- 4.2.1.2. **Detail layout** “**Technical and Project Office drew a layout by setting the scale of the Office of Layout and Geographic Information with approval by Leaders.**
- 4.2.2.2. **Scope of Projects** must prepare the recap and report on the number of projects by describing the expert opinion in the noted of letter in the purpose of the creation of those projects and sent to the management for reviewing and making decision, after that sent to the Office of Civil construction. *g-t*

This case leads to the materials used didn't be applied with technical procedure.

Water and Sanitation Service Subsidiary must participate with Planning and Project department or relevant departments with approval on layout and project code before implementation. **Level of risk, Low.**

Auditee's response: due to urgent need water supply for social works in many places, such as hospitals, schools, as well as communities (priorities). Water and Sanitation Service Subsidiary will participate with the relevant departments to implement the projects.

Auditee has sent the constructive report all rectify on the above finding on 18 January 2024.

IV. A- Administration and Human Resource Department

In 2022, Administration and Human Resource Department had done:

❖ The Administration Office

- Received incoming letter (PPWSA) 488 requests
- Request letter (in Department) 224 requests
- Mission letter 87 requests
- Maintenance for the administration building 55 types

❖ The Human Resource Office

- Training in PPWSA 15 skills
- Training, site visits, and other forums at abroad 58 Employees (10 Females)

The Administration and Human Resource Department operates their tasks smoothly and good cooperation; otherwise, there is a weakness point that needs to be improved:

The planning for maintenance of the administration building not accordance with the annual plan

The planning in 2023, Administration and Human Resource Department had 57 items for maintenance of Administration building, which implemented 55 of 57 and the 2 remaining:

- Concrete footpath in PPWSA
- Sidewalk repair work

It doesn't comply with annual plan.

This case lead to affect the PPWSA's aesthetics.


The officer in charge must carry out the work in accordance with the annual plan. **Low level Risk.**

Auditee's response :

- *According to the His Excellency's advise to make initial repairs on the crumples site.*
- *prepare to build a new building.*

IV. B- Accounting and Financial Department

Accounting and Finance Department has done a good job of work on general ledger, financial management and inventory management and operate their tasks smoothly. Otherwise, there had weakness point that needs to be improved:

Payment of installation new water distribution pipes, which not the reference's attachment in the report of inspection on the pipe digging work by no specification of completion project and being process 

Payments:

- In 2022 had 387 requests (February, November and December)
- In 2023 had 327 requests (May and June).

After reviewed in the 2022, Payment on main and distribution pipes for inspection report on the pipe digging's inspection have not attachment with summary report of completion and being on processed projects had 19 projects of 100%, only attachment with the weekly works of Water and Sanitation Service Subsidiary.

It doesn't comply with administrative procedures.

This case leads to be document's preparation improperly or duplicated.

The officer in charge must cooperate with the relevant departments to record the completed projects and ongoing projects in the form of an appendix. **Low Level Risk.**

Auditee's response : *As the officer in charge has not been separated into sections on the completed project and ongoing project only making notes, so the Accounting and Finance Department will instruct the officer in charge to cooperate with the relevant departments to record completed projects and ongoing projects as an attached table for annex to the record in 2024.*

C. Conclusion

The above auditing result has shown the good operation process in accordance with SOP and comply with regulations. Employees have carried out their effort in their responsibilities to achieve good result. Auditee accepted the recommendation and will be improve the above finding. Also, clarify on the construction report within 3 months after the audit report issuance.

Internal audit will follow up on the recommendations related to the above finding during the inspection as set in the annual plan.

II. Surprise Audit

🚩 Checking the inventories at The House Connection Office

As of 31 March 2023, there are 32 items of inventory report after the actual inspection found 13 items as follows:

1. The shortage items from the Inventory stock (07 Items)

N°	Code	Description	Items				Other
			Year-end Inventory	Actual	recording report	loss	
			1	2	3	4=2+3-1	
1	I-01312	Water meter Kent 20 mm	11	6	3	-2	
2	I-00910	Tapping tee 110x63	14	11	2	-1	
3	I-00912	Tapping tee 160x32	150	45	103	-2	
4	I-00682	Clamp saddle 110x1	681	413	266	-2	
5	I-00702	Ferrule 25	650	447	-	-203	
6	I-00953	White Tape	1,066	800	-	-266	
7	I-00804	Reducing 32x25	519	450	50	-19	

8+

2. The excess items from the inventory stock (06 items)

N°	Code	Description	Items				Other
			Year-end Inventory	Actual	recording report	loss	
			1	2	3	4=2+3-1	
1	I-00776	Pipe 25mm	1,996	1,396	732.8	132.8	
2	I-00777	Pipe 32 mm	3,367	2,500	898.5	31.5	
3	I-01450	Coupler 63	16	18	-	2	
4	I-00914	Tapping tee 160x63	14	14	2	2	
5	I-00755	Male Adaptor 32x1	551	563	-	12	
6	I-03433	Tee Equal 32 mm	945	543	405	3	

This case leads to:

- 1- Loss of inventories by unexpectation.
- 2- Uneffective of inventory management.

Office In-Charge must:

- 1- Write down the report of delivery/receive the materials correctly before use.
- 2- Make sure to verification between the actual and the recording inventory report at the end of each month, in case the inventories are excessing of the inventory report to be transferred into inventory warehouse of accounting and financial department.

Auditee's Responses:

1. The shortage items from the Inventory stock (07 Items)


- 1- (1, 2, 3 and 4) Due to the urgent case, the office took the inventories to the site in advance and prepared the request letter later.
- 2- (5) Due to Clamp Saddle 110 x 1 was used 266 pieces such as 3in1 (Clamp, Ferrule and White tape) 63 pieces and Ferrule 203 pieces.
- 3- (6) It is used with Clamp saddle (set) 110X1 the warehouse controller no recording in details.
- 4- (7) Due to the urgent case, the office connected to customer's connection for free in 4 sangkats of Chbar Om Pov by making a temporary stock issuance for internal use and prepared the official requeste letter later.

2. The excess items from the inventory stock (06 items)

- 1- (1 and 2) Due to actual situation so the remaining inventory are keep using in office later.
- 2- (3 and 4) office borrow for PPWSA's wearhouse to use in advance and made the request letter later.
- 3- (5) Due to Connections in 4 sangkats of Chbar Om Pov and Koh Pich are a set of inventories but the 2 connections didn't apply with PPWSA's Standard so the remaining of Male Adaotor 32 x 1 12 pieces are keep using in office.
- 4- (6) The remaining inventories are from the temporary connection at Covid-19 Center, so the office will keep them for use in urgent case.

In this Case, we accepted the audit recommendation and we will improve on this case. The Office will start the revision from June 2023 onwards.

Cash count on the Revenue of house connection at The Finance Office

On 23 October 2023, at the evening 04 : 00 pm Auditors made a surprise Audit at the cashier of House Connection Office and finished at 04 : 30 pm as a resulted : 

1. List of cash on Connection

N ^o	Description	Amount		Total Amount
		Cash	VAT-In	
1	New Connection Revenue	54,010,400 R		54,010,400 R
2	Reconnection Revenue	4,932,000 R	493,200 R	5,425,200 R
3	Water Deposit Revenue	20,135,700 R		20,135,700 R
4	Connection Depreciation	293,900 R		293,900 R
5	Payment of connection	147,700 R		147,700 R
6	Water meter Revenue	536,000 R	53,600 R	589,600 R
Total Amount		80,055,700 R	546,800 R	80,602,500 R

2. List of Cash in hand

N ^o	Cash Note	Pieces	Total Amount
1	100,000	41	4,100,000 R
2	50,000	1,424	71,200,000 R
3	20,000	97	1,940,000 R
4	15,000	1	15,000 R
5	10,000	312	3,120,000 R
6	5,000	40	200,000 R
7	1,000	8	8,000 R
8	500	38	19,000 R
9	100	5	500 R
Total Amount			80,602,500 R

Conclusion

During the Surprise Audit result has shown the good operation process in accordance with SOP and compliance with regulations.

- The House Connection Office has weakness points to be improved as above details, so the office needs to prepare and revise in order to manage the inventories by effectiveness and efficiency. **(Level B, Priority)**.
- The Finance Office, after cash counted which received from customers for connection fee, was corrected and with full amounts. **(Level A)**.

The Internal audit will be monitoring on the progress of improvements as recommendations.

Read and approved
Phnom Penh, 18 January 2024
F. Audit committee
Chairman

Phnom Penh, 18 January 2024
Internal Audit

APPENDIX III

DIRECTORS' REPORT

AND

AUDITED FINANCIAL STATEMENTS

FOR THE FINANCIAL ENDED 31 DECEMBER 2023

PHNOM PENH WATER SUPPLY AUTHORITY

**DIRECTORS' REPORT AND
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

PHNOM PENH WATER SUPPLY AUTHORITY

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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PHNOM PENH WATER SUPPLY AUTHORITY

DIRECTORS' REPORT

The Board of Directors hereby submit their report together with the audited financial statements of Phnom Penh Water Supply Authority ("PPWSA") for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of PPWSA are to engage in the processing and distribution of water for general use by the public in the city of Phnom Penh and surrounding areas, including Takmao, Tbong Khmom and Mlech and the provision of other related services. The objectives of PPWSA are to:

- invest in, build, enlarge, operate, repair and maintain the means of water sanitation and distribution;
- manage devices to increase water production, and improve services and water quality to meet demand;
- operate the business, services and related duties for water supply in accordance with the Board of Directors' resolution and the laws of Cambodia;
- cooperate with local and external development partners on technology, trade and finance in order to improve and develop PPWSA in accordance with government policy; and
- ensure sustainable production processes, business and finance for the public interest.

There have been no significant changes in the nature of these activities during the year.

RESULTS

	KHR'000
Profit for the year	<u>126,609,582</u>

DIVIDENDS

The dividends declared and paid by PPWSA since the end of the previous year are as follows, details of which are disclosed in Note 23 to the financial statements:

	KHR'000
Dividends of KHR330 per ordinary share were declared on 15 March 2023 and paid during the year ended 31 December 2023	<u>4,305,158</u>

RESERVES OR PROVISIONS

There were no material transfers to reserves and no provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the financial statements of PPWSA were prepared, the directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off for bad debts and the making of loss allowance for doubtful debts and had satisfied themselves that there were no known bad debts and no loss allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of PPWSA.

PHNOM PENH WATER SUPPLY AUTHORITY

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of PPWSA were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of PPWSA had been written down to an amount which they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of PPWSA misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen that render adherence to the existing methods of valuation of assets or liabilities of PPWSA misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of PPWSA which has arisen since the end of the year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of PPWSA which has arisen since the end of the year.

In the opinion of the directors, no contingent or other liability of PPWSA has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the year which will or may affect the ability of the PPWSA to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of PPWSA which would render any amount stated in the financial statements misleading.

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of PPWSA for the year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of PPWSA for the year in which this report is made.

ISSUANCE OF SHARES AND DEBENTURES

During the year, no new shares or debentures were issued by PPWSA.

PHNOM PENH WATER SUPPLY AUTHORITY

DIRECTORS' REPORT

DIRECTORS

The directors in office during the year and during the period from the end of the year to the date of the report are:

H.E. Oum Sotha	(end of mandate on 6 January 2023)
H.E. Sim Sitha	(appointed on 6 January 2023)
H.E. Mey Vann	
H.E. Long Naro	
H.E. Nuon Pharat	
Mr. Ma Noravin	(appointed on 27 February 2023)
Mr. Nam Chantry	
Mr. Sreng Samork	

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE YEAR

Details of significant event subsequent to the end of the year are disclosed in Note 31 to the financial statements.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors of PPWSA are responsible for ascertaining that the financial statements of PPWSA give a true and fair view of the financial position of PPWSA as at 31 December 2023, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the directors of PPWSA are required to:

- (i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards ("CIFRSs"), which are supported by reasonable and prudent judgements and estimates and then apply them consistently;
- (ii) comply with the disclosure requirements of CIFRSs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (iii) maintain adequate accounting records that enable PPWSA to prepare its financial statements under CIFRSs and an effective system of internal controls;
- (iv) prepare the financial statements on a going-concern basis unless it is inappropriate to assume that PPWSA will continue operations in the reasonable future; and
- (v) effectively control and direct PPWSA and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The directors confirm that PPWSA has complied with the above requirements in preparing its financial statements.

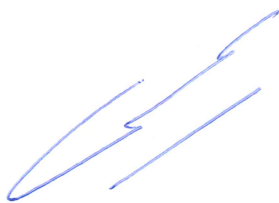
PHNOM PENH WATER SUPPLY AUTHORITY

DIRECTORS' REPORT

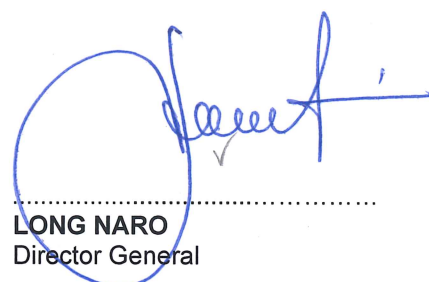
APPROVAL OF THE FINANCIAL STATEMENTS

We, **H.E. SIM SITHA**, **H.E. LONG NARO** and **DENG POLYDEN**, being the directors and officers of PPWSA, do hereby state that in the opinion of the Directors, the accompanying the statement of financial position of PPWSA as at 31 December 2023, and the related statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements are presented fairly, in all material respects, in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

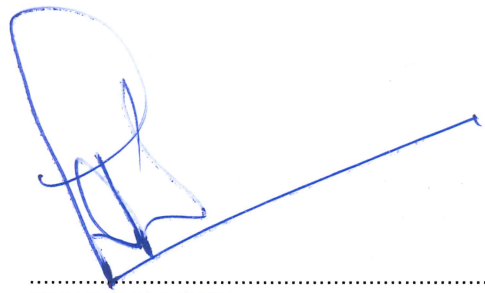
Signed on behalf of the Board of Directors and Management, 



.....
SIM SITHA
Chairman of the Board of Directors



.....
LONG NARO
Director General



.....
DENG POLYDEN
Deputy Director General in charge of Finance

Date: 13 MAR 2024

PHNOM PENH WATER SUPPLY AUTHORITY

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Notes	2023 KHR'000	2022 KHR'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,494,979,290	2,203,041,914
Intangible assets		10,463,074	12,089,587
Total non-current assets		2,505,442,364	2,215,131,501
Current assets			
Inventories	6	318,746,592	152,737,078
Trade and other receivables	7	27,980,236	32,707,416
Contract assets	8	155,501,255	92,768,374
Loan to employees	9	7,956,651	7,956,651
Short-term investments	10	127,316,003	126,118,416
Cash and cash equivalents	11	16,117,222	56,716,439
Total current assets		653,617,959	469,004,374
TOTAL ASSETS		3,159,060,323	2,684,135,875
EQUITY AND LIABILITIES			
Equity attributable to owners of PPWSA			
Share capital and share premium	12	620,759,107	620,759,107
Reserves	13	647,148,782	543,268,075
Retained earnings		126,609,582	108,185,865
TOTAL EQUITY		1,394,517,471	1,272,213,047
Non-current liabilities			
Borrowings	14	1,296,924,684	986,495,717
Deferred government and other grants	15	74,162,746	69,238,477
Deferred tax liabilities - net	20	81,946,858	77,016,716
Other payables	16	82,903,732	76,801,705
Total non-current liabilities		1,535,938,020	1,209,552,615
Current liabilities			
Trade and other payables	16	179,944,621	154,661,152
Borrowings	14	23,677,401	23,499,158
Contract liabilities	8	4,254,138	4,456,756
Current tax liabilities		20,728,672	19,753,147
Total current liabilities		228,604,832	202,370,213
TOTAL LIABILITIES		1,764,542,852	1,411,922,828
TOTAL EQUITY AND LIABILITIES		3,159,060,323	2,684,135,875

The accompanying notes form an integral part of these financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 KHR'000	2022 KHR'000
Income:			
Sales	17	349,640,073	299,723,507
Construction service fee		16,665,617	24,976,316
Foreign exchange gains - net		4,111,039	1,105,700
Other income		21,637,636	21,478,333
		<u>392,054,365</u>	<u>347,283,856</u>
Expenses:			
Employee benefits expense	18	(80,292,438)	(70,175,422)
Depreciation and amortisation charges		(61,978,135)	(59,455,074)
Electricity costs		(42,291,446)	(35,218,743)
Raw materials for water treatment		(15,875,313)	(12,140,740)
Repairs and maintenance		(11,651,058)	(8,009,358)
Construction service expenses		(9,731,518)	(16,618,024)
Raw materials for household water connections		(4,816,514)	(4,953,371)
Other operating expenses		(15,155,436)	(11,243,416)
		<u>(241,791,858)</u>	<u>(217,814,148)</u>
Operating profit		150,262,507	129,469,708
Finance income		6,737,766	4,656,618
Finance costs	19	(3,527,730)	(3,610,434)
Profit before tax		153,472,543	130,515,892
Income tax	20	(26,862,961)	(22,330,027)
Profit for the year, representing total comprehensive income for the year		<u>126,609,582</u>	<u>108,185,865</u>
Earnings per share attributable to owners:			
Basic earnings per share (KHR)	22	<u>1,455.73</u>	<u>1,243.90</u>
Diluted earnings per share (KHR)	22	<u>1,455.73</u>	<u>1,243.90</u>

The accompanying notes form an integral part of these financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Share capital and share premium KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
At 1 January 2022		619,315,886	418,038,410	129,273,917	1,166,628,213
Profit for the year, representing total comprehensive income for the year		-	-	108,185,865	108,185,865
Transactions with owners					
Capital contribution	12	1,443,221	-	-	1,443,221
Transfer to reserves	13	-	125,229,665	(125,229,665)	-
Dividends	23	-	-	(4,044,252)	(4,044,252)
Total transactions with owners		1,443,221	125,229,665	(129,273,917)	(2,601,031)
At 31 December 2022 / 1 January 2023		620,759,107	543,268,075	108,185,865	1,272,213,047
Profit for the year, representing total comprehensive income for the year		-	-	126,609,582	126,609,582
Transactions with owners					
Transfer to reserves	13	-	103,880,707	(103,880,707)	-
Dividends	23	-	-	(4,305,158)	(4,305,158)
Total transactions with owners		-	103,880,707	(108,185,865)	(4,305,158)
At 31 December 2023		620,759,107	647,148,782	126,609,582	1,394,517,471

The accompanying notes form an integral part of these financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	2023 KHR'000	2022 KHR'000
Cash flows from operating activities			
Profit before tax		153,472,543	130,515,892
Adjustments for:			
Depreciation of property, plant and equipment	5	60,115,369	57,460,927
Finance costs	19	3,527,730	3,610,434
Net unrealised foreign exchange loss on trade payables		2,142,944	6,140,606
Amortisation of intangible assets		1,856,450	1,994,147
Write-off of property, plant and equipment	5	1,628,455	136,839
Write-off of intangible asset		6,315	-
Net unrealised foreign exchange gain on borrowings		(9,967,958)	(4,586,866)
Finance income		(6,737,766)	(4,656,618)
Amortisation of deferred government and other grants	15	(2,009,908)	(2,009,908)
Operating profit before changes in working capital		204,034,174	188,605,453
Change in working capital:			
Inventories		(238,152,938)	(89,819,201)
Trade and other receivables		6,112,703	(6,110,525)
Trade and other payables		23,140,525	8,509,694
Contract assets		(62,732,881)	(26,743,794)
Contract liabilities		(202,618)	2,667,862
Refundable water deposits		6,102,027	7,355,632
Net cash (used in)/ from operations		(61,699,008)	84,465,121
Income tax paid		(20,957,294)	(22,233,157)
Net cash (used in)/ generated from operating activities		(82,656,302)	62,231,964
Cash flows from investing activities			
Interest received		5,352,243	2,934,894
Purchase of property, plant and equipment	5	(269,886,946)	(281,619,716)
Increase in short-term investments		(1,197,587)	(57,954,583)
Purchase of intangible assets		(236,252)	(390,075)
Net cash used in investing activities		(265,968,542)	(337,029,480)
Cash flows from financing activities			
Drawdown of borrowings		341,987,537	218,280,439
Receipt of government and other grants	15	6,934,177	54,436,199
Capital contribution from MoEF		-	1,443,221
Repayments of borrowings		(21,479,454)	(20,769,386)
Interest paid		(15,111,475)	(7,491,804)
Dividends paid	23	(4,305,158)	(4,044,252)
Net cash generated from financing activities		308,025,627	241,854,417
Net decrease in cash and cash equivalents		(40,599,217)	(32,943,099)
Cash and cash equivalents at the beginning of the year		56,716,439	89,659,538
Cash and cash equivalents at the end of the year	11	16,117,222	56,716,439

The accompanying notes form an integral part of these financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Phnom Penh Water Supply Authority (“PPWSA”) is under the technical supervision of the Ministry of Industry Science Technology and Innovation and the financial supervision of the Ministry of the Economy and Finance (“MoEF”), and has its headquarter in Phnom Penh. PPWSA is acknowledged as having the economic characteristic of a public enterprise by the Ministry of Commerce under the registration number Co.0839 Et/2012, dated 27 March 2012.

The registered office of the PPWSA is No. 45, Street 106, Sangkat Srah Chork, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia.

The principal activities of PPWSA are to engage in the processing and distribution of water for general use by the public in the city of Phnom Penh and surrounding areas, including Takmao, Tbong Khmom and Mlech and the provision of other related services. The objectives of PPWSA are to:

- invest in, build, enlarge, operate, repair and maintain the means of water sanitation and distribution;
- manage devices to increase water production, and improve services and water quality to meet demand;
- operate the business, services and related duties for water supply in accordance with the Board of Directors’ resolution and the laws of Cambodia;
- cooperate with local and external development partners on technology, trade and finance in order to improve and develop PPWSA in accordance with government policy; and
- ensure sustainable production processes, business and finance for the public interest.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of PPWSA have been prepared in accordance with the Cambodian International Financial Reporting Standards (“CIFRSs”).

2.2 Adoption of new CIFRSs and amendments/improvement to CIFRSs

(a) Amendments/Improvements to standards adopted during the year

- Disclosure of Accounting Policies – Amendments CIAS 1 and CIFRS Practice Statement 2

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, CIFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the CIFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of CIFRSs in the accounting policy information disclosures.

Although the amendments did not result in any changes to the accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The following amendments/improvements were adopted by PPWSA but did not have significant impact on the current period or any prior period and it is not likely to affect the future periods.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION (CONTINUED)

2.2 Adoption of new CIFRSs and amendments/improvement to CIFRSs (Continued)

- Definition of Accounting Estimates – Amendments to CIAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to CIAS 12

(b) Standards and amendments/improvements that have been issued but not yet effective

		Effective for financial periods beginning on or after
<u>Amendments/Improvements</u>		
CIAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
CIAS 1	Non-current Liabilities with Covenants	1 January 2024
CIFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
CIAS 7 and CIFRS 7	Supplier finance arrangements	1 January 2024
CIAS 17	Initial Application of CIFRS 17 and CIFRS 9 - Comparative Information	1 January 2025
CIFRS 10 and CIAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The above standards/ amendments have been published but not yet effective for financial year beginning on or after 1 January 2023 and have not been early adopted by PPWSA. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.3 Functional and presentation currency

The financial statements are presented in Khmer Riel (“KHR”), which is also PPWSA’s functional currency, and has been rounded to the nearest thousand, unless otherwise stated.

2.4 Basis of measurement

The financial statements of PPWSA have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

2.5 Use of estimates and judgement

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4 to the financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following accounting policies have been applied consistently to all the years presented in the financial statements of PPWSA.

3.1 Translation of foreign currency transactions

Foreign currency transactions during the year are translated at the foreign exchange rate ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

3.2 Financial instruments

Financial instruments are recognised in the statement of financial position when, and only when, PPWSA becomes a party to the contractual provisions of the financial instrument.

Except for the trade receivables that do not contain a significant financing component or for which PPWSA has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Trade receivables that do not contain a significant financing component or for which PPWSA have applied the practical expedient are measured at the transaction price determined under CIFRS 15.

PPWSA categorises the financial instruments as follows:

(i) Financial assets

Subsequent measurement of debt instruments depends on PPWSA's business model for managing the asset and the cash flow characteristics of the asset. PPWSA classifies its debts instruments as financial assets at amortised cost.

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

PPWSA classifies its financial liabilities at amortised cost.

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.3 Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value. The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is 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.

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as those assets are not yet available for use.

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Building	30 - 50
Machinery	3 - 20
Fluid equipment	6 - 50
Laboratory equipment	6 - 7
Office furniture and equipment	2 - 7
Electricity equipment	2 - 20
Motor vehicles	2 - 7
Valves and tools	3 - 15
Water meters	5 - 20
House connection	12

3.4 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the weighted average basis. The cost comprises all costs of purchase plus other cost incurred in bringing the inventories to their present location and condition. Inventories include raw materials, consumable, spare parts and other water supply related inventories and are valued at the actual costs of bringing the inventory to its intended purposes less allowances for damages, obsolete and slow-moving items using the weighted average basis. Spare parts and water supply-related inventories with a useful life of more than one year are capitalised as property, plant and equipment upon being put into use.

3.5 Contract assets/ (liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, PPWSA's future performance). The contract asset is transferred to receivables when the rights become unconditional. This usually occurs when PPWSA issues an invoice to the customer.

Contract liability is the obligation to transfer goods or services to customers for which PPWSA has received the consideration or have billed the customers.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.6 Revenue and other income

PPWSA recognises revenue that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which PPWSA expects to be entitled in exchange for those goods or services.

PPWSA's revenue recognition is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of a customer). For practical expedient, PPWSA applies revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if PPWSA reasonably expects that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

PPWSA measures revenue from sale of goods or services at its transaction price, being the amount of consideration to which PPWSA expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as service tax, adjusted for the effects of any variable considerations, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, PPWSA uses the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method PPWSA expects to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, PPWSA estimates it by using the expected cost plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or services underlying the particular performance obligations, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. PPWSA has assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

Revenue from water sales

Revenue from water sales is recognised at a point in time when PPWSA satisfies its performance obligations based on customer's consumption of water and when the water has been supplied by PPWSA.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.7 Government grants

Grants from the governments and other development agencies are recognised at a nominal amount where there is reasonable assurance that the grant will be received and PPWSA will comply with all attached conditions. Grants are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Deferred grants are included in non-current liabilities and are credited to the statement of comprehensive income on a straight-line basis to match the expected lives of the related assets.

3.8 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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

PPWSA begins capitalising borrowing costs when PPWSA has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that the necessary to prepare the asset for its intended use.

3.9 Earnings per share

PPWSA presents basic earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of PPWSA by the weighted average number of ordinary shares outstanding during the period. As at 31 December 2023 and 2022, there are no dilutive potential ordinary shares. Hence, diluted earnings per share is the same as basic EPS.

3.10 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Director General of PPWSA, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity to CIFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the PPWSA's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

4.1 Determining the functional currency

PPWSA operates in Cambodia and conducts purchases and other transactions in multiple currencies. Judgment is applied in determining the functional currency wherever the indications are mixed. PPWSA uses, in hierarchy, sale indicators as the primary basis, followed by purchased and operating expenses indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

4.2 Depreciation and useful lives of property, plant and equipment

PPWSA reviews the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of PPWSA's property, plant and equipment are disclosed in Note 5 to the financial statements.

4.3 Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected credit loss rate. PPWSA uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on PPWSA's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The information about the impairment losses on PPWSA's financial assets and contract assets are disclosed in Note 25(a) to the financial statements.

4.4 Revenue recognition in relation to accrued water revenue

Accrued water revenue is recognised based on the water volume produced, the water volume billed, the average water loss and the average tariff by type of customers. The Board of Directors uses statistics on the water loss rate and the average tariff based on past experience, which may not properly reflect the actual rates and the current situation.

4.5 Measurement of income tax

Significant judgement is required in determining PPWSA's estimation for current and deferred taxes because the ultimate tax liability for PPWSA as a whole is uncertain. When the final outcome of the tax payables is determined with the tax authorities, the amounts might be different from the initial estimates of tax payables. Such differences may impact the current, deferred and indirect taxes in the period when such determination is made. PPWSA will make adjustments for current, deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of PPWSA is disclosed in Note 20 to the financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land KHR'000	Building KHR'000	Machinery KHR'000	Fluid equipment KHR'000	Laboratory equipment KHR'000	Office furniture and equipment KHR'000	Electricity equipment KHR'000	Motor vehicles KHR'000	Valves and tools KHR'000	Water meters KHR'000	House connection KHR'000	Construction in-progress KHR'000	Total KHR'000
Cost													
At 1 January 2023	176,576,155	415,986,870	137,498,829	724,116,832	3,123,700	28,249,561	164,671,590	49,935,680	45,439,288	13,580,286	30,394,033	1,015,888,405	2,805,461,230
Additions	-	88,525	368,690	-	-	1,789,175	1,334,822	7,775,357	430,214	-	-	269,750,993	281,537,776
Transfer from inventory	-	-	3,281,533	4,385	144,633	56,849	1,261,430	11,088	2,487,058	54,974	-	64,841,475	72,143,425
Transfer	23,535,153	1,593,975	78,567	67,927,030	-	-	864,757	3,505,311	452,933	848,521	6,537,616	(105,343,863)	-
Write-off	-	(448,092)	(1,276,997)	-	(57,662)	(802,819)	(727,454)	(607,470)	(1,131,314)	(3,741)	-	(1,183,785)	(6,239,334)
At 31 December 2023	<u>200,111,308</u>	<u>417,221,278</u>	<u>139,950,622</u>	<u>792,048,247</u>	<u>3,210,671</u>	<u>29,292,766</u>	<u>167,405,145</u>	<u>60,619,966</u>	<u>47,678,179</u>	<u>14,480,040</u>	<u>36,931,649</u>	<u>1,243,953,226</u>	<u>3,152,903,097</u>
Accumulated depreciation													
At 1 January 2023	-	(93,795,771)	(72,662,657)	(228,636,245)	(1,194,499)	(19,221,555)	(107,385,595)	(41,699,808)	(22,190,935)	(9,517,293)	(6,114,959)	-	(602,419,317)
Depreciation charge for the year	-	(8,907,305)	(7,288,804)	(20,479,280)	(364,711)	(2,571,019)	(8,240,805)	(3,724,453)	(4,268,766)	(1,487,828)	(2,782,398)	-	(60,115,369)
Write-off	-	110,231	1,223,804	-	56,137	780,362	727,454	607,470	1,101,680	3,741	-	-	4,610,879
At 31 December 2023	<u>-</u>	<u>(102,592,845)</u>	<u>(78,727,657)</u>	<u>(249,115,525)</u>	<u>(1,503,073)</u>	<u>(21,012,212)</u>	<u>(114,898,946)</u>	<u>(44,816,791)</u>	<u>(25,358,021)</u>	<u>(11,001,380)</u>	<u>(8,897,357)</u>	<u>-</u>	<u>(657,923,807)</u>
Net carrying amount													
At 31 December 2023	<u>200,111,308</u>	<u>314,628,433</u>	<u>61,222,965</u>	<u>542,932,721</u>	<u>1,707,598</u>	<u>8,280,554</u>	<u>52,506,199</u>	<u>15,803,175</u>	<u>22,320,159</u>	<u>3,478,659</u>	<u>28,034,292</u>	<u>1,243,953,226</u>	<u>2,494,979,290</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land KHR'000	Building KHR'000	Machinery KHR'000	Fluid equipment KHR'000	Laboratory equipment KHR'000	Office furniture and equipment KHR'000	Electricity equipment KHR'000	Motor vehicles KHR'000	Valves and tools KHR'000	Water meters KHR'000	House connection KHR'000	Construction in-progress KHR'000	Total KHR'000
Cost													
At 1 January 2022	176,576,155	414,752,230	134,787,221	701,096,785	2,938,504	25,292,218	163,593,680	49,750,390	39,773,268	12,804,002	24,115,031	693,343,524	2,438,823,008
Additions	-	43,048	89,375	-	-	2,957,343	82,483	152,169	250,515	3,451	-	283,546,428	287,124,812
Transfer	-	1,191,592	1,386,160	23,020,047	-	-	279,784	-	762,855	732,340	6,279,002	(33,651,780)	-
Transfer to intangible assets	-	-	-	-	-	-	-	-	-	-	-	(1,125,000)	(1,125,000)
Transfer from inventory	-	-	1,236,073	-	185,196	-	715,643	33,121	4,652,650	40,493	-	73,912,072	80,775,249
Write-off	-	-	-	-	-	-	-	-	-	-	-	(136,839)	(136,839)
At 31 December 2022	<u>176,576,155</u>	<u>415,986,870</u>	<u>137,498,829</u>	<u>724,116,832</u>	<u>3,123,700</u>	<u>28,249,561</u>	<u>164,671,590</u>	<u>49,935,680</u>	<u>45,439,288</u>	<u>13,580,286</u>	<u>30,394,033</u>	<u>1,015,888,405</u>	<u>2,805,461,230</u>
Accumulated depreciation													
At 1 January 2022	-	84,915,242	65,222,044	209,396,038	843,398	16,837,723	99,403,559	38,285,590	18,458,101	7,734,053	3,862,641	-	544,958,389
Depreciation charge for the year	-	8,880,529	7,440,613	19,240,207	351,101	2,383,832	7,982,036	3,414,218	3,732,834	1,783,240	2,252,318	-	57,460,927
At 31 December 2022	<u>-</u>	<u>93,795,771</u>	<u>72,662,657</u>	<u>228,636,245</u>	<u>1,194,499</u>	<u>19,221,555</u>	<u>107,385,595</u>	<u>41,699,808</u>	<u>22,190,935</u>	<u>9,517,293</u>	<u>6,114,959</u>	<u>-</u>	<u>602,419,316</u>
Net carrying amount													
At 31 December 2022	<u>176,576,155</u>	<u>322,191,098</u>	<u>64,836,172</u>	<u>495,480,588</u>	<u>1,929,201</u>	<u>9,028,006</u>	<u>57,285,995</u>	<u>8,235,872</u>	<u>23,248,353</u>	<u>4,062,994</u>	<u>24,279,074</u>	<u>1,015,888,405</u>	<u>2,203,041,914</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

During the year, PPWSA made the following cash payments for its additions of property, plant and equipment:

	2023 KHR'000	2022 KHR'000
Additions	281,537,776	287,124,812
Interest capitalised on qualifying assets	<u>(11,650,830)</u>	<u>(5,505,096)</u>
Cash payment for purchase of property, plant and equipment	<u>269,886,946</u>	<u>281,619,716</u>

6. INVENTORIES

	2023 KHR'000	2022 KHR'000
At cost:		
Distribution pipes and fittings	236,369,780	117,905,502
Inventories in transit	48,933,853	5,805,052
Spare parts and tools	8,804,282	7,474,340
Water meters	7,421,159	9,218,894
Chemicals	2,542,060	2,057,004
Other materials	<u>14,675,458</u>	<u>10,276,286</u>
	<u>318,746,592</u>	<u>152,737,078</u>

The cost of inventories recognised as an expense during the year amounted to KHR20,692 million (2022: KHR17,094 million).

Inventories in transit primarily consist of pipes that have arrived at the supplier's port of origin and are currently in transit to a port in Cambodia.

7. TRADE AND OTHER RECEIVABLES

	2023 KHR'000	2022 KHR'000
Trade:		
Public administration receivables	6,662,819	11,673,281
Household receivables	2,429,381	1,119,927
Commercial receivables	1,673,696	1,300,959
Water wholesalers	221,508	103,647
Less: Impairment loss (household receivables)	<u>(5,553)</u>	<u>(5,553)</u>
	<u>10,981,851</u>	<u>14,192,261</u>
Non-trade:		
National treasury	5,242,286	4,442,476
Performance guarantee	2,887,769	2,887,769
Interest receivables	2,736,146	2,308,870
Advances to suppliers	640,277	636,173
VAT receivables - net	-	146,746
Other receivables	<u>5,491,907</u>	<u>8,093,121</u>
	<u>16,998,385</u>	<u>18,515,155</u>
	<u>27,980,236</u>	<u>32,707,416</u>

Trade receivables are non-interest bearing and normal credit terms offered by PPWSA is one month. However, public administration receivables, representing receivables from government-related entities, have a one-year credit term from the invoice date. Other credit terms are assessed and approved on a case-by-case basis.

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

8. CONTRACT ASSETS/LIABILITIES

	2023 KHR'000	2022 KHR'000
Contract assets		
Contract assets relating to construction service contracts	6,551,201	3,533,898
Contract assets relating to water revenue	<u>148,950,054</u>	<u>89,234,476</u>
	<u>155,501,255</u>	<u>92,768,374</u>
Contract liabilities		
Contract liabilities relating to construction service contracts	<u>4,254,138</u>	<u>4,456,756</u>

Construction assets relating to construction service contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect the physical completion of the contracts.

Contract assets relating to water revenue represent water supplied to customers but not billed at the year end. These contract assets are transferred to receivables when the right to economic benefits becomes unconditional, which occurs when PPWSA issues the bill.

Contract liabilities relating to construction service contracts represent the cash received in advance for the construction services provided in relation to the expansion of the water distribution system to water supply distributor in the provinces. It is recognised as revenue when performance obligations are satisfied.

Significant changes in contract balances

	Contract assets relating to construction service contracts KHR'000	Contract assets relating to water revenue KHR'000	Contract liabilities relating to construction service contracts KHR'000
2022			
At 1 January	536,051	65,488,529	1,788,894
Increase due to revenue recognised for unbilled construction service fee/ water sales to customers	12,807,718	320,510,729	2,667,862
Decrease due to invoice billed to customers	<u>(9,809,871)</u>	<u>(296,764,782)</u>	-
At 31 December	<u>3,533,898</u>	<u>89,234,476</u>	<u>4,456,756</u>
2023			
At 1 January	3,533,898	89,234,476	4,456,756
Increase due to revenue recognised for unbilled construction service fee/ water sales to customers	5,674,558	367,323,511	-
Decrease due to invoice billed to customers	<u>(2,657,255)</u>	<u>(307,607,933)</u>	<u>(202,618)</u>
At 31 December	<u>6,551,201</u>	<u>148,950,054</u>	<u>4,254,138</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

9. LOAN TO EMPLOYEES

On 15 February 2012, the Board of Directors approved the motion to reserve 10% of the floating shares for PPWSA's staff. The number of shares allotted to each employee was finalised on 3 April 2012, which was considered as the grant date for the employee share option plan with aggregate value amounting to KHR8,218 million. PPWSA provided interest-free loans with a term of three years to employees and senior officers to purchase these shares. According to the minutes of the Board of Directors meeting dated 20 December 2012, the employees are allowed to trade their shares if the loans have been paid. As of the completion of the financial statements, these loans are still outstanding, with allowance for impairment loss amounting to KHR261 million.

The Board of Directors is still in the process of awaiting advice from the Securities and Exchange Regulator of Cambodia regarding its employee share option scheme as at the date of these financial statements.

10. SHORT-TERM INVESTMENTS

These represent fixed deposit placed with financial institutions with maturity of one year or less and earn interest at rates ranging from 3.50% to 6.75% (2022: 3.50% to 4.75%) per annum.

11. CASH AND CASH EQUIVALENTS

	2023	2022
	KHR'000	KHR'000
Bank balances	15,782,151	39,965,817
Short-term deposits (within 3 months)	-	16,468,000
Cash on hand	335,071	282,622
	<u>16,117,222</u>	<u>56,716,439</u>

Bank balances earns interest at rates ranging from 0.25% to 1.5% (2022: 0.5% to 2%) per annum, while short-term deposits earn interest at rates ranging from 2.25% to 2.75% (2022: 2.25% to 2.75%) per annum.

12. SHARE CAPITAL AND SHARE PREMIUM

	No. of shares	2023	2022
		KHR'000	KHR'000
Class A shares	391,100,942	391,100,942	391,100,942
Ordinary shares	86,973,162	86,973,162	86,973,162
Share premium	-	63,153,178	63,153,178
Capital reserve	-	79,531,825	79,531,825
	<u>478,074,104</u>	<u>620,759,107</u>	<u>620,759,107</u>

- (a) On 15 February 2012, the Board of Directors approved the split of the existing capital of KHR465,028,000 into 73,927,187 ordinary shares and 391,100,942 Class A shares with a par value of KHR1,000 per share. Class A shares are held by MoEF, not eligible for interest or dividend and have rights and conditions as detailed in Article 12.2 of the Memorandum of Articles and Association of PPWSA dated 27 June 2012.

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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12. SHARE CAPITAL AND SHARE PREMIUM (CONTINUED)

- (b) On 18 April 2012, PPWSA was successfully listed as the first entity listed on the Cambodia Securities Exchange with 86,973,162 total ordinary shares with a par value of KHR1,000 per share. The costs of issuance of 13,045,975 new shares amounted to KHR6,000 million have been offset with the share premium. All issued ordinary shares are fully paid. The ordinary shareholders are as follows:

	Number of shares	%
MoEF	73,927,187	85%
Other shareholders	11,741,606	14%
Employee share option scheme	1,304,369	1%
	<u>86,973,162</u>	<u>100%</u>

Based on the minutes of the Board of Directors meeting held on 20 December 2012, the employees are allowed to trade their shares if the corresponding loans have been fully repaid.

All ordinary shares rank equally with regard to PPWSA's residual assets.

- (c) The capital reserve mainly comprises of the assets contributed and liabilities assumed at the date of capital contribution.

	2023 KHR'000	2022 KHR'000
At 1 January	79,531,825	78,088,604
Additions	-	1,443,221
At 31 December	<u>79,531,825</u>	<u>79,531,825</u>

On 23 March 2021, the MoEF increased its capital in PPWSA by injecting the assets, liabilities and equity of Tbong Khmum Province Water Treatment Plant Operation ("the Tbong Khmum Project") into PPWSA, totaling to KHR78,088,604,000, without the issuance of any additional shares of PPWSA.

13. RESERVES

	Capital reserve KHR'000	Legal reserve KHR'000	General reserve KHR'000	Development reserve KHR'000	Total KHR'000
At 1 January 2022	1,648,435	32,117,977	32,117,977	352,154,021	418,038,410
Transfer from retained earnings	-	6,463,694	6,463,694	112,302,277	125,229,665
At 31 December 2022/ 1 January 2023	1,648,435	38,581,671	38,581,671	464,456,298	543,268,075
Transfer from retained earnings	-	5,409,294	5,409,294	93,062,119	103,880,707
At 31 December 2023	<u>1,648,435</u>	<u>43,990,965</u>	<u>43,990,965</u>	<u>557,518,417</u>	<u>647,148,782</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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13. RESERVES (CONTINUED)

- (a) In accordance with PPWSA's Memorandum of Articles and Association dated 27 June 2012, Article 44 specifies the distribution of dividends and reserves shall be as follows:

Retained earnings shall be distributed as follows:

- (i) reward to management and employees as follows:
- one-month salary for all employees if the net profit is between 5% and 10% of operating expenses
 - two-month salary for all employees if the net profit is between 10% and 20% of operating expenses
 - three-month salary for all employees if the net profit is more than 20% of operating expense
- (ii) 2% for retirement benefits and disability benefits
- (iii) 5% for legal reserve
- (iv) 5% for general reserve
- (iii) 5% for social fund, which shall be recorded as an expense in the year of the transaction.

The remaining amount after the above allocations shall be allocated to:

- (i) reserve for future investments, subject to the Board of Directors' approval
- (ii) the remaining balance after investment reserve is allocated to the MoEF and public investors at the ratio of 85% and 15%, respectively.
- (b) The use of reserve to pay for corporate social responsibility is in accordance with letter No. 284 from the Ministry of the Council of Ministers, dated 11 March 2010. Corporate social responsibility represents the development of a water supply system for military teams in several provinces. The work extended into 2011 in accordance with the letter from Deputy Prime Minister Keat Chhon No. 2210 MEF, dated 22 April 2011.

14. BORROWINGS

	2023	2022
	KHR'000	KHR'000
Non-current liabilities		
Unsecured borrowings	1,296,924,684	986,495,717
Current liabilities		
Unsecured borrowings	23,677,401	23,499,158
Total borrowings	<u>1,320,602,085</u>	<u>1,009,994,875</u>

The terms of outstanding borrowings are as follows:

	Nominal Interest	Year of	2023	2022
	rate + MoEF rate	maturity	KHR'000	KHR'000
	Currency			
European Investment Bank	USD	0.610% - 0.965%	2048	396,842,492
AfD - Credit No. 1244 01 M	USD	0.900%	2039	348,968,265
AfD - Credit No. 1176 01 S	USD	0.900%	2038	334,400,594
AfD - Credit No. 1174 01 P	USD	1.800%	2037	148,140,234
MoEF - Japan International Cooperation Agency	JPY	0.660%	2049	34,311,458
MoEF - Asian Development Bank	SDR	1.650%	2037	30,558,435
AfD - Credit No. 1121 01 F	EUR	0.250%	2025	27,380,607
Total interest-bearing liabilities				<u>1,320,602,085</u> <u>1,009,994,875</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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14. BORROWINGS (CONTINUED)

Breach of loan covenants

PPWSA's borrowings bear interest from 0.250% to 1.800% and are repayable ranges from 1 to 25 years. Borrowings from AfD contained certain covenants which PPWSA has to comply, otherwise MoEF and/or AfD may suspend or cancel the rights of PPWSA to request additional disbursement of the unwithdrawn amount and repayable on demand of its existing outstanding balance, if such covenant breached is material.

PPWSA exceeded its maximum leverage threshold as at 31 December 2023. PPWSA has obtained a waiver from the relevant party, extended until 31 December 2023. Accordingly, the borrowings were not classified as payable on demand at 31 December 2023.

15. DEFERRED GOVERNMENT AND OTHER GRANTS

	EU grant KHR'000	JICA grant KHR'000	Government grant KHR'000	Other grants KHR'000	Total KHR'000
At 1 January 2022	-	12,044,533	4,106,571	661,082	16,812,186
Received during the year	54,436,199	-	-	-	54,436,199
Amortisation charge for the year	-	(1,853,006)	(134,069)	(22,833)	(2,009,908)
At 31 December 2022/ 1 January 2023	54,436,199	10,191,527	3,972,502	638,249	69,238,477
Received during the year	-	6,157,800	-	776,377	6,934,177
Amortisation charge for the year	-	(1,853,006)	(134,069)	(22,833)	(2,009,908)
At 31 December 2023	54,436,199	14,496,321	3,838,433	1,391,793	74,162,746

EU grant

EU grants represent grant for purchase of materials for Bakheng Water Supply Project C amounted to EUR12,700,000 in the form of an investment grant made available through the general budget of the European Union ("EU").

JICA grant

JICA grant represents the project for introduction of clean energy by solar electricity generation system.

The additional grants represent amount received from the general budget of the Japanese Government amounting to USD1,494,624 or equivalent to KHR6,157,800,000. The purpose of the grant is to fund the Boeng Thum Water Production Project to improve the water supply service in the South-Western part of Phnom Penh City.

Government grant

The government grant represents the gain arising from a favourable differences in rates used for a fixed conversion (KHR/SDR) under the Subsidy Loan Agreement between the MoEF and PPWSA on 5 May 1997 at the sum of SDR9,695,000 from the ADB. PPWSA has decided to keep the gain on its books as a grant (no refund requirement on the gain) and the gain is to be amortised using the same policy as other deferred grants.

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**NOTES TO THE FINANCIAL STATEMENTS
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15. DEFERRED GOVERNMENT AND OTHER GRANTS (CONTINUED)

Other grants

Other grants represent donations of property, plant and equipment from the Association International des Maires Francophones and KUBOTA Construction Co., Ltd.

Deferred government and other grants are amortised on a straight-line basis and charged out to other income in the Statement of Comprehensive income.

16. TRADE AND OTHER PAYABLES

	2023	2022
	KHR'000	KHR'000
Non-current:		
Other payables		
Refundable water deposits	82,903,732	76,801,705
Current:		
Trade payables		
Third parties	66,159,022	48,078,710
Accruals construction services	18,632,254	23,208,075
	<u>84,791,276</u>	<u>71,286,785</u>
Other payables		
Amount due to Phnom Penh Municipality	65,492,330	57,830,594
Accrued staff incentive	11,505,191	9,993,226
Seniority payment	4,510,286	6,071,437
Performance guarantee	67,356	67,390
Other tax payable	972,848	385,903
Other payables	12,605,334	9,025,817
	<u>95,153,345</u>	<u>83,374,367</u>
Total trade and other payables (current)	<u>179,944,621</u>	<u>154,661,152</u>
Total trade and other payables	<u>262,848,353</u>	<u>231,462,857</u>

Refundable water deposits are collected from customers based on the size of the water meter prior to connection and are recorded at the amount received as refundable water deposits under non-current liabilities.

Trade payables are non-interest bearing and the normal credit terms granted to PPWSA range from one to three months.

17. SALES

	2023	2022
	KHR'000	KHR'000
Water sales:		
- Commercial	169,743,939	151,870,153
- Households	129,038,204	110,873,519
- Public administration	23,785,957	19,671,036
- Wholesalers	11,940,060	10,317,389
Rounding difference on water sales revenue	82,119	70,442
Less: Invoice cancellations	(833,399)	(6,513,321)
	<u>333,756,880</u>	<u>286,289,218</u>
Water connection revenue	11,314,526	8,819,483
Water meter replacement charges	4,343,275	4,222,754
Spare parts and meter sales	225,392	392,052
	<u>15,883,193</u>	<u>13,434,289</u>
	<u>349,640,073</u>	<u>299,723,507</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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18. EMPLOYEE BENEFITS EXPENSE

	2023	2022
	KHR'000	KHR'000
Employee salaries	40,835,357	35,130,863
Incentives	11,941,755	11,452,529
Bonuses	10,716,017	9,510,552
Allowances	6,917,849	6,466,057
Seniority payment	1,117,889	1,153,862
Wages for contractors	1,465,621	886,563
Other employee-related expenses	7,297,950	5,574,996
	<u>80,292,438</u>	<u>70,175,422</u>

19. FINANCE COSTS

	2023	2022
	KHR'000	KHR'000
Interest expense on borrowings	15,178,560	9,115,530
Interest capitalised on qualifying assets	<u>(11,650,830)</u>	<u>(5,505,096)</u>
	<u>3,527,730</u>	<u>3,610,434</u>

20. INCOME TAX

(a) Income tax expense

	2023	2022
	KHR'000	KHR'000
Current tax	21,932,819	17,620,610
Deferred tax	<u>4,930,142</u>	<u>4,709,417</u>
	<u>26,862,961</u>	<u>22,330,027</u>

The reconciliation of income tax computed at the statutory tax rate to the income tax expense is as follows:

	2023	2022
	KHR'000	KHR'000
Profit before tax	<u>153,472,543</u>	<u>130,515,892</u>
Calculated at tax rates of 20%	30,694,509	26,103,178
Adjustments:		
- non-deductible items	1,098,594	936,266
- temporary differences	<u>(4,930,142)</u>	<u>(4,709,417)</u>
	<u>26,862,961</u>	<u>22,330,027</u>

(b) Deferred tax liabilities – net

	2023	2022
	KHR'000	KHR'000
Deferred tax assets	5,023,669	3,449,802
Deferred tax liabilities	<u>(86,970,527)</u>	<u>(80,466,518)</u>
	<u>(81,946,858)</u>	<u>(77,016,716)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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20. INCOME TAX (CONTINUED)

(b) Deferred tax liabilities – net

The movements in net deferred tax liabilities during the year were as follows:

	Property, plant and equipment and intangible assets KHR'000	Unrealised foreign exchange KHR'000	Staff benefits KHR'000	Others KHR'000	Total KHR'000
At 1 January 2022	(74,215,452)	(1,618,489)	2,953,139	573,503	(72,307,299)
(Charged)/Credited to profit or loss	(6,251,066)	1,925,415	126,371	(510,137)	(4,709,417)
At 31 December 2022/ 1 January 2023	(80,466,518)	306,926	3,079,510	63,366	(77,016,716)
(Charged)/Credited to profit or loss	(6,504,009)	1,582,045	(8,178)	-	(4,930,142)
At 31 December 2023	(86,970,527)	1,888,971	3,071,332	63,366	(81,946,858)

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
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21. CASH FLOWS INFORMATION

Reconciliation of liabilities arising from financing activities:

	Borrowings KHR'000	Dividends payable KHR'000	Government and other grants KHR'000	Share capital and share premium KHR'000	Total KHR'000
At 1 January 2022	813,488,268	-	16,812,186	619,315,886	1,449,616,340
Financing activities					
Capital contribution from MoEF	-	-	-	1,443,221	1,443,221
Dividends paid	-	(4,044,252)	-	-	(4,044,252)
Receipt of government and other grants	-	-	54,436,199	-	54,436,199
Drawdown of borrowings	218,280,439	-	-	-	218,280,439
Interest paid	(7,491,804)	-	-	-	(7,491,804)
Repayments of borrowings	(20,769,386)	-	-	-	(20,769,386)
Net cash generated from financing activities	190,019,249	(4,044,252)	54,436,199	1,443,221	241,854,417
Liabilities-related other changes					
Dividends	-	4,044,252	-	-	4,044,252
Amortisation of deferred government and other grants	-	-	(2,009,908)	-	(2,009,908)
Accrued interest on borrowings	9,115,530	-	-	-	9,115,530
Net foreign exchange gain on borrowings	(2,628,172)	-	-	-	(2,628,172)
Total liabilities-related other changes	6,487,358	4,044,252	(2,009,908)	-	8,521,702
At 31 December 2022/ At 1 January 2023	1,009,994,875	-	69,238,477	620,759,107	1,699,992,459
Financing activities					
Dividends paid	-	(4,305,158)	-	-	(4,305,158)
Receipt of government and other grants	-	-	6,934,177	-	6,934,177
Drawdown of borrowings	341,987,537	-	-	-	341,987,537
Interest paid	(15,111,475)	-	-	-	(15,111,475)
Repayments of borrowings	(21,479,454)	-	-	-	(21,479,454)
Net cash generated from financing activities	305,396,608	(4,305,158)	6,934,177	-	308,025,627
Liabilities-related other changes					
Dividends	-	4,305,158	-	-	4,305,158
Amortisation of deferred government and other grants	-	-	(2,009,908)	-	(2,009,908)
Accrued interest on borrowings	15,178,560	-	-	-	15,178,560
Net foreign exchange gain on borrowings	(9,967,958)	-	-	-	(9,967,958)
Total liabilities-related other changes	5,210,602	4,305,158	(2,009,908)	-	7,505,852
At 31 December 2023	1,320,602,085	-	74,162,746	620,759,107	2,015,523,938

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**NOTES TO THE FINANCIAL STATEMENTS
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22. EARNINGS PER SHARE

Basic earnings per ordinary share

Detailed calculation of basic earnings per share is disclosed in Note 3.9 to the financial statements. Earnings per share for the year is calculated as follows:

	2023	2022
Profit attributable to owners of PPWSA (KHR'000)	126,609,582	108,185,865
Weighted average number of shares	<u>86,973,162</u>	<u>86,973,162</u>
Basic earnings per share (KHR) (full amount)	<u>1,455.73</u>	<u>1,243.90</u>
Diluted earnings per share (KHR) (full amount)	<u>1,455.73</u>	<u>1,243.90</u>

As at 31 December 2023 and 2022, there are no dilutive potential ordinary shares. Hence, diluted earnings per share is the same as basic earnings per share.

23. DIVIDENDS

	2023	2022
	KHR'000	KHR'000
Recognised during the year		
Dividend of KHR330 per ordinary share were declared and paid during the year	<u>4,305,158</u>	<u>-</u>
Dividend of KHR310 per ordinary share were declared and paid during the year	<u>-</u>	<u>4,044,252</u>

On 15 March 2023, the Board of Directors declared and approved the dividend of KHR330 per ordinary share of PPWSA. The dividend was paid on 20 June 2023.

Pursuant to the approval letter from the MoEF on 9 August 2021, PPWSA is exempted for payment of dividends to MoEF until the year ending 2024. MoEF entitlement to the dividends will resume beginning financial year 1 January 2025.

Accordingly, the dividends recognised during the year were for remaining shareholders of PPWSA.

24. RELATED PARTIES TRANSACTIONS

PPWSA has the following significant transactions with related parties:

(a) Government-related entities

Government-linked corporations are related to PPWSA by virtue of the substantial shareholdings of the Ministry of Economy and Finance. Entities directly controlled by the Government are collectively referred to as government-related entities to PPWSA.

The Government and bodies controlled or jointly controlled by the Government of Cambodia are related parties to PPWSA. PPWSA enters into transactions with many of these bodies, which include but are not limited to purchasing of goods, including the use of public utilities and amenities, and the placing of cash deposits.

All the transactions entered into by PPWSA with the government-related entities are conducted in the ordinary course of PPWSA's businesses on negotiated terms or terms comparable to those with other entities that are not government-related, except otherwise disclosed elsewhere in the financial statements.

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
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24. RELATED PARTIES TRANSACTIONS (CONTINUED)

(a) Government-related entities (Continued)

PPWSA is principally involved in the process and distribution of water as part of its ordinary operations. These services are carried out generally on commercial terms that are consistently applied to all customers. These transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Apart from the individually significant transactions and balances as disclosed elsewhere in the financial statements, PPWSA have collectively, but not individually significant transactions with related parties.

(b) Key management personnel compensation

Total key management personnel compensation is analysed as below:

	2023 KHR'000	2022 KHR'000
Salaries and other expenses	<u>2,398,299</u>	<u>2,380,572</u>

25. FINANCIAL INSTRUMENTS

Categories of financial instruments

The following table analyses the financial instruments in the statement of financial position by the classes of financial instruments to which they are assigned:

	Amortised cost KHR'000	Carrying amount KHR'000
2023		
Financial assets		
Short-term investments	127,316,003	127,316,003
Trade and other receivables, excluding advances to suppliers	27,339,959	27,339,959
Cash and cash equivalents	16,117,222	16,117,222
Loan to employees	7,956,651	7,956,651
	<u>178,729,835</u>	<u>178,729,835</u>
Financial liabilities		
Trade and other payables, excluding other tax payable	261,875,505	261,875,505
Borrowings	1,320,602,085	1,320,602,085
	<u>1,582,477,590</u>	<u>1,582,477,590</u>
2022		
Financial assets		
Short-term investments	126,118,416	126,118,416
Trade and other receivables, excluding advances to suppliers and VAT receivables	31,924,497	31,924,497
Cash and cash equivalents	56,716,439	56,716,439
Loan to employees	7,956,651	7,956,651
	<u>222,716,003</u>	<u>222,716,003</u>
Financial liabilities		
Trade and other payables, excluding other tax payable	231,076,954	231,076,954
Borrowings	1,009,994,875	1,009,994,875
	<u>1,241,071,829</u>	<u>1,241,071,829</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management

PPWSA's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

Credit risk is the risk of financial loss to PPWSA that may arise on outstanding financial instruments should a counterparty default on its obligations. PPWSA is exposed to credit risk from its operating activities (trade and other receivables, including national treasury, retention of construction customers, performance guarantee, and interest receivables) and from its financing activities, including cash and cash equivalents and short-term investments. PPWSA has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

PPWSA's primary exposure to credit risk arises through its trade receivables and contract assets from its customers. The credit period for households and business customers is one month while for government departments is one year. PPWSA maintains strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the Board of Directors.

Credit risk concentration profile

PPWSA determines the credit risk concentration of its trade receivables on an ongoing basis. The credit risk concentration profile of PPWSA's trade receivables at the reporting date are as follows:

	2023		2022	
	KHR'000	%	KHR'000	%
Public administration receivables	6,662,819	61%	11,673,281	82%
Household receivables	2,423,828	22%	1,114,374	8%
Commercial receivables	1,673,696	15%	1,300,959	9%
Water wholesalers receivables	221,508	2%	103,647	1%
	<u>10,981,851</u>		<u>14,192,261</u>	

PPWSA does not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

To manage the risk on trade receivables, PPWSA requires a deposit before the water meter connection is made. However, no deposit is required for government departments as PPWSA believes that it can collect payment from those departments through the MoEF (the source of finance for those departments), which is PPWSA's financial supervisor and shareholder.

A deposit deduction policy is applied to customers who fail to settle their debts in accordance with credit terms and conditions.

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Cash and cash equivalents and short-term investment

To minimise credit risk on cash and cash equivalents and short-term investments (fixed deposits with financial institutions), PPWSA has diversified its deposits with different financial institutions using a few large and well-known local financial institutions operating in Cambodia.

As at the end of the reporting date, the Company did not recognise any loss allowance for impairment for trade receivables, contract assets, cash and cash equivalents and short-term investment.

(b) Liquidity risk

Liquidity risk is the risk that PPWSA will encounter difficulty in meeting financial obligations when they fall due. PPWSA's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. PPWSA's exposure to liquidity risk arises principally from trade and other payables (excluding other tax payable) and borrowings.

PPWSA's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. PPWSA maintains sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. PPWSA uses a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost of borrowed funds. PPWSA's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of PPWSA's financial liabilities by their relevant maturity at the reporting date are based on contractual discounted repayment obligations as follows:

	Discounted contractual cash flow				
	Carrying amount KHR'000	On demand within 1 year KHR'000	Between 1 and 5 years KHR'000	More than 5 years KHR'000	Total KHR'000
2023					
Financial liabilities					
Trade and other payables	261,875,505	178,971,773	-	82,903,732	261,875,505
Borrowings	1,320,602,085	23,677,401	346,168,567	950,756,117	1,320,602,085
	<u>1,582,477,590</u>	<u>202,649,174</u>	<u>346,168,567</u>	<u>1,033,659,849</u>	<u>1,582,477,590</u>
2022					
Financial liabilities					
Trade and other payables	231,076,954	154,275,249	-	76,801,705	231,076,954
Borrowings	1,009,994,875	23,499,158	200,765,174	785,730,543	1,009,994,875
	<u>1,241,071,829</u>	<u>177,774,407</u>	<u>200,765,174</u>	<u>862,532,248</u>	<u>1,241,071,829</u>

(c) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. PPWSA's exposure to the risk of changes in foreign exchange rates relates primarily to PPWSA's operating activities (when cash and cash equivalents, short-term investments, purchases and borrowings that are denominated in a foreign currency).

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

25. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

PPWSA's unhedged financial assets and liabilities that are not denominated in its functional currency are as follows:

	2023	2022
	KHR'000	KHR'000
<u>Cash and cash equivalents</u>		
United States Dollar	4,168,580	34,894,385
<u>Short-term investments</u>		
United States Dollar	90,759,369	91,118,416
<u>Trade and other payables</u>		
United States Dollar	61,828,235	81,993,250
European Euro	39,800,848	23,991,854
	<u>101,629,083</u>	<u>105,985,104</u>
<u>Borrowings</u>		
United States Dollar	1,228,351,585	895,313,533
Japanese Yen	34,311,458	37,869,839
Special Drawing Rights	30,558,435	32,810,095
European Euro	27,380,607	44,001,408
	<u>1,320,602,085</u>	<u>1,009,994,875</u>

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD, EUR, SDR and JPY, with all other variables held constant on PPWSA's total equity and profit for the year:

	Change in rate	2023	2022
	%	KHR'000	KHR'000
USD/KHR	+ 3%	(35,857,556)	(25,388,579)
	- 3%	35,857,556	25,388,579
EUR/KHR	+ 3%	(2,015,444)	(2,039,727)
	- 3%	2,015,444	2,039,727
SDR/KHR	+ 3%	(916,753)	(984,303)
	- 3%	916,753	984,303
JPY/KHR	+ 3%	(1,029,344)	(1,136,166)
	- 3%	<u>1,029,344</u>	<u>1,136,166</u>

PHNOM PENH WATER SUPPLY AUTHORITY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

25. FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

(d) Interest rate risk

Interest rate risk is the risk of fluctuation in the fair value or future cash flows of PPWSA's financial instruments as a result of changes in market interest rates.

Whilst PPWSA's operating results are subject to the effect of changes in interest rates, PPWSA constantly monitors the net effect of its transactions in the same interest to minimise the exposure to interest rate risk. The Directors believe that interest rate risk is not significant. Hence, no sensitivity analysis is presented.

(e) Fair values

The fair values of the financial assets and liabilities are not materially different from their carrying amounts due to relatively short-term in nature or the interest is close to current market rates.

26. CAPITAL COMMITMENT

At the end of the year, PPWSA has commitment for capital expenditure in respect of:

	2023	2022
	KHR'000	KHR'000
Construction of water treatment plant	36,343,800	101,740,068
Purchase of iron pipes, fitting and accessories	26,950,547	23,120,399
Consultation services	9,762,877	9,891,722
	<u>73,057,224</u>	<u>134,752,189</u>

27. SEGMENTAL REPORTING

Segmental reporting is not presented as PPWSA is principally engaged in the processing and distribution of water for general used by the public in the city of Phnom Penh and the provision of other related services, which are substantially within a single business segment and this is consistent with the current practice of its internal reporting. PPWSA operates only in Cambodia.

28. TAXATION CONTINGENCIES

The taxation system in Cambodia is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often different interpretation exists among numerous taxation authorities and jurisdictions. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges.

Management believes that the tax liabilities of PPWSA have been adequately provided based on its interpretation of tax legislations. However, the relevant authorities may have differing interpretations and effects could be significant.

PHNOM PENH WATER SUPPLY AUTHORITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

29. CAPITAL MANAGEMENT

PPWSA's policy is to ensure that it maintains sufficient capital to carry out its statutory functions. To achieve this, PPWSA reviews its sufficiency of capital as appropriate, taking into consideration its capital expenditure needs, government policies, regulatory requirements and its ability to access capital markets. PPWSA defines capital as its total equity.

There were no changes in PPWSA's approach to capital management during the years ended 31 December 2023 and 2022.

30. COMPARATIVE FIGURES

Certain amounts in the comparative financial statements and note disclosures have been reclassified to conform with the current year's presentation of accounts. Management believes that these reclassifications would better reflect the nature of the transactions.

Summary of the changes arising from the reclassifications are shown below:

Statement of financial position

	As at 31 December 2022 (As previously stated) KHR'000	Effects of reclassification KHR'000	As at 31 December 2023 (As reclassified) KHR'000
Current assets			
Trade and other receivables	28,264,940	4,442,476	32,707,416
Cash and cash equivalents	61,158,915	(4,442,476)	56,716,439
	<u>89,423,855</u>	<u>-</u>	<u>89,423,855</u>

Statement of comprehensive income

	As at 31 December 2022 (As previously stated) KHR'000	Effects of reclassification KHR'000	As at 31 December 2023 (As reclassified) KHR'000
Finance income	17,737,746	(13,081,128)	4,656,618
Finance costs	(12,104,696)	8,494,262	(3,610,434)
Foreign exchange gains - net	-	1,105,700	1,105,700
Foreign exchange losses - net	(3,481,166)	3,481,166	-
	<u>2,151,884</u>	<u>-</u>	<u>2,151,884</u>

31. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE YEAR

On 17 January 2024, PPWSA received a tax reassessment letter from the General Department of Taxation ("GDT") for a limited tax audit for the period from 1 January 2022 to 31 March 2023. The letter imposed a total penalty for underpaid value-added taxes amounting to KHR 8,743,629,148. On 14 February 2024, PPWSA submitted a protest letter. As of the date of these financial statements, PPWSA has not yet received a response from the GDT.

PPWSA's management is confident that they can effectively communicate their position to the GDT, supported by substantial evidence, in order to address this matter. Hence, as at 31 December 2023, no provision was recorded in relation to the accrued tax penalty expense.

32. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of PPWSA for the year ended 31 December 2023 were authorised for issue by the Board of Directors on 13 March 2024.

Ref: GA/0012/0324/P014-0004/KMT

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PHNOM PENH WATER SUPPLY AUTHORITY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phnom Penh Water Supply Authority ("PPWSA"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of PPWSA for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 5 to 34.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PPWSA as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of PPWSA in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code") and the requirements that are relevant to our audit of the financial statements in Cambodia, we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

(a) Carrying values of property, plant and equipment ("PPE") and assessment of useful lives of PPE

Refer to Note 3.3, Note 4.2 and Note 5 to the financial statements

As at 31 December 2023, the carrying values of PPE of PPWSA amounted to KHR2,495 billion.

We focused our audit on the carrying values of PPE because PPE accounts for the majority of PPWSA's total assets and significant management judgement is involved in determining the useful lives of PPE. Given the significance of PPE to PPWSA's financial statements, errors in estimating the useful lives of PPE could result in a material misstatement to the financial statements.

Accordingly, we have identified this as a key audit matter.

Our response:

- We reviewed the appropriateness of the management's estimates of the useful lives of PPE as follows:
 - (i) discussed with the management on the operational plans of the PPE;
 - (ii) assessed the management's estimates for the useful lives of new PPE acquired by tracing to underlying documentary support such as project documentation, technical assessment and vendor's specifications;
 - (iii) reviewed the management's analysis of estimated useful lives of the PPE including the identification of conditions that may indicate significant changes to estimated useful lives such as expected usage of the asset, expected physical wear and tear, technical or commercial obsolescence and legal or similar limits on the use of the asset;
 - (iv) compared the useful lives of the PPE against entities in the utilities industry based on public information of these entities; and
 - (v) assessed the adequacy of disclosure in the financial statements.
- We physically sighted the PPE selected based on our sampling methodology.

Based on the above procedures performed, we did not identify any material exceptions.

(b) Classification and fair values of refundable water deposits

Refer to Note 16 to the financial statements

As at 31 December 2023, the carrying values of refundable water deposits of PPWSA amounted to KHR82.9 billion.

We focused on this area because of the judgement exercised by the management in determining the classification and fair values of the refundable water deposits as non-current liabilities of PPWSA.

Accordingly, we have identified this as a key audit matter.

Our response:

- We discussed with the management on the judgement and assumptions made in determining the classification of the refundable water deposits.
- We discussed with the management on the possible fair value impact of the refundable water deposits considering time value of money.
- We reviewed the accuracy of the carrying values of the refundable water deposits by performing substantive test over movement during the year in the refundable water deposits control accounts.

Based on the above procedures performed, we did not identify any material exceptions apart from the control weaknesses on the identification of legacy refundable water deposits brought forward.

(c) Recognition of accrued water revenue

Refer to Note 3.6, Note 4.3 and Note 8 to the financial statements

As at 31 December 2023, the carrying values of accrued water revenue included in contract assets and revenue of PPWSA amounted to KHR149 billion.

We focused on this area because the amount of accrued water revenue recognised during the year are affected by a variety of estimates which includes judgement exercised by the management, in particular with regards to the determination of water volume produced, water revenue billed, water loss rate and the related tariff rates.

Accordingly, we have identified this as a key audit matter.

Our response:

- We reviewed the appropriateness of the management's judgement in determining the accrued water revenue of PPWSA as follows:
 - (i) discussed with the management on the methodology used in deriving the accrued water revenue;
 - (ii) challenged the key assumptions used by the management, in particular, water volume produced, water loss rate and the related tariff rates; and
 - (iii) performed re-computation on the calculation of accrued water revenue to ascertain the mathematical accuracy.
- We tested controls, assisted by our IT specialists, including, among others, comparing details of revenue amount in the accounting system with the source documents; recording of receipts in the receivables subsystem; reconciling cash register totals with cash receipts; and recording receipts to the general ledger.
- We checked the subsequent billings of the accrued water revenue.

Based on the above procedures performed, we did not identify any material exceptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The management of PPWSA is responsible for the other information. The other information comprises Annual Report and Directors' Report (but does not include the financial statements of PPWSA and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and other sections included in the annual report, which are expected to be made available to us after that date.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

The management of PPWSA is responsible for the preparation of financial statements of PPWSA so as to give a true and fair view in accordance with the CIFRSs. The management is also responsible for such internal controls as the management determines is necessary to enable the preparation of financial statements of PPWSA that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of PPWSA, the management is responsible for assessing PPWSA'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 the management either intends to liquidate PPWSA or to cease operations, or have no realistic alternative but to do so.

Those charged with governance of PPWSA is responsible for overseeing PPWSA's financial reporting process.

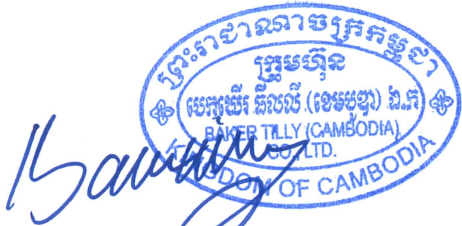
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of PPWSA as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISA's 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 CISA's, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of PPWSA, 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 our 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 PPWSA's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the managements.
- conclude on the appropriateness of the management's use of 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 PPWSA's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of PPWSA or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause PPWSA to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of PPWSA, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants

Phnom Penh, Kingdom of Cambodia

Date: 13 MAR 2024



Oknha Tan Khee Meng
Certified Public Accountant

APPENDIX IV

**Result of Water Analysis from the network of
Steung Mean Chey distribution area**

TEST REPORT 7191321955-CHM23-NHT

TEST REPORT: 7191321955-CHM23-NHT

Date: 20 DEC 2023

Tel: +65 6973 6164

Client's Ref:

Email: na.pi@tuvsud.com

Note: This report is issued subject to the Testing and Certification Regulations of the TÜV SÜD Group and the General Terms and Conditions of Business of TÜV SÜD PSB Pte Ltd. In addition, this report is governed by the terms set out within this report.



PSB Singapore

**Add value.
Inspire trust.**

SUBJECT

Analysis of Drinking Water Sample

CLIENT

Phnom Penh Water Supply Authority (PPWSA)
#45, Street 106, Phnom Penh 12202
Cambodia

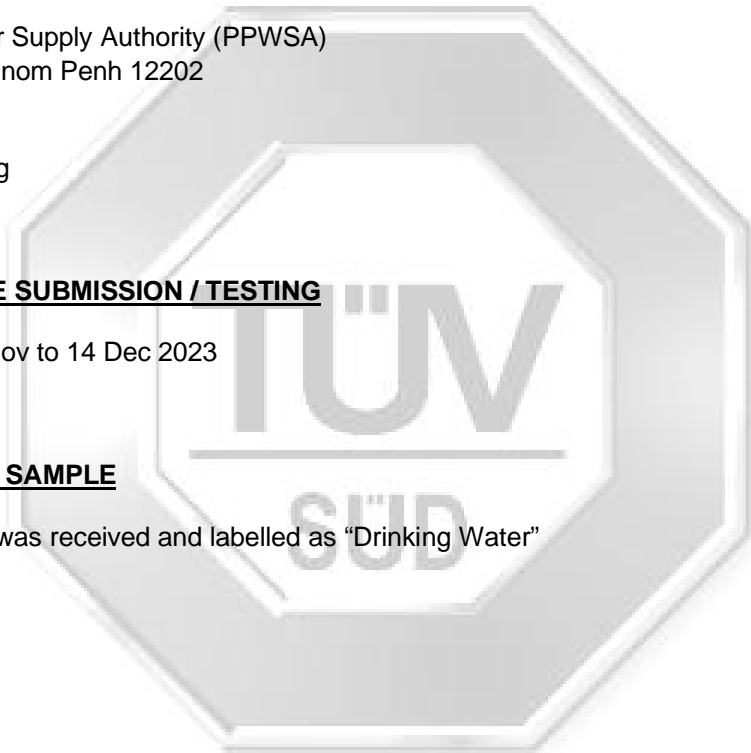
Attention: Keo Heng

DATE OF SAMPLE SUBMISSION / TESTING

20 Nov 2023 / 20 Nov to 14 Dec 2023

DESCRIPTION OF SAMPLE

One water sample was received and labelled as "Drinking Water"



TÜV SÜD PSB

Laboratory:
TÜV SÜD PSB Pte. Ltd.
TÜV SÜD @ IBP
15 International Business Park
Singapore 609937

Phone : +65-6778 7777
E-mail: info.sg@tuvsud.com
<https://www.tuvsud.com/en-sg>
Co. Reg : 199002667R

Regional Head Office:
TÜV SÜD Asia Pacific Pte. Ltd.
TÜV SÜD @ IBP
15 International Business Park
Singapore 609937
TUV[®]

METHOD OF TEST

1. APHA-AWWA-WEF 23rd Edition 2017 - Standard Methods for the Examination of Water and Wastewater.
2. USEPA Method 508 Determination of Chlorinated Pesticides in Water by Gas Chromatography Electron Capture Detector (GC/ECD).
3. USEPA Method 515 Determination of Chlorinated Acids in Drinking Water by Liquid-Liquid Extraction, Derivatization, and GC/ECD.
4. EPA 8260D: Volatile Organic Compounds by Gas Chromatography Mass Spectrometry (GC/MS).
5. EPA 8270E: Semi-Volatile Organic Compounds by GC/MS.
6. USEPA Method 551.1 Determination of Chlorination Disinfection Byproducts, Chlorinated Solvents, and Halogenated Pesticides/Herbicides in Drinking Water by Liquid-Liquid Extraction and GC/ECD.
7. USEPA Method 552.2 Determination of Haloacetic Acids and Dalapon in Drinking Water by Liquid-Liquid Extraction, Derivatization and GC/ECD.
8. Determination of EDTA and NTA by Solid Phase Extraction, Derivatization and GC/MS.
9. Determination of Bromate by Derivatization and GC/MS.
10. Determination of Inorganic Anions in Drinking Water by Ion Chromatography (IC).

The below tests were sub-contracted to the partner laboratory:

11. NF EN ISO 10704 : 2019 Water quality - Gross Alpha and Gross Beta Activity.
12. Determination of Malathion by Liquid-Liquid Extraction and GC/MS.
13. High Performance Liquid Chromatography with Tandem Mass Spectrometry (LC/MS/MS) for:
 - Acrylamide
 - Aldicarb Sulfoxide and Aldicarb Sulfone
 - Carbofuran
 - Chlorotoluron
 - Microcystin-LR
 - Isoproturon
 - N-Nitrosodimethylamine (NDMA)
 - Dichlorvos
 - Atrazine and its chloro-s-triazine metabolites
 - Bentazone
 - Diquat
 - Glyphosate and Aminomethylphosphonic acid (AMPA)
 - Sodium dichloroisocyanurate

TEST REPORT: 7191321955-CHM23-NHT
20 DEC 2023



PSB Singapore

RESULTS

Test Parameter	Drinking Water	Detection Limit	*WHO Guideline Value
Microbiological Parameter			
Escherichia coli	cfu/100mL	< 1	1
			< 1
Physical Parameters			
Color	Hazen	Not detected	2.5
Conductivity at 25°C	µS/cm	111	-
Odour		Unobjectionable	-
pH @ 25°C		7.1	-
Total Dissolved Solids	mg/L	67.3	1
Turbidity	NTU	0.30	0.1
			5
Radiological Parameters			
Gross Alpha	Bq/L	Not detected	0.02
Gross Beta	Bq/L	0.22	0.16
			0.5
			1
Chemical Parameters			
Acrylamide	mg/L	Not detected	0.0005
Alachlor	mg/L	Not detected	0.001
Aldicarb Sulfoxide and Aldicarb Sulfone	mg/L	Not detected	0.01
Aldrin & Dieldrin	mg/L	Not detected	0.00003
Antimony	mg/L	Not detected	0.001
Arsenic	mg/L	Not detected	0.001
Atrazine and its chloro-s-triazine metabolites	mg/L	Not detected	0.005
Aluminium	mg/L	0.05	0.001
Barium	mg/L	0.02	0.001
Bentazone	mg/L	Not detected	0.001
Benzene	mg/L	Not detected	0.001
Benzo (a) pyrene	mg/L	Not detected	0.0001
Boron	mg/L	< 0.02	0.001
Bromate	mg/L	Not detected	0.01
Bromodichloromethane	mg/L	Not detected	0.001
Bromoform	mg/L	Not detected	0.001
Cadmium	mg/L	Not detected	0.001
Calcium	mg/L	9.10	0.001
Carbofuran	mg/L	Not detected	0.005
Carbon Tetrachloride	mg/L	Not detected	0.001
Chlorate	mg/L	Not detected	0.2
Chlordane (total isomers)	mg/L	Not detected	0.0001
Chlorine (Free)	mg/L	Not detected	0.01
Chlorite	mg/L	Not detected	0.2
Chloroform	mg/L	Not detected	0.001
Chlorotoluron	mg/L	Not detected	0.01
Chlorpyrifos	mg/L	Not detected	0.001
Chromium (in all forms as a total)	mg/L	Not detected	0.01
Copper	mg/L	< 0.01	0.01
			2

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RESULTS (Continued)

Test Parameter	Drinking Water	Detection Limit	*WHO Guideline Value	
Cyanazine	mg/L	Not detected	0.0001	0.0006
Cyanide	mg/L	Not detected	0.01	-
Cyanogen chloride (as cyanide)	mg/L	Not detected	0.01	-
Chloride	mg/L	13.0	0.1	-
2,4-D (2,4-dichlorophenoxyacetic acid) in free acid form	mg/L	Not detected	0.01	0.03
2,4-DB [2,4-Dichlorophenoxy) butyric acid]	mg/L	Not detected	0.01	0.09
DDT & Metabolites	mg/L	Not detected	0.0001	0.001
Di(2-Ethylhexyl) phthalate	mg/L	Not detected	0.001	0.008
1,2-Dibromo-3-chloropropane (DBCP)	mg/L	Not detected	0.001	0.001
Dibromoacetonitrile	mg/L	Not detected	0.001	0.07
Dibromochloromethane	mg/L	Not detected	0.001	0.1
1,2-Dibromoethane (Ethylene Dibromide) 1,2-	mg/L	Not detected	0.0001	0.0004
Dichloroacetate	mg/L	Not detected	0.01	0.05
Dichloroacetonitrile	mg/L	Not detected	0.01	0.02
Dichlorobenzene, 1,2-	mg/L	Not detected	0.001	1
Dichlorobenzene, 1,4-	mg/L	Not detected	0.001	0.3
Dichloroethane, 1,2-	mg/L	Not detected	0.001	0.03
Dichloroethene (cis & trans), 1,2-	mg/L	Not detected	0.001	0.05
Dichloromethane	mg/L	Not detected	0.001	0.02
Dichloropropane, 1,2-	mg/L	Not detected	0.001	0.04
Dichloropropene, 1,3-	mg/L	Not detected	0.001	0.02
Dichlorvos	mg/L	Not detected	0.1	-
Dicofol	mg/L	Not detected	0.1	-
Dichlorprop	mg/L	Not detected	0.01	0.1
Dimethoate	mg/L	Not detected	0.001	0.006
Dioxane, 1,4-	mg/L	Not detected	0.01	0.05
Diquat	mg/L	Not detected	0.001	-
Endrin	mg/L	Not detected	0.0001	0.0006
Epichlorohydrin	mg/L	Not detected	0.0001	0.0004
Ethylbenzene	mg/L	Not detected	0.001	0.3
Edetic acid (EDTA-Ethylene Diamine Tetraacetic Acid) in free acid form	mg/L	Not detected	0.1	0.6
Fenoprop (2,4,5-TP; 2,4,5-trichlorophenoxy propionic acid)	mg/L	Not detected	0.003	0.009
Fluoride	mg/L	< 0.1	0.1	1.5
Glyphosate and Aminomethylphosphonic acid (AMPA)	mg/L	Not detected	0.001	-
Hexachlorobutadiene (HCBd)	mg/L	Not detected	0.0001	0.0006
Hydroxyatrazine	mg/L	Not detected	0.01	0.2
Isoproturon	mg/L	Not detected	0.005	0.009
Iron	mg/L	< 0.01	0.01	-
Lead	mg/L	Not detected	0.001	0.01
Lindane	mg/L	Not detected	0.0001	0.002
Malathion	mg/L	Not detected	0.001	-
MCPA (4-Chloro-2-methylphenoxyacetic acid)	mg/L	Not detected	0.003	-
Mecoprop (MCPP; [2(2-methyl-chlorophenoxy) propionic acid])	mg/L	Not detected	0.003	0.01
Mercury, in inorganic form	mg/L	Not detected	0.001	0.006
Methoxychlor	mg/L	Not detected	0.001	0.02
Metolachlor	mg/L	Not detected	0.01	0.01
Microcystin-LR	mg/L	Not detected	0.001	0.001

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RESULTS (Continued)

Test Parameter	Drinking Water	Detection Limit	*WHO Guideline Value	
Molinate	mg/L	Not detected	0.001	0.006
Monochloramine	mg/L	0.05	0.1	3
Monochloroacetic acid (chloroacetic acid)	mg/L	Not detected	0.01	0.02
Manganese	mg/L	Not detected	0.01	-
Magnesium	mg/L	2.90	0.001	-
Molybdenum	mg/L	Not detected	0.01	-
Nickel	mg/L	Not detected	0.02	0.07
Nitrate (as N)	mg/L	0.09	0.02	11
Nitritotriacetic acid (NTA)	mg/L	Not detected	0.1	0.2
Nitrite (as N)	mg/L	< 0.03	0.03	0.9
Nitrate plus nitrite combined	units	< 0.009	0.009	1
Nitrisodimethylamine (NDMA)	mg/L	Not detected	0.0001	0.0001
Pendimethalin	mg/L	Not detected	0.001	0.02
Pentachlorophenol (PCP)	mg/L	Not detected	0.001	0.009
Perchlorate	mg/L	Not detected	0.04	0.07
Permethrin, where used as a larvicide for public health purposes	mg/L	Not detected	0.04	-
Pyriproxyfen	mg/L	Not detected	0.04	-
Selenium	mg/L	Not detected	0.001	0.04
Simazine	mg/L	Not detected	0.001	0.002
Sodium dichloroisocyanurate	mg/L	Not detected	0.1 (as cyanuric acid)	50 (40 as cyanuric acid)
Styrene	mg/L	Not detected	0.001	0.02
Sulfate as SO ₄ ²⁻	mg/L	3.1	0.1	-
Silica (as SiO ₂)	mg/L	8.10	0.002	-
Sodium	mg/L	4.75	0.001	-
Terbutylazine (TBA)	mg/L	Not detected	0.001	0.007
Tetrachloroethene	mg/L	Not detected	0.001	0.04
Toluene	mg/L	Not detected	0.001	0.7
Trichloroethene	mg/L	Not detected	0.001	0.02
Trichlorophenol, 2,4,6-	mg/L	Not detected	0.001	0.2
2,4,5-T (2,4,5-Trichlorophenoxyacetic acid)	mg/L	Not detected	0.003	0.009
Trichloroacetate	mg/L	Not detected	0.01	0.2
Trifluralin	mg/L	Not detected	0.001	0.02
Total Trihalomethanes Ratio [#]	unit	Not detected	0.04	< 1
Total Organic Carbon (TOC)	mg/L	2	1.0	-
Total Alkalinity (as CaCO ₃)	mg/L	28.0	1.0	-
Total Hardness as (CaCO ₃)	mg/L	34.7	0.007	-
Total Phosphorus (as P)	mg/L	Not detected	0.1	-
Uranium	mg/L	Not detected	0.001	0.03
Vinyl Chloride	mg/L	Not detected	0.0001	0.0003
Xylenes	mg/L	Not detected	0.001	0.5

Note:

1. *Specification is based on Environmental Public Health (Water Suitable for Drinking) (No. 2) Regulations 2019 / WHO Guideline for Drinking Water Quality, 1st Addendum to 4th Edition, 2017.
2. [#]The sum of the ratio of the concentration of each to its respective guideline value should not exceed 1.



REMARKS

The parameters tested for the water sample complied with WHO Guidelines for Drinking-Water Quality, 1st Addendum to 4th Edition, 2017.



A handwritten signature in black ink, appearing to read 'Tha'.

HO THI THANH NHA
CHEMIST

A handwritten signature in black ink, appearing to read 'Pi Na'.

DR. PI NA
ASSISTANT PRODUCT MANAGER
ENVIRONMENTAL MONITORING
CHEMICAL & MATERIALS

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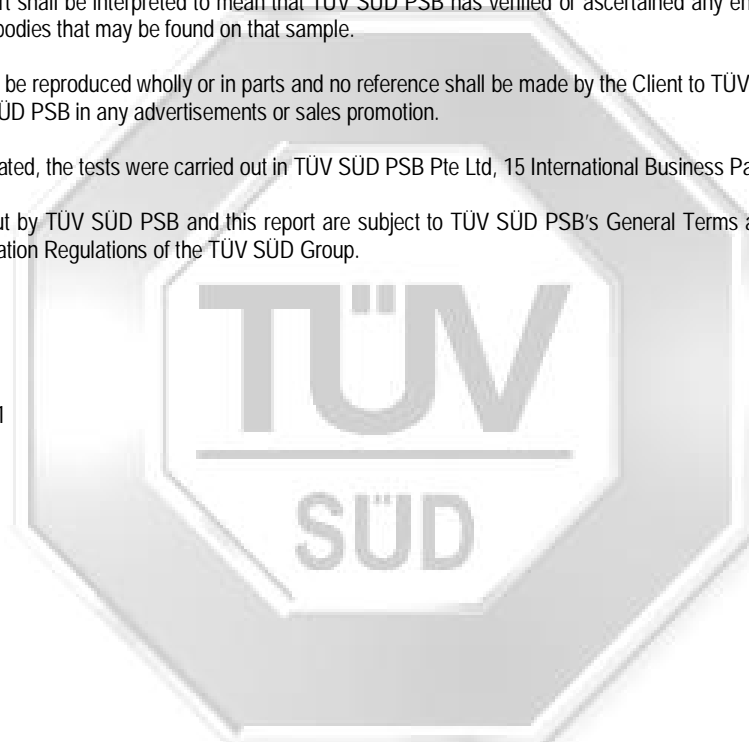


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Effective 01 January 2021





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