

## 7. Legal Disputes

### (1) Disputes with the Expressway and Rapid Transit Authority of Thailand (ETA)

(1.1) The Company had a dispute with ETA since the Ministry of Interior issued the Ministry of Interior Notification dated 23 October 1998 regarding revision of toll rates, by repealing the Notification dated 27 August 1998 which increased toll rates commencing 1 September 1998. The Company disagreed with the Notification dated 23 October 1998, and, therefore, referred the dispute to arbitration. The arbitral award determined that the revision of toll rates pursuant to the Notification dated 23 October 1998 conformed to the Agreement. Consequently, ETA referred another dispute to arbitration demanding reimbursement of Baht 34 Million received by the Company as toll revenue sharing pursuant to the Notification dated 27 August 1998. Thereafter, the Company filed its statement of defense stating that the Company was entitled to receive such Baht 34 Million because such toll revenues were received by the Company while the Notification dated 27 August 1998 was in effect. In addition, the Company filed a counterclaim requesting the Arbitral Tribunal to issue an award ruling that the Notification dated 27 August 1998 was legitimate, and requiring ETA to compensate the Company for damages in an amount equal to the difference of tolls collected under the two Notifications. The Arbitral Tribunal issued an arbitral award on 3 December 2001, as follows:

1. The Notification dated 27 August 1998 was issued in compliance with the procedure of the Agreement in all respects. The issuance of the Notification dated 23 October 1998 repealing and replacing the Notification dated 27 August 1998 to apply new toll rates was not in compliance with the criteria and procedure as specified in the Agreement, thereby having no binding effect upon the parties;
2. The Company was entitled to receive compensation from ETA in the amount equal to the difference of the toll rates collected as agreed in accordance with the Notification dated 27 August 1998 and the Notification dated 23 October 1998 plus interest under the Agreement, calculated from 16 July 2000 onwards, whereby such compensation for damage might be calculated from the difference of the toll rates under the two Ministry of Interior Notifications for each category of vehicles on a daily basis, until 15 July 2000, amounting to Baht 360,898,617 plus interest under the Agreement, as well as compensation for damage in an amount equal to the difference of the toll rates under the two Notifications, as calculated from the actual volume and categories of vehicles using

the Expressways from 16 July 2000 onwards, whereby such compensation for damage might be calculated from the difference of the toll rates under the two Ministry of Interior Notifications for each category of vehicles on a daily basis, until 15 July 2000, amounting to Baht 360,898,617 plus interest under the Agreement, as well as to compensate for damage in an amount equal to the difference of the toll rates under the two Notifications, as calculated from the actual volume and categories of vehicles using the Expressways from 16 July 2000 onwards, until the toll rates have been revised in accordance with the Agreement .

ETA issued a letter refusing to comply with the arbitral award, therefore, on 5 June 2002, the Company filed a petition with the Civil Court of Southern Bangkok requesting issuance of judgment to enforce compliance with the arbitral award. ETA objected that the filing of said case with the Civil Court of Southern Bangkok was not legitimate since the Civil Court of Southern Bangkok did not have jurisdiction over such case. ETA was of the opinion that the Second Stage Expressway Agreement was an administrative contract, all disputes relating thereto must be lodged with the Administrative Court. In this regard, ETA requested a stay of proceedings and objected that the arbitration proceedings and such arbitral award were not legitimate and not in compliance with the arbitration agreement, as well as the calculation of compensation for damages was not legitimate. At the same time, on 26 July 2002, ETA filed a claim with the Administrative Court as Case Black No. 1297/2545 requesting the Court to revoke the arbitral award on the grounds that the arbitration proceedings were not properly conducted. On 2 January 2003, the Company filed its answer and challenged the Administrative Court's jurisdiction. Having considered the Company's motion on the jurisdiction, the Administrative Court was of the view that the Civil Court should have jurisdiction over the case and thus transferred the case to the Civil Court. The Civil Court, having reviewed the case, ordered disposal of the case on the grounds that it was not filed within the period required by law. ETA then filed an appeal against such order and the Company filed its answer to ETA's appeal. At present, the case is under consideration of the Supreme Court. As for the case filed by the Company to enforce the compliance with the arbitral award, the Civil Court determined the

disputed issue as to whether the arbitral award was legitimate and enforceable. The examination of witnesses for the Company and ETA was completed on 20 July 2004. On 28 December 2004, the Civil Court of Southern Bangkok issued a judgment confirming the arbitral award, thereby requiring ETA to compensate the difference between the legitimate toll rates in accordance with the Notification dated 27 August 1998 and those under the Notification dated 23 October 1998, whereby such compensation for damage might be calculated from the difference of the toll rates under the two Ministry of Interior Notifications for each category of vehicles on a daily basis, until 15 July 2000, amounting to Baht 360,898,617 plus interest under the Agreement, as well as to compensate for damage in an amount equal to the difference of the toll rates under the two Notifications, as calculated from the actual volume and categories of vehicles using the Expressways from 16 July 2000 onwards, until the toll rates have been revised in accordance with the Agreement.

ETA filed an appeal against the order of the Court of First Instance and requested a stay of execution on 31 January 2005. The Company then on 28 March 2005 filed an answer to the appeal and a petition objecting to the request for a stay of execution. The case is currently under consideration of the Supreme Court.

- (1.2) The Company had a dispute with ETA regarding the Priority Component Opening Date. The Second Stage Expressway Agreement (the “Agreement”) required ETA to deliver the site of the “Priority Component” as specified in the Agreement on or before 1 March 1990 to enable the Company to proceed with the construction. After completion of the construction of such component, ETA had to adjust the toll rates to be in accordance with the Agreement, and such date shall be deemed as the Priority Component Opening Date. The Company would then be entitled to receive the toll revenue sharing of the whole Expressway system from ETA in accordance with the ratio as agreed pursuant to the Agreement. In practice, ETA was unable to deliver such component in whole pursuant to the Agreement, only partial delivery of the site was made. On 30 September 1990, ETA remained unable to complete the delivery of the remaining site of the “Priority Component” to the Company in accordance with the Agreement. Therefore, the Company was of the view that under the provisions of the Agreement, the Priority Component Opening Date is the date on which the construction in respect of the Priority Component was completed. The Company completed the construction of the Expressway on the Priority Component delivered by ETA by 1 March 1990, and the Independent Certification Engineer certified such completion on 13 November 1992. Therefore, the Company was entitled to receive the toll revenue sharing of the whole Expressway system commencing from said date onwards, but ETA commenced sharing the toll

revenue on 2 September 1993. The Company filed such dispute to arbitration requesting toll revenue sharing that the Company should have received from 13 November 1992 to 1 September 1993, together with interest.

ETA filed its statement of defense indicating that the Arbitral Tribunal had no power to consider and give its arbitral award in respect of this dispute since ETA was of the opinion that such dispute was related to an administrative contract, therefore, such case was under the jurisdiction of the Administrative Court, and further objected that the Priority Component Opening Date was not the date as asserted by the Company. Moreover, ETA argued that the Company had no right to receive the toll revenue sharing for such period from 2 September 1993 to 29 June 1996, during which ETA did not yet open Sector B of the Second Stage Expressway for service. It was deemed that the urban network did not exist during that period, therefore, it was not possible to share toll revenue in accordance with the criteria specified in the Agreement. In this respect, ETA demanded full reimbursement of toll revenue sharing received by the Company for such period from 2 September 1993 to 29 June 1996, together with interest. The Company filed its answer to the counterclaim indicating that ETA had no right to demand such reimbursement since such revenue sharing had been remitted to the Company out of the toll revenue in accordance with the Agreement. Therefore, the Company was entitled to receive such toll.

BECL's arbitrator, Associate Professor Viraphong Boonyobhas, and ETA's arbitrator, Mr. Borom Srisuk, nominated and appointed Mr. Kiang Boonpoem as Chairman of the Arbitral Tribunal on 1 December 2004. Currently, the dispute is pending the examination of witnesses.

- (1.3) The Company and the Subsidiary had a dispute with ETA regarding competing road which gave rise to financial impact on the Company and the Subsidiary. The Independent Certification Engineer certified that such road was a competing road. The Company and the Subsidiary referred such dispute to arbitration. Since there were facts pertaining to the Expressway routes which were additionally opened for full service, the Company and the Subsidiary withdrew the statement of claim for amendment of facts. In this respect, the Subsidiary submitted the dispute to the Panel in compliance with the procedures under the Agreement, and could not settle such dispute at this stage. The Subsidiary then referred such dispute to arbitration on 20 December 2004, and ETA filed its statement of defense on 27 May 2005. In addition, on the scheduled date, 7 July 2005, for both disputing parties to negotiate the dispute and determine the proceedings, the Subsidiary and ETA could not come to an amicable agreement. The dispute resolution by arbitration then continued. On 19 August 2005, the Subsidiary thus submitted a letter of appointment of Associate Professor Viraphong Boonyobhas as its arbitrator and ETA submitted a letter of appointment of Mr. Jira Phannarai as its arbitrator.

The arbitrators of both disputing parties selected and appointed Capt. Usah Thumma as Chairman of the Arbitral Tribunal on 31 August 2006, and

determined disputed issues. Currently, it is waiting for the scheduling of hearings for the examination of witnesses.

- (1.4) ETA issued variation orders requiring the Company to undertake additional work and notified the Company that ETA would be liable for costs as actually incurred. The Independent Certification Engineer issued a letter certifying the additional costs. Thereafter, ETA refused to make payment as certified by the Independent Certification Engineer. The Company, therefore, referred such dispute to arbitration. However, since there were additional new facts, the Company withdrew the dispute for amendment of facts. The Company filed the dispute with the Panel on 13 January 2005. ETA then submitted its objection to the Panel on 5 July 2005, whereby the Thai Arbitration Institute scheduled 3 May 2006 for a meeting between the Panel and both disputing parties. As the result of the negotiation between the disputing parties could not reach an agreement, the Panel thus stopped the consideration and suggested that both disputing parties refer such dispute to the arbitration proceedings pursuant to the Agreement.
- (1.5) The Company and the Subsidiary had disputes with ETA due to delayed opening of Sector D of the Si Rat Expressway and the Udon Rattaya Expressway for service, giving rise to financial impact upon the Company and the Subsidiary. The Company and the Subsidiary, therefore, referred such disputes to arbitration. However, since there were additional facts pertaining to said Expressway routes, the Company and the Subsidiary withdrew the statements of claim for amendment of facts.
- (1.6) The Company had an obligation to construct collection and distribution road (CD Road), for which ETA should have delivered the site for such construction to the Company by 18 October 2000. Given the fact that ETA was unable to deliver the site to the Company by the specified time, the Company's obligation to carry out such construction ceased accordingly. However, the Company remained entitled to claim for compensation for damages from ETA due to its failure to deliver the site to the Company on time, including compensation for loss of toll revenue had the construction been completed as scheduled. On 5 February 2001, ETA submitted the matter to the Panel to force the Company to accept the obligation to construct the CD Road. The Company filed its objection, on 25 June 2001, that it had no such obligation and in addition claimed for loss of benefit from ETA's failure to deliver the construction site to the Company. The Panel could not mediate the dispute and therefore asked the parties to further submit the matter to arbitration. At present, this issue has not yet been referred to arbitration.
- (1.7) ETA referred a dispute to the Panel regarding liability for costs incurred by such actions to remedy problems resulting from the operation of the Si Rat Expressway. The Company was of the view that such issue was not within the scope of responsibility of the Company under the Agreement and said issue could not be settled by the Panel. Therefore, on 4 February 2003, ETA referred the dispute to arbitration so as to force the Company to resolve the issue and reimburse ETA for costs already paid for by ETA.

The Company filed its statement of defense with the Thai Arbitration Institute on 13 May 2003. It was scheduled for the disputing parties to meet on 2 December 2004. Both parties mutually made a statement that an agreement could not be reached, the Thai Arbitration Institute then required both parties to nominate their respective arbitrators. In this respect, the Company appointed Associate Professor Viraphong Boonyobhas while ETA appointed Mr. Udom Chinwong as arbitrators. In this regard, the Company objected to the appointment of the arbitrator by ETA as such person also acted as lawyer for ETA in other disputes between ETA and the Company. The Company and ETA thus agreed that such objection should be filed with the court of competent jurisdiction for adjudication. The Company thus submitted such motion of objection to the arbitrator to the court on 14 February 2005. The court then scheduled a hearing date for examination of the objection to be held on 16 May 2005. However, the objected arbitrator subsequently withdrew himself from such capacity. Therefore, the Company withdrew its motion of objection and the court then issued an order disposing of the case from the docket. ETA then appointed Mr. Lertchai Charoensombatamorn as its arbitrator.

The Thai Arbitration Institute thus scheduled a meeting for appointment of Chairman of the Arbitral Tribunal to be held on 5 October 2006. The arbitrators affixed their signatures appointing Associate Professor Kamolchai Rattanasakalwong as Chairman of the Arbitral Tribunal, and also determined the disputed issues and scheduled hearings for examination of witnesses for ETA to be held on 19, 26 March and 2 April 2007.

- (1.8) ETA referred a dispute to the Panel regarding liability for costs incurred by the execution of the works under the Second Stage Expressway Agreement. The Company was of the view that said costs demanded by ETA were not within the scope of responsibility of the Company under the Agreement and said issue could not be settled by the Panel. Therefore, on 30 April 2004, ETA referred the dispute to the arbitration so as to force the Company to reimburse such costs. In this respect, the Company filed its statement of defense with the Thai Arbitration Institute on 23 July 2004. The Thai Arbitration Institute scheduled a meeting for negotiation for the disputed issues or determination of arbitration proceedings on 29 October 2004. In this regard, both parties mutually made a statement that an agreement could not be reached and they did not wish to enter into mediation to be conducted by the Thai Arbitration Institute. The Company then appointed Associate Professor Viraphong Boonyobhas as its arbitrator while ETA appointed Mr. Wirapon Panabut as its arbitrator. The arbitrator whom both disputing parties mutually preferred to be the Chairman of the Arbitral Tribunal the most was Mr. Boonsri Kobboon.

The Thai Arbitration Institute thus scheduled a meeting of both disputing parties to be held on 30 August 2006 for appointment of the Chairman of the Arbitral Tribunal and determination of disputed issues, whereby the arbitrators of both disputing parties affixed their signatures appointing Mr. Boonsri Kobboon as Chairman of the Arbitral Tribunal. This case is

currently pending the Thai Arbitration Institute's rescheduling of witness examination hearings.

- (1.9) The Second Stage Expressway Agreement stipulates that the toll rates of the Chalerm Mahanakorn Expressway and the Si Rat Expressway shall be revised every five year interval, namely, within six months from the first toll review date on 1 March 1998, and each fifth anniversary thereof. Under the Agreement for the Extension of the Second Stage Expressway System (Sector D), the first toll review date for Sector D shall be 1 March 2003. Accordingly, the next toll review date for the Chalerm Mahanakorn and the Si Rat Expressway Systems and the first toll review date for Sector D shall be 1 March 2003. The revised toll rates shall become effective as from 1 September 2003. On 24 February 2003, the Company submitted a letter requesting revision of toll rates to the Expressway and Rapid Transit Authority of Thailand, based on the principles and procedures set out in the relevant Agreements.

On 29 August 2003, the Ministry of Transport issued the Ministry of Transport Notifications regarding the toll rates for the Chalerm Mahanakorn and the Si Rat Expressway Systems and the Si Rat Expressway (Sector D), to become effective from 1 September 2003. The Company disagreed with these Notifications since it believed that the adjustment of the toll rates under these Notifications was contrary to the Agreements.

On 29 June 2004, the Company referred a dispute to the Panel regarding the revision of toll rates for the Chalerm Mahanakorn Expressway and the Si Rat Expressway, both urban and suburban networks, which was not in compliance with the Agreements. In the meeting with the Panel on 29 November 2004, the disputing parties could not reach an agreement, the Company would then refer such dispute to arbitration.

As for the toll rates for the Si Rat Expressway (Sector D), the Company filed the dispute with the Panel on 18 November 2004. ETA then submitted its objection on 28 February 2005 and the next meeting of all parties for consideration of the dispute was scheduled to be held on 20 May 2005. The disputing parties could not reach an agreement, the Company would then refer such dispute to arbitration.

- (1.10) The Bang Pa-in - Pak Kret Expressway Agreement stipulates that the toll rates of the Udon Rattaya Expressway shall be revised every five year interval, namely, within six months from the toll review date on 1 May 2003, and each fifth anniversary thereof. The revised toll rates would become effective within six months from the toll review date, currently on 1 November 2003. On 25 April 2003, the Subsidiary submitted a letter requesting revision of toll rates to the Expressway and Rapid Transit Authority of Thailand, based on the foregoing principles.

On 29 August 2003, the Ministry of Transport issued the Ministry of Transport Notification regarding the toll rates for the Udon Rattaya Expressway, to become effective from 1 November 2003. The Subsidiary

disagreed with this Notification since it believed that the adjustment of the toll rates under this Notification was contrary to the Agreement. On 29 October 2004, the Subsidiary filed the dispute with the Panel, and ETA, on 9 February 2005, submitted its statement of defense to the Panel, whereby a meeting was held on 20 May 2005. ETA and the Subsidiary could not reach an amicable settlement. The Panel thus stopped the consideration and suggested that such dispute be referred to arbitration.

**(2) Lawsuit**

- (2.1) In May 2006, ETA and the Company were sued by an Expressway user on grounds of wrongful act in relation to traffic management and safety on the Si Rat Expressway System, whereby ETA was the first defendant and the Company was the second defendant. However, the Company's management believed that there would be no material impact to the Company, the Company therefore did not make any provision for contingent liabilities in the account.