

Vision

To become the only efficient and dynamic deep seaport, contributing to the improvement of logistic service and socio-economic development in the Kingdom of Cambodia.

Mission

- To develop in accordance with the policy of the Royal Government.
- To improve service quality through close cooperation with port users, modernize port management and human resources development in line with international innovation
- To collaborate with development partners to study and towards the construction of deepwater ports in line with the vision and growth of transit containers
- To promote and strengthen the principle of being a port for all.

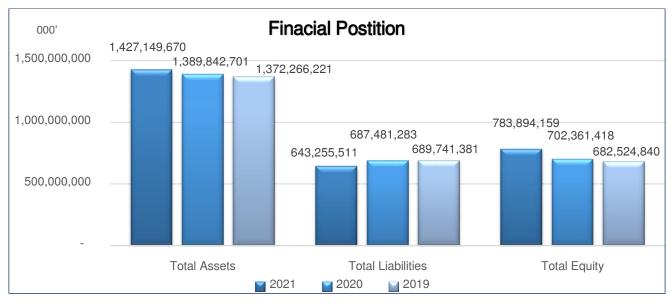
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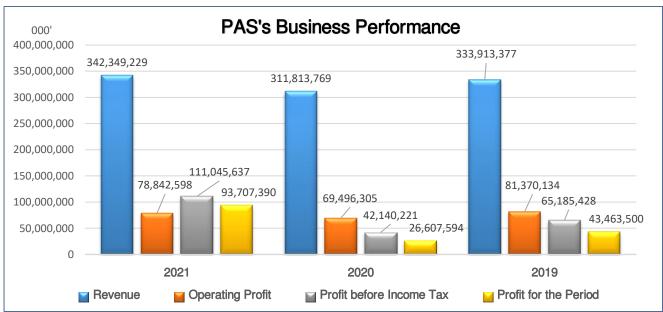
- Geographical Superiority
- Customer-Oriented
- Pro-action & Innovation
- Integrity & Accountability
- Friendliness & Respectfulness
- Teamwork & Service Quality
- Reliability & Sustainable Growth

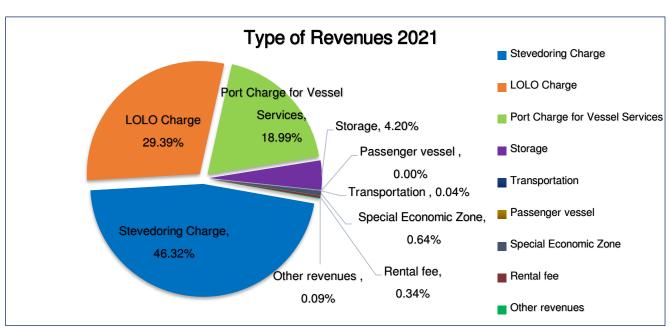
Financial Highlight

| Financial | inginight | 31st December | 31st December | 31st December |
|-------------------|---------------------|---------------------------|---------------------------|---------------------------|
| Fina | ncial Position | 2021 | 2020 | 2019 |
| | | KHR 000' | KHR 000' | KHR 000' |
| Total Assets | | 1,427,149,670 | 1,389,842,701 | 1,372,266,221 |
| Total Liabilities | S | 643,255,511 | 687,481,283 | 689,741,381 |
| Total Shareho | lders´ Equity | 783,894,159 | 702,361,418 | 682,524,840 |
| | rofit/(Loss) | 2021 | 2020 | 2019 |
| , i | TOTIL (LOSS) | KHR 000 ⁷ | KHR 000 ⁷ | KHR 000 ⁷ |
| Total Revenue | es | 342,349,229 | 311,813,769 | 333,913,377 |
| Profit/(Loss) be | efore Tax | 111,045,637 | 42,140,221 | 65,185,428 |
| Profit/(Loss) at | fter Tax | 93,707,390 | 26,607,594 | 43,463,500 |
| Total Compret | nensive Income | 93,707,390 | 26,607,594 | 42,802,500 |
| | | 31 st December | 31 st December | 31 st December |
| Fin | ancial Ratios | 2021 | 2020 | 2019 |
| Solvency Ratio | | 20.77% | 9.40% | 10.78% |
| Debt to Equity | Ratio | 0.82 | 0.98 | 1.01 |
| Liquidity | Current Ratio | 2.25 | 2.42 | 2.73 |
| Ratio | Quick Ratio | 1.94 | 2.12 | 2.51 |
| | | 2021 | 2020 | 2019 |
| | Return on Assets | 6.57% | 1.91% | 3.17% |
| | Return on Equity | 11.95% | 3.79% | 6.37% |
| Profitability | Gross Profit Margin | 23.03% | 22.29% | 24.37% |
| Ratio | Profit Margin | 27.37% | 8.53% | 13.02% |
| | Earnings per share | 1,092.52 | 310.21 | 506.73 |
| Interest Cover | age Ratio | 7.04 | 5.10 | 6.70 |
| Dividend per S | Share (Riels) | - | 403 | 403 |

Financial Summary Charts





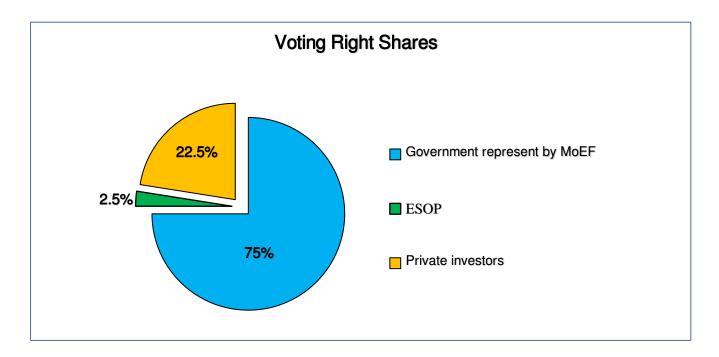


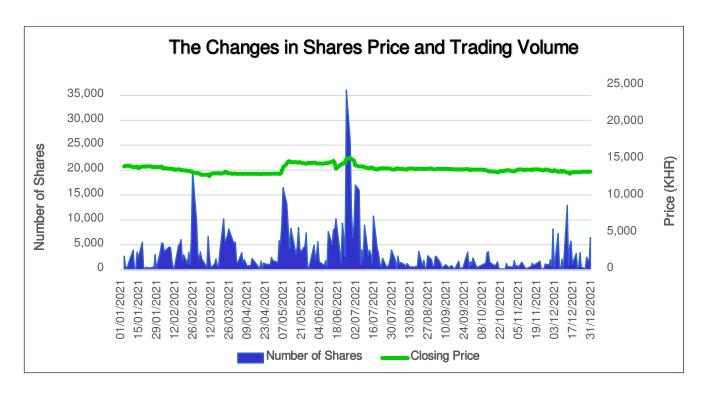
PAS's Shareholders

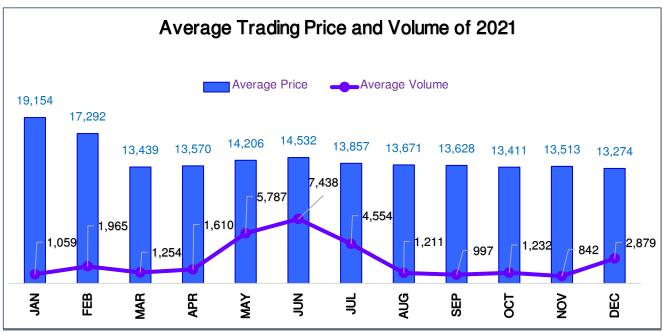
| No. | Classes of Shares | Shareholders | Numbers of Shares | Percentage |
|-----|-----------------------------------|---|-------------------|------------|
| 1 | Non-voting Right Shares "Class A" | State, represented by Ministry of Economy and Finance | 364,530,861 | 80.95% |
| 2 | Voting Right Shares "Class B" | State, represented by Ministry of Economy and Finance | 64,328,975 | 14.29% |
| 3 | Voting Right Shares "Class C" | Private | 21,442,992 | 4.76% |
| | Total | | 450,302,828 | 100% |

PAS's Shareholders Class C

| No. | Shareholders | Number of Shares | Percentage |
|-----|---|------------------|------------|
| 1 | ESOP | 2,144,299 | 10% |
| 2 | KAMIGUMI CO., LTD | 11,150,324 | 52% |
| 3 | KOBE-OSAKA International Port Corporation | 2,144,300 | 10% |
| 4 | Other Private Shareholders | 6,004,069 | 28% |
| | TOTAL | 21,442,992 | 100% |







Annual Statistical Summary

| Items | S | Planning 2021 | 2021 | 2020 | 2019 | C | ompariso | n |
|------------------------------|-------|---------------|------------|------------|------------|---------|----------|---------|
| | | 1 | 2 | 3 | 4 | (2-1)/1 | (2-3)/3 | (2-4)/4 |
| Gross Throughput | Tons | 6,698,000 | 6,990,337 | 6,601,804 | 6,547,756 | 4.36% | 5.89% | 6.76% |
| Container Cargo | _ | | 4,949,801 | 4,363,909 | 4,148,729 | | 13.43% | 19.31% |
| General Cargo | _ | | 250,734 | 349,820 | 520,683 | | -28.32% | -51.85% |
| Fuel | _ | | 1,789,802 | 1,971,796 | 1,878,344 | | -9.23% | -4.71% |
| Imported Cargo | _ | 5,013,000 | 5,203,819 | 4,887,684 | 5,121,713 | 3.81% | 6.47% | 1.60% |
| Exported Cargo | _ | 1,685,000 | 1,786,518 | 1,714,120 | 1,426,043 | 6.02% | 4.22% | 25.28% |
| Cargo Handling | _ | 8,718,000 | 10,199,148 | 8,954,317 | 8,660,526 | 16.99% | 13.90% | 17.77% |
| Direct Transfer | _ | 211,000 | 201,923 | 208,329 | 464,435 | -4.30% | -3.08% | -56.52% |
| Container Yard and Warehouse | _ | 8,507,000 | 9,997,225 | 8,745,988 | 8,196,091 | 17.52% | 14.31% | 21.98% |
| Container Throughput | TEUs | 639,000 | 732,387 | 641,842 | 639,211 | 14.61% | 14.11% | 14.58% |
| Imported Container | _ | 318,000 | 380,145 | 320,642 | 330,020 | 19.54% | 18.56% | 15.19% |
| Exported Container | _ | 321,000 | 352,242 | 321,200 | 309,191 | 9.73% | 9.66% | 13.92% |
| Calling | Units | 1,580 | 1,448 | 1,582 | 1,662 | -8.35% | -8.47% | -12.88% |
| Vessels | Tons | 17,705,000 | 13,366,399 | 16,784,979 | 17,501,893 | -24.50% | -20.37% | -23.63% |

Board of Directors















Speech of H.E Chairman & CEO

"On behalf of the Board of Directors of Sihanoukville Autonomous Port (PAS), I have the honor and pleasure to present the PAS's business and financial reports of 2021 for the period ended 31st December 2021".

With a solid support of the Royal Government as well as the two Ministries in Charge, PAS has continued an immense evolution to serve its business activities with an earned revenue of 342,349,229,000 Riels and a net profit of 93,707,390,000 Riels in 2021. The revenue increased by 30,535,460,000 Riels equal to 9.79% compared to 2020, while the net profit after tax highly increased by 67,099,796,000 Riels equal to 252.18%. This was the result of the increased in the volume of gross cargoes and the containers throughput, furthermore due to the large increased of Unrealized foreign exchange gain (Japanese Yen) in 2021 if compared to the same period of 2020, hence PAS's earnings per share was 1,092.52 Riels in this 2021. The container throughputs amounted to 732,387 TEUs in 2021, an increase of 90,545 TEUs equal to 14.11%, and the gross cargoes slightly increased by 5.89% equal to 388,534 Tons if compared to 2020.

PAS is going to continue its efforts for the betterment of business and service operation and to achieve the highest benefits for its shareholders. PAS has strengthened the work efficiency and built additional infrastructure to meet the increasing demand of customers and the growing economy. In fact, the multi-purpose terminal is designed to contribute and promote such important fields as agriculture, agro-industry, industry, trade, and especially in order to support the export of such Cambodian agricultural products as rice, dry tapioca and bulk cargo in response to the Royal Government's market expansion strategy for rice export as well as the provision of logistic services for oil exploration within the Cambodia's sea territory. In addition, the multi-purpose terminal is also designed to import coal to be used for the generation of electricity and cement production.

- In response to the increasing cargo throughputs as well as customers' service demand, PAS has set its main goal as follows:
 - Continue to carry out the works in accordance with the scheduled plan for 2021
 - Maintain its competitive advantages, thereby ensuring service quality, competitive prices,
 work efficiency, and building up confidences for the customers

- Strengthen staff's capacity on management and technical skill to timely respond to the increasing demands of port's services
- Repair, maintenance and additionally develop port's infrastructure and machinery to ensure competitive advantages and promote its cargo handling capacity
- Strengthen strategic cooperation with domestic and regional ports
- Strengthen corporate governance by establishing necessary committees
- Contribute to the development of Corporate Social Responsibility's activities and promoting social welfare.

> Duty of the Board of Directors

In this 2021, the Board of Directors had conducted six meetings and adopted the following works:

The 11th Meeting of the Board of Directors in its 7th Mandate on 5th February, 2021

The Board of Directors (BOD) meeting had reviewed, discussed and approved the following agenda:

- BOD had agreed on the result and requested to continue working on the agreed agenda of the previous Meeting of the Board of Directors.
- BOD had reviewed, discussed and approved on Audit Committee's report, Nomination and Remuneration Committee's report and Risk Committee's report, and approved PAS to organize the election for the Board of Directors' members consist of Representative of Employee, Independent Director and Non-executive Director Representing Private Shareholders in accordance with Legal and regulatory standards in force to be completed by June 2021.
- BOD had reviewed, discussed and approved on PAS's Business Performance Report for 2020.
- BOD had reviewed, discussed and approved on 4th Quarter and the 12 months year ended 31st December 2020's Financial Reports which reviewed by Independent Auditor, PWC, and approved for two-months bonus of 2020 (Salary 13 + 14) to PAS's Management leaders, Officers, employees and workers in accordance to statutes and regulations in force.
- BOD had reviewed, discussed and approved on progress of the study of PAS development and Implementation of the feasibility study project for Sihanoukville Autonomous Port's New Container Terminal project.
- BOD had reviewed, discussed and approved PAS to follow the legal standard, regulatory and guidelines for the election of Independent Director and Non-executive Director

Representing Private Shareholders in General Shareholders Meeting for Listed Public Enterprises of the Securities and Exchange Regulator of Cambodia (SERC).

- BOD had reviewed, discussed and approved on others included:
 - PAS to prepare a formal letter to His Excellency, Deputy Prime Minister of the Royal Government of Cambodia, Minister of Economy and Finance on the case of congested containers (long stay containers) in PAS's yards, to request the guideline for implementation.
 - o Next 12th Meeting of the Board of Directors in its 7th Mandate on 7th May, 2021.

The 12th Meeting of the Board of Directors in its 7th Mandate on May 07th, 2021

The Board of Directors (BOD) meeting has reviewed, discussed and approved the following agenda:

- BOD has agreed on the financial results and requested to continue implementation in accordance with the decision of the previous Board Meeting and in the case of the request to purchase a land belonging to PAS located in Koki Village, Bit Trang Commune, Prey Nob District, Sihanoukville Province. PAS and the company has signed the contract and requested the review and signing of the contract from His Excellency the General, Deputy Prime Minister, Minister of Economy and Finance.
- BOD has reviewed, discussed and approved on Business Performance Report of PAS on 1st Quarter 2021.
- BOD has reviewed, discussed and approved in support of the PAS's report on the progress
 of the implementation of the Free Port Concept and requested PAS to prepare a formal
 document to the two Guardian Ministries to request for further implementation.
- BOD has reviewed, discussed and approved on 1st Quarter 2021 Financial Report which reviewed by Independent Auditor, PWC.
- BOD had reviewed, discussed and approved on Date, Venue and Agenda of 4th General Shareholders' Meeting as below:
 - o 4th General Shareholders' Meeting date: 25th June 2021
 - o Record date: 04th June 2021
 - Venue: Sokha Beach Resort, Preah Sihanouk Province through online ZOOM conference (Depending on the actual situation).
 - o Agenda:
 - Review and approval on dividend distribution to shareholders for year 2020
 - Review and approval on the Board of Directors' Remuneration and State Controller for the 8th mandate
 - The election of the Independent Director

- The election of the Non-Executive Director, Representative of Private Shareholders
- Presentation on the Annual Result of 2020 and Performance Target 2021
- BOD has reviewed, discussed and approved on PAS's requirement include: Dividend distribution, Record date, and Dividend payment date to shareholders for the year 2020 on the 4th General shareholders' meeting in 2021.
- The Board of Directors reviewed, discussed and unanimously approved various matters, including:
 - In principle, PAS cooperate with JFE Engineering Corporation to review and discuss the detailed technical specifications of the pilot test project for the procurement of LNGoperated trailers to prepare a detailed report before the end of May 2021 for the Board to review and approve through the Telegram Group or convene an extraordinary meeting of the Board.
 - Setting the date for the 1st meeting of the Board of Directors of the 8th mandate on August 6th, 2021.
 - Requested PAS to check and respond with the Independent Audit Company PWC on the matters mentioned in the Management letter.
 - Agreed for PAS to continue to discuss with AEON Mall (Cambodia) Co., Ltd and requested
 PAS to submit a report to His Excellency the General, Deputy Prime Minister, Minister of
 Economy and Finance.

The 1st Meeting of the Board of Directors in its 8th Mandate on August 06th, 2021 (ZOOM Video Conference)

The Board of Directors (BOD) meeting has reviewed, discussed and approved the following:

- BOD has reviewed, discussed and approved on Business Performance Report of PAS on 2nd Quarter 2021.
- Reviewed, discussed and approved on the requested to be amended on the PAS's staff statute.
- Reviewed, discussed and approved:
 - Support the report on the situation and emergency measures of Sihanoukville Autonomous
 Port due to the undeveloped of the volume of containers passing through
 - To allow PAS expand the QC Rail by 25 meters and install 1 set of Dolphin
 - To prepare a letter of request to His Excellency the General, Deputy Prime Minister, Minister of Economy and Finance to revise the procurement procedure to select the construction companies from the International Competitiveness Bidding (ICB) to Limited International Bidding (LIB).

- To examine the possibility with the Japanese parties to equip the Harbor Mobile Crane (HMC), which may contribute to expanding the container lifting capacity before the completion of the construction of the new container port (Step 1) because Harbor Mobile Crane will be able to facilitate the lift-on and lift-off operation from container vessels docked at general cargo terminals and multi-purpose ports.
- BOD has reviewed, discussed and approved on 2nd Quarter 2021 Financial Report which reviewed by Independent Auditor, PWC.
- Discussed and approved to choose Ernst & Young (Cambodia) Ltd, an independent audit firm, one of the big four companies to audit the Sihanoukville Autonomous Port for the period 2022 to 2024.
- BOD unanimously approved the following for the appointment of 8 senior officers:
 - Appointing Mr. Ty Sakun, currently the Director of Technical-Materials Department, to Deputy Director General of Technical replacing Mr. Chea Yuthdika who is retired.
 - 2. Appointing Mr. Thong Viro, currently the Director of Harbor Master and Security Department, to Deputy Director General of Administration replacing Mr. Chhun Hong who is retired.
 - 3. Appointing Mr. Thai Mengly, currently the Deputy Director of Container Terminal Operation Department, to Director of Container Terminal Operation Department replacing Mr. Srey Narin who is retired.
 - 4. Appointing Mr. Pith Prakath, currently the Director of Business Department, to Director of Financial and Accounting Department replacing Mr. Path Seth who is appointed to a new position.
 - 5. Appointing Mr. Kim Hor, currently the Deputy Director of Machinery Department, to Director of Machinery Department replacing Mr. Neak Sophieyan who is retired.
 - 6. Appointing Mr. Soeung Seno, currently the Deputy Director of Harbor Master and Security Department, to Director of Harbor Master and Security Department replacing Mr. Thong Viro who is appointed to a new position.
 - 7. Appointing Mr. Ouk Vannara, currently the Deputy Director of Technical-Materials Department, to Director of Technical-Materials Department replacing Mr. Ty Sakun who is appointed to a new position.
 - 8. Appointing Mr. Ngoun Ratana, currently the Deputy Director of Business Department, to Director of Business Department replacing Mr. Pith Prakath who is appointed to a new position.
- Setting the date for the 2nd meeting of the Board of Directors of the 8th mandate on November 5th, 2021.

The Meeting of (Extra-ordinary) the Board of Directors in its 8th Mandate on September 13th, 2021 (ZOOM Video Conference)

- Discussed and approved PAS to submit a report and presentation on the feasibility study the
 new container terminal project of Phase 2 and Phase 3 to the guardian ministries in order to
 request support to expedite the process of applying for a Japanese ODA Loan. Support on
 the request for additional Transshipment Cargoes Services at PAS.
- Discussed and approved the progress report on the solution of PAS on the issues raised by the representatives of the private sector in the field of transportation and infrastructure.
- Discussed and approved the establishment of a committee to study, evaluate and negotiate the price of land at the proposed location and possibly other locations with the participation of the State controller (Mr. Nom Sinith) to implement the procedure of purchasing a plot of land for development into a new container depot (ICD) approximately 30 km near the Expressway network and near the exit, with an area of 60 to 100 hectares to be included in the agenda of the next Board Meeting (Extraordinary Meeting if necessary) before requesting His Excellency the General Assembly, Deputy Prime Minister, Minister of the Ministry of Economy and Finance to review and decide.
- Discussed and approved the Vision, Mission and Values of PAS and allowed to review and comment further through the Telegram in case of any request to revise the content.

The 1st (Extra-Ordinary) Meeting of the Board of Directors in its 8th Mandate on October 22nd, 2021 (ZOOM Video Conference)

The Board of Directors (BOD) meeting has reviewed, discussed and approved the following:

- After reviewing and discussing, the board members have unanimously approved on the request to purchase a plot of land for the development as a container depot (ICD) and the development of other infrastructure of PAS with an area approximately of 750,000 square meters at a cost of USD \$15 per square meter located along Hun Sen-Keo Phos Road in Rithy 2 Village, Keo Phos Commune, Stung Hav District, Sihanouk Province by allowing PAS to make a contract agreement for the purchase and sale of land and payment accordance with PAS's cashflow which the committee agreed with the landowner and to request PAS to prepare a formal letter to His Excellency, Deputy Prime Minister, Minister of Economy and Finance to review, decide and approve PAS to purchase the land by preparing the contract agreement for the purchase and sale of land and payment accordance with PAS's cashflow which the committee agreed with the landowner immediately.
- After reviewing and discussing, the board members have revised the Vision, Mission and Values of PAS as follow:

VISION

 To become the only efficient and dynamic deep seaport, contributing to the improvement of logistic service and socio-economic development in the Kingdom of Cambodia.

MISSION

- To develop in accordance with the policy of the Royal Government.
- To improve service quality through close cooperation with port users, modernize port management and human resources development in line with international innovation
- To collaborate with development partners to study and towards the construction of deep-water ports in line with the vision and growth of transit containers
- To promote and strengthen the principle of being a port for all.

VALUE

- (Geographical Superiority)
- (Customer-Oriented)
- (Pro-action & Innovation)
- (Integrity & Accountability)
- (Friendliness & Respectfulness)
- (Teamwork & Service Quality)
- (Reliability & Sustainable Growth)

The 2nd (Ordinary) Meeting of the Board of Directors in its 8th Mandate on November 05th, 2021 (ZOOM Video Conference)

- After reviewing and discussing, the board members has approved the report of Audit
 Committee, Nomination Committee and Risk Committee which was raised in the meeting.
- After reviewing and discussing, the board members has approved PAS to prepare a report and presentation immediately to the Guardian Ministry on the Feasibility Study of the new terminal project Phase 2 and Phase 3 as a single project.
- After reviewing and discussing, the board members has approved on the Business Result Report for the Nine-Month Period and Third Quarter of 2021.
- After reviewing and discussing, the board members has approved on the Condensed
 Interim Financial Information for the Third Quarter of 2021 which reviewed by PWC.
- After reviewing and discussing, the board members has approved on the operational plan (service) of PAS for 2022 as follow:

1. Operational Plan

- a. Product Quantity
 - Cargo throughput 7,418,000 tons an increase of 6%

| Cargo Handling in tons | | 10,298,000 tons | an increase of 6% |
|--|-------------------------------------|---------------------|-------------------|
| Container throughput | | 787,000 TEUs | an increase of 8% |
| | Calling Vessel | 1,450 vessels | an increase of 2% |
| | Vessel capacity | 14,128,000 tons | an increase of 3% |
| b. | Revenue | KHR'000 355,585,000 | increase 5% |
| c. | Operating expenses | KHR'000 265,854,000 | increase 1% |
| d. | Operating profit | KHR′000 89,731,000 | increase 18% |
| e. | Finance Profit-net | KHR'000 19,272,000 | increase 0% |
| f. | Profit before income tax | KHR'000 109,003,000 | increase 14% |
| g. | Income tax expenses | KHR'000 21,801,000 | increase 14% |
| h. | Profit for the year | KHR'000 87,202,000 | increase 14% |

2. Investment Plan: Investment plan in 2022 of PAS is as follow:

- Construction site using Japan ODA loan KHR'000 28,482,700
- Construction of basic structure
 KHR'000 30,655,700
- Equipment and machinery KHR'000 117,846,300 (Expense in 2022 = KHR'000 67,006,300 and expense in 2023 = KHR'000 50,840,000)
- Office equipment and furniture KHR′000 3,367,535
- After reviewing and discussing, the board members has approved on setting the date for the 3rd Board Meeting of the 8th Mandate on 11th February 2022.

Acknowledgement

Once again, I would like to express my profound thanks to the Royal Government of Cambodia led by Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia, and the two Ministries in Charge, namely Ministry of Public Works and Transport and Ministry of Economy and Finance for extending their support and trust on PAS's operational activities from time to time.

Last but not least, I would like to thank to all the PASs' employees for their hard work and dedication to the job.

Sihanoukville, Dated: 22 March 2022

Chairman

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PART 1:

General Information of Sihanoukville Autonomous Port



A. Identity of Sihanoukville Autonomous Port

Company name (Khmer): កំពង់ផែស្វយ័តក្រុងព្រះសីហនុ (កសស)

Company name (Latin): PORT AUTONOME DE SIHANOUKVILLE "PAS"

Company name (English): SIHANOUKVILLE AUTONOMOUS PORT

Standard Code: KH1000060009

Address: Terak Vithei Samdech Akka Moha Sena Padei Techo Hun Sen, Sangkat 3, Preah

Sihanouk City, Preah Sihanouk Province, Cambodia.

Phone Number: (855) 34 933 416/ 933 511

Investor Relations: (855) 78 496 789

Website : www.pas.gov.kh

Email : pasinfo@pas.gov.kh

Company Registration Number: Co.4784 Et/2017 Date: 21st February 2017

License Number: 0159 ถณา.ชิชิก Issued by: Ministry of Economy and Finance Date: 22nd February

2017

Disclosure Document Registration Number issued by SERC: 058/17/SECC

Date: 09th May 2017

Representative of PAS: His Excellency Lou Kim CHHUN

B. Nature of Business

Sihanoukville Autonomous Port which is the sole international deep sea port of the Kingdom of Cambodia is performing its business operation on the land area approximately 125 hectares. Situated along the coastal line of the Kingdom of Cambodia, in the Gulf of Thailand, PAS enjoys a favorable natural condition which contributes smoothly to the year-round business operation with calm sea water and no tidal storms.

PAS is connected by a variety of multi-modal transportation networks. By road, PAS is connected by two main national roads, namely National Road No. 4 with 226 Km in length from Phnom Penh capital and National Road No. 3 with 244 Km in length through Kampot province. PAS is also connected by the southern railroad from Phnom Penh through Kampot province with 264 Km in length. By airways, PAS is connected to Siem Reap province and Phnom Penh capital by Sihanoukville International Airport.

As the port operator, PAS offers business services as follows:

- Bringing vessels in and out and provide logistics supplies
- Conducting cargo handling, offloading, loading operation
- Stocks, warehousing and yards
- Transporting cargo

• Special Economic Zone.

PAS has a total quay length of 1,860 meters and divided into 13 berths as follows:

| No | Terminal | Type of Goods | Length (m) | Width (m) | Terminal Number |
|----|---------------|------------------|------------|-----------|--|
| | | | | | Terminal No. 1 and No. 3: 9m to 13m |
| | Passenger | Passengers | | | draft for ships with 8.5m alongside |
| 1 | Terminal (Old | and General | 290 | 28 | depth. |
| ' | Jetty) | Cargo | 290 | 20 | Terminal No. 2 and No. 4: 6.5m to 8m |
| | Jeny) | Cargo | | | draft for ships with 7m alongside |
| | | | | | depth. |
| | | | | | Terminal No. 5 (West) and No. 6 |
| 2 | New Wharf | Container | 350 | 500 | (East): 10m draft for ships with under |
| | | | | | 8.5m alongside depth. |
| | Container | | | | Terminal No. 7 and No. 8: 11m draft |
| 3 | terminal | Container | 400 | 350 | for ships with under 8.5m alongside |
| | terrimai | | | | depth. |
| | | | | | Multipurpose terminal with 330m |
| | | | | | length and 13.5m depths for bulk |
| | | Passengers, | | | and general cargoes which allow |
| | Multipurpose | General Cargo | | | vessels with 50,000 DWT and the |
| 4 | terminal | and Oil | 330 | 200 | Terminal for Logistic Base Oil |
| | torriiriai | Exploration | | | Exploration with 200m in length and |
| | | Logistic Base | | | 7.5m depths for the offshore oil |
| | | | | | exploration in the territory of |
| | | | | | Cambodia |
| | | | | | Petroleum port: 4.5m draft with |
| | | | | | under 80m in length. Mooring and |
| 5 | Concrete | Petroleum | 53 | 5 | unmooring facilities have been |
| | Wharf | T GU GIGUIII | 55 | | prepared for berthing alongside of |
| | | | | | ships with under 6m and 110m in |
| | | | | | length. |

• Railway Container Terminal

Apart from the above terminals, in cooperation with Royal Railway Co., Ltd, PAS has also established a railroad operational system and container yard within the port's premises so that

customers or cargo owners can transport containers from PAS to Phnom Penh and vice versa. PAS has rented the land area in this premises to Royal Railway Co., Ltd and provided container loading and offloading services on board train and vice versa.

Sihanoukville Port Special Economic Zone

Apart from the business and services mentioned above, PAS also operates the Sihanoukville Port Special Economic Zone with approximately 64 hectares of land area which was constructed in accordance with Japanese standard.

C. Group Structure of Sihanoukville Autonomous Port

PAS doesn't have Subsidiary company, Holding company or any related companies.

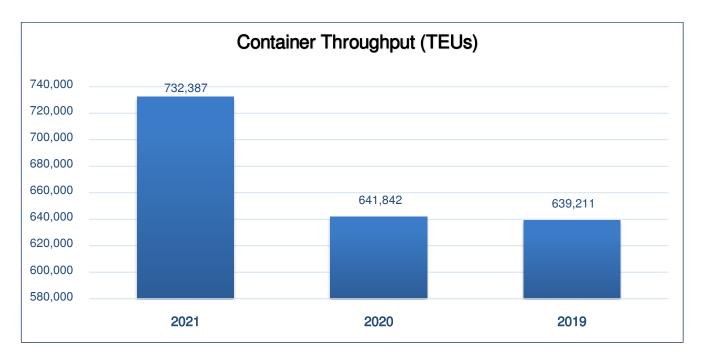
D. Sihanoukville Autonomous Port's Key Events

In 2021, PAS had the 4th General Shareholder Meeting on 25th June 2021 which held online via ZOOM. The 4th General Shareholder Meeting is presided by H.E Lou Kim Chhun, Chairman and President of the General Shareholder Meeting with the result as follow:

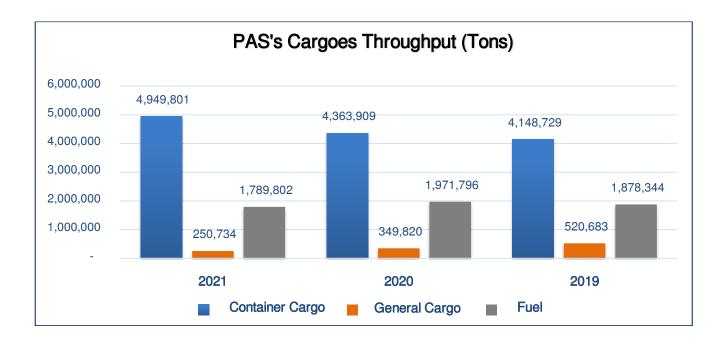
- PAS's Business-Operation Performance 2020
- PAS's Financial Statement year ended 31st December 2020 (Audited)
- PAS's Performance Target for 2021
- Approval on Dividend Distribution to Shareholders for Fiscal year 2020.
 - Shareholders class "B" amount to KHR 3,533,123,500
 - •Shareholders class "C" 8% of IPO price (KHR 5,040), equivalent to KHR 8,641,525,776
- Approval on Remuneration for Board of Directors and State controller 2021.
- -Approval on the Appointment of Independent Director and Non-Executive Director Representative of Private Shareholders for the 8th Mandate of Sihanoukville Autonomous Port:
 - Approval for appointed Mr. Hun Monivann as Independent Director
 - Approval for appointed Mr. Hidetoshi KUME as Non-Executive Director Representative of Private Shareholders

E. Market Situation

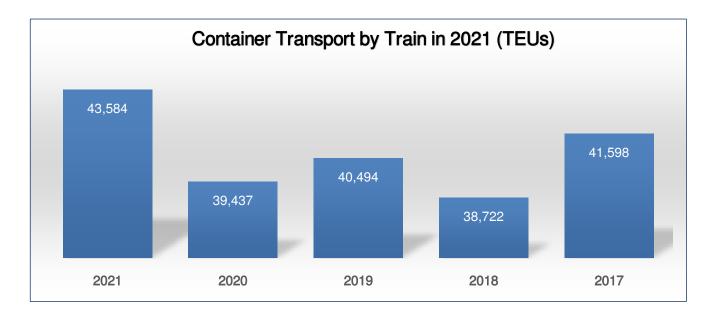
PAS's market condition is strongly relied on the container traffic. We found that in this 2021 of the container volume is amounted to 732,387 TEUs compared to 2020 the growth of container volume (TEUs) was approximately 14.11% equal to 90,545 TEUs and increased by 14.58% equal to 93,176 TEUs compared to 2019. Based on the volume of PAS's export and import container throughputs, the export containers for 2021 increased by 31,042 TEUs equivalent to 9.66% compared to 2020, while the volume of import containers increased by 59,503 TEUs equivalent to 18.56%.



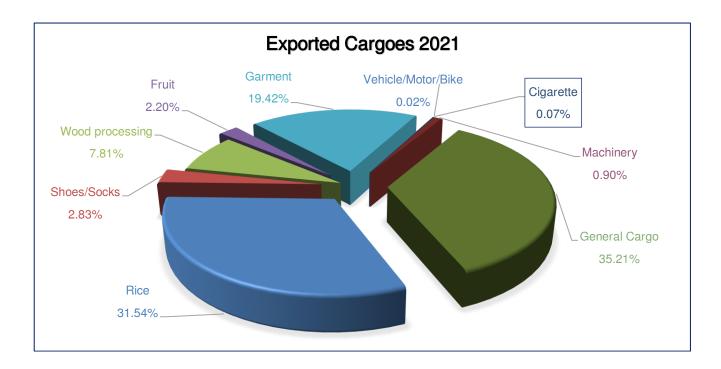
Taking into account of PAS's cargo throughputs of 2021, it is amounted to 6,990,337 tons with an increase by 5.89% equivalent to 388,534 tons compared to 2020 and increased by 442,581 tons equivalent to 6.76% compared to 2019. Among the cargo throughput in 2021, containers cargo increased by 13.43% equal to 585,892 tons and Fuel & gas decreased by 9.23% equal to 181,994 tons. Whereas, the general cargo decreased by 28.32% equal to 99,086 tons compare to 2020.



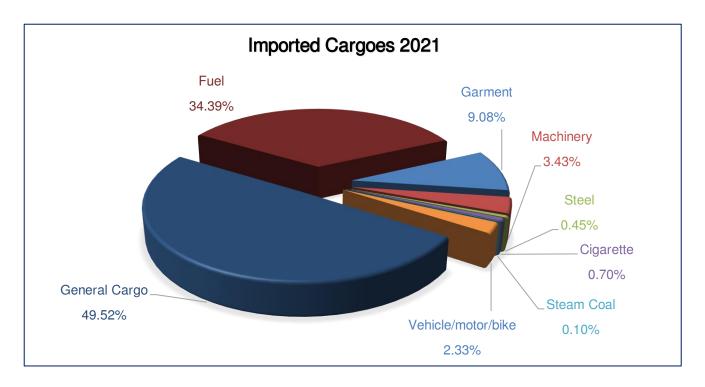
From 2014 to present, a number of containers transported by train via PAS has facilitated a certain part of traffic congestion on National Road No. 4 as well as giving choices for PAS's customers in transporting cargo in and out of the port. We found that in 2021 PAS's container throughput by train equivalent to 43,584 TEUs increased by 0.11% equal to 4,147 TEUs compare to 2020.



Actually, the commodities of exported cargoes with the total amount of 1,786,518 tons in 2021 which increased by 4.22% equivalent to 72,398 tons if compared to 2020. In this 2021, the general cargoes amount to 35.21% equal to 629,029 tons, the biggest exported cargoes in 2021, while the rice cargoes amount to 31.54% equal to 563,479 tons. Besides, the Garment amount to 19.42%, Wood processing 7.81%, Shoes/Socks 2.83%, Fruit 2.20%, Machinery 0.90% and vehicle/motor/bike 0.02% of the total amount of PAS's exported cargoes in 2021.



The total amount of imported cargoes via PAS in 2021 is 5,203,819 tons which increased by 6.47% equivalent to 316,135 tons if compared to 2020. Among the imported cargoes, general cargoes amount to 49.52%, Fuel 34.39% and Garment 9.08% of the total amount of imported cargoes in 2021. For cargo commodities such as Machinery consist of 3.43%, Vehicle/Motor/bike 2.33%, Steel 0.45%, Cigarette 0.70% and Steam Coal 0.10% of the total amount of imported cargoes in 2021.



F. Competitive Situation

PAS still retains its competitive advantages by a number of factors as follows:

Geographical Advantages

- PAS is located in the bay of Preah Sihanouk province which is convenient for cargo transportation to the main international markets. The shipment of cargo from PAS to various ports in the Asia Pacific does not need to transit through any hub ports in the region, i.e. the shipment of cargo can be performed directly. Besides, cargo shipment to the ports in Hong Kong or Singapore which are gateways to Europe and the US markets is also convenient.
- PAS is rarely affected by such natural disasters as tidal storms and earthquake because this bay is composed of favorable natural conditions.
- The vessel alongside berth is not required to dredge much sand and sediment, that's why PAS does not need to spend much fund on dredging of navigation channel.

Modernized Infrastructures

- PAS has equipped adequate infrastructure to serve its business operation such as VTMS (Vessel Traffic Management System). At present, PAS's container handling capacity reached 800.000 TEUs after additionally installed 1 unit of QC, 2 units of RTGs, and 4 additional units of Empty Reach stackers. This factor has enabled PAS's productivity to increase more and to reduce cargo congestion.

Promotion of Work Efficiency

- The work efficiency has been improved by strengthening the management process in compliance with good governance after listing for stock exchange.

- The use of modern technology for performing the operational process is supported by the additional installation of such facilities as Rubber Tyred Gantry Cranes (RTG) and Quay Cranes (QC).
- The management have provided training and encouraged the personnel and employees, especially in carrying out their direct duties in order to reinforce the spirit and mental strength in an effort to accomplish reliable services for the customers.

• Service Charges with Competitive Manner

 PAS still keeps its service charges in a competitive manner in order to attract more customers and strengthen its service quality.

Keeping Good Relations with Stakeholders

- PAS has kept good relations with its customers through an effort to satisfy their demands and accepted opinion and constructive criticism to realize its shortages with the aim to conduct further improvement.
- PAS has also maintained a good cooperation with ports in the region in sharing information and mutual experiences to improve its services.

G. Future Plan

PAS's Development Plans for next 10 Years (2020-2030)

The Short-Medium-Long Term Development Plan of PAS Includes:

Installation plan of heavy container handling machinery

From 2022 to 2024, PAS is planning to install 2 units of QCs, 6 units of RTGs, and 8 additional units of Trucks and Trailers. After these installments above, PAS's container handling capacity will reach 800,000 TEUs per year starting from 2022.

| | Summary of the Project |
|---------------------|---|
| Project Period | From 2022-2024 |
| Project Purpose | Enhance PAS's container yard handling capacity |
| Expected | Enhance container handling capacity up to 800,000 TEUs in 1 year starting |
| Outcomes | from 2022 |
| Important Inputs of | - Installed 2 units of QCs and 6 units of RTGs and 8 units of Trucks and |
| the Project | Trailers in 2022 to enhance container handling capacity up to 800,000 |
| | TEUs in 1 year. (Have prepared in the Budget Plan of 2022) |
| | - To expand QC runway of 25 meters in PAS's container yard to allow 2 |
| | container vessels to dock and improve the container handling capacity |
| | with efficiency and productivity. (Have prepared in the Budget Plan of |
| | 2022) |

| Project Operating Agent | PAS is the operating agent |
|-------------------------|----------------------------|
| Financial Source | PAS's own fund |
| Estimated Cost | USD 23,500,000.00 |

❖ Renovation project of New Wharf (Constructed in 1969, 350m in length) to Container Terminal with 250m in length

The volume of containers throughput in PAS has increased significantly, reaching 732,387 TEUs in 2021. PAS expects further growth along with Cambodia's economic growth after the end of the Covid-19 outbreak.

With increasing container volumes in the future, PAS expects to exceed its container handling capacity (800,000 TEUs by 2022), despite the purchase of additional container handling equipment and yard expansion work.

Therefore, the renovation of the new wharf (Constructed in 1969, 350m in length) to become additional container terminal with 250m in length, which currently has only two terminals.

| | Summary of the Project | | |
|--|---|--|--|
| Project Period | From 2021-2024 | | |
| Project Purpose Enhance PAS's container yard handling capacity | | | |
| Expected Outcomes | Enhance container handling capacity up to 800,000 TEUs in 1 year | | |
| Exposiou Guisomos | starting from 2021 | | |
| Important Inputs of the Project | Renovating of the new wharf (constructed in 1969, 350m in length) to container terminal with 250m in length. Drilling foundations road for container loading equipment at port (QC) Paving work for RTG (Warehouse No.5 area excluding from RTG yard) and draining system, etc. | | |
| Project Operating Agent | PAS is the operating agent | | |
| Financial Source | Remaining JICA loan from CP-P10 | | |
| Estimated Cost | USD 10,107,000.00 | | |

New Container Terminal Construction Project (Phase 1) 350m in length by 14.5m depth

From 2022 to 2025, the New Container Terminal Project (Phase 1) with 350m in length by 14.5m depth, together with the installation of heavy container handling equipment including: 3 units of QC, 9 units of RTG and other container handling equipment.

This project was awarded a financial loan by JICA and planned to start the construction at the end of 2022 and expected to be completed in 2025.

| | Summary of the Project |
|-------------------|--|
| Project Period | From 2022 to 2025 |
| Project Purpose | To enhance container handling capacity of Sihanoukville port which is the sole deep-sea port of Cambodia and the efficiency of Cambodian logistics by the construction of a new container terminal with 350m in length by 14.5m depth and develop other facilities in order to allow larger container vessels with the capacity to store 4,000 TEUs (60,000 DWT) to dock (93% of the container vessels in Asia-Pacific region). The new container terminal construction project is expected to be completed and fully operate at the end of 2025 which has the capacity to handle container passing through of 450,000 TEUs per year, allowing PAS's handling capacity to increase furthermore up to 1,250,000 TEUs per year in 2025 (additional capacity of the new wharf of 100,000 TEUs per year) as well as the Ocean Freight Cost that will similar to neighboring countries and the region, and contribute to trade facilitation and the development of Cambodian socio economy. |
| Expected | Container handling capacity will reach 1,250,000 TEUs in 1 year when this new |
| Outcomes | container terminal is launched for operation in the upcoming year of 2025. |
| Important Inputs | Construction of a new Container Terminal with 350m in length by 14.5m depth, |
| of the Project | container yard and port facilities and dredging of vessel basin and navigation |
| | channel with 4km in length by 13.5m depth. |
| | Installation 3 units of QCs, 9 units of RTGs, 2 units of Empty Reach Stackers, |
| | and 16 units of trucks and trailers, and 1 set of Auto container terminal management system, etc. |
| Project Location | Located in the east of the existing container terminal and on the surface of sea water adjacent to the breakwater with the distance approximately 300m from the seashore and connected with the access bridge from land area to the container terminal. The total land area is 17.5 hectares. |
| Project Operating | PAS is the project operating agent and the Ministry of Economy and Finance |
| Agent | is the Employer. |
| Financial Source | JICA loan (No. CP-P21), Re-loaned by the Ministry of Economy and Finance |
| Estimated Cost | JPY 23,502,000,000 approximately USD 203,000,000.00 |
| Stages of Project | Stage 1: Pre-qualification study and financial preparation (2016-2017) |
| Implementation | First step (2016 to 2017): JICA study team conducted a study and prepared a report on pre-qualification of the new container terminal development project of Sihanoukville port. |

Second step (2016-2017): JICA study team conducted a study and evaluated the financial conditions of Sihanoukville Autonomous Port new container terminal development project and signed the financial loan Agreement No. CP-P21 on 7th August 2017.

Stage 2: Selection of project consultants (2018-2019)

The selection of project consultant was carried out in accordance with the procedures of Single Source Selection (SSS). The process in each step must be agreed in principle by the two ministries in charge (MEF & MPWT) and JICA. This consulting service consists of the study on engineering detailed design, civil construction and procurement of heavy container handling equipment, and monitoring work upon the completion of the project.

Nippon-Koei & Oriental Consultants Global JV (Japanese Company) have signed the contract with PAS in August 2019.

Stage 3: Preparation for engineering detailed design, assistance for bidding, selection of construction company/contractor, and heavy container handling equipment procurement company (2019-2020)

First step (2019-2020): Preparation for engineering detailed design for (1) civil construction work (Packag-1) and (2) procurement of heavy container handling equipment (Packag-2)

NK-OCG JV Consultant company has started the preparation for engineering detailed design and the bidding document for the construction contractor since July 2019 which submitted to PAS in June 2020. However, for the engineering detailed design work has been modified to comply with the trade agreement, as well as due to the global impact of COVID-19 that causing the project to delay, and resubmitted to PAS in November 2021.

Second step (2021-2022): (1) Selection of construction company/ contractor for the new container terminal (Packag-1) (2020-2021) and (2) selection of heavy container handling equipment procurement company (Packag-2) (2021-2022). The selection procedures of the construction and procurement companies shall be implemented in accordance with the procedures of the International Competitive Bidding (ICB) and must be agreed in principle from the two ministries in charge (MEF & MPWT) and JICA.

Stage 4: Construction stage of a new container terminal and procurement of heavy container handling equipment (2022-2025)

| | - First step (2022-2025): the construction of a new container terminal shall be | | | | | |
|-----------------|---|--|--|--|--|--|
| | commenced in the middle of 2022 and expected to be completed in 2025 (36 | | | | | |
| | months). | | | | | |
| | - Second step (2022-2025): the procurement of heavy container handling | | | | | |
| | equipment shall be commenced in 2022 and completed in 2025 (28 months). | | | | | |
| | Stage 5: Maintenance and repair period (LDP) (2025 to 2026) | | | | | |
| | The maintenance and repair period of the project shall last for 1 year: | | | | | |
| | - New container terminal construction work (2025-2026) | | | | | |
| | - Procurement of heavy container handling equipment (2025-2026). | | | | | |
| Progress of the | - The loan Agreement was signed on 7 th August 2017. | | | | | |
| Project | - The loan Agreement was effective on 7 th November 2017. | | | | | |
| | - The loan Agreement expire on 7 th August 2025. | | | | | |
| | - Consultant Agreement between PAS and NK-OCG JV signed on 8th August | | | | | |
| | 2019. | | | | | |
| | - Consultation service for engineering detailed design and the preparation of | | | | | |
| | bidding document for the construction contractor started since July 2019 and | | | | | |
| | expected to complete in June 2020. However, the project has been delayed | | | | | |
| | due to the impact of global pandemic COVID-19 and the modification of | | | | | |
| | engineering detailed design in accordance to the trade agreement, and the | | | | | |
| | revised bidding document were resubmitted to PAS in November 2021. | | | | | |

New container terminal construction project, New Deep-Phase 2 (400m in length by 16.5m depth) and Phase 3 (430m in length by 17.5m depth) together

The vision is to develop PAS into the efficient and dynamic deep seaport, contributing to the improvement of logistic service and socio-economic development in the Kingdom of Cambodia. Once the new deep-sea container ports - Phase 2 and Phase 3 are operational, PAS will be able to attract large container vessels with shipping routes in the Asia-Pacific, Europe and the United States directly to Cambodia without needing to transfer at various ports, taking advantage of the economic benefits of reducing costs and saving time on shipping.

PAS is becoming a potential regional port, especially to support national economic growth and reduce poverty for Cambodian and connect Cambodia to the region and the world.

Therefore, PAS needs to develop both phases of the new deep sea container terminal together by 2028 to 2029, which is the option study by the JICA Survey Team:

1- New container terminal (Phase 2) 400m in length by 16.5m depth

Capacity of vessel with 120,000DWT, average containers of 10,000TEUs will be able to dock and install heavy container handling equipment as well as other necessary Container terminal operating system, TOS.

2- New container terminal (Phase 3) 430m in length by 17.5m depth

Capacity of vessel with 160,000DWT, average containers of 15,000TEUs will be able to dock and install heavy container handling equipment as well as other necessary Container terminal operating system, TOS.

| | Summary of the Project | | | | | | |
|---------------------------|--|--|--|--|--|--|--|
| Project Period | From 2021 to 2028 | | | | | | |
| | To support trade and business facilitation in Cambodia, reduce the time and logistic cost, which ensure the sustainability of import and export cargoes, competitiveness, quality service and non-congestion in the future. To meet the | | | | | | |
| Purpose of the Project | Cambodia Industrial Development Policy 2015-2025, PAS need to develop and built a new container terminal –Phase 2 (400m in length by 16.5m depth) and Phase 3 (430m in length by 17.5m depth). The vision is to develop PAS into the only effective and prosperous deep-sea port to contribute to the improvement of the logistics sector and socio-economic development in the Kingdom of Cambodia. The new terminal project will be able to attract large container vessels with shipping routes in the Asia-Pacific, Europe and the United States directly to Cambodia without needing to transfer at various ports, taking advantage of the economic benefits of reducing costs and saving time on shipping. Besides, PAS is becoming a potential regional port, especially to support national economic growth and reduce poverty for Cambodian and connect Cambodia to the region and the world. | | | | | | |

| Expected | Container handling capacity will increase up to 2,437,000 TEUs in 1 year when | | | | | | |
|------------------|---|--|--|--|--|--|--|
| Outcomes | this new container terminal Phase 2 and Phase 3 is launched for operation in | | | | | | |
| Outcomes | the upcoming 2029. | | | | | | |
| | 1-New container terminal (Phase 2) 400m in length by 16.5m depth | | | | | | |
| | (Capacity of vessel with 120,000DWT, average containers of 10,000TEUs) and | | | | | | |
| | install heavy container handling equipment as well as other necessary | | | | | | |
| Important Inputs | Container terminal operating system, TOS. | | | | | | |
| of the Project | 2-New container terminal (Phase 3) 430m in length by 17.5m depth | | | | | | |
| | (Capacity of vessel with 160,000DWT, average containers of 15,000TEUs) and | | | | | | |
| | install heavy container handling equipment as well as other necessary | | | | | | |
| | Container terminal operating system, TOS. | | | | | | |
| | To be connected from the 350m in length container terminal on the surface of | | | | | | |
| Location of | the sea water adjacent to the breakwater with the distance approximately 650m | | | | | | |
| the Project | in length from the seashore and connected with an access bridge from the land | | | | | | |
| | area to the container terminal. The total land area is 42.5 hectares. | | | | | | |
| Operating Agent | PAS is the project operating agent and the Ministry of Economy and Finance is | | | | | | |
| Operating Agent | the employer. | | | | | | |
| Financial Source | Expected From the project development partners JICA | | | | | | |
| Estimated Cost | JPY 64,973,000,000.00 equivalent to USD 570,000,000.00 | | | | | | |
| | (In Process of Fact-Finding Mission) | | | | | | |
| | Stage 1: Pre-qualification study and financial preparation (2021-2022) | | | | | | |
| | - 2021-2022: JICA survey team is studying and preparing a report on the pre- | | | | | | |
| | qualification study of new container terminal development project Phase 2 and | | | | | | |
| | Phase 3 together, and financial evaluation of this new container terminal | | | | | | |
| | development project Phase 2 and Phase 3 together in order to provide | | | | | | |
| | financial loan. | | | | | | |
| Stages of the | Stage 2: Selection of project consultants (2022-2023) | | | | | | |
| Project | The selection of this project consultant shall be carried out in accordance with | | | | | | |
| | the procedures of the International Competitive Bidding (ICB). These consulting | | | | | | |
| | services consist of the detailed design of civil construction, and procurement of | | | | | | |
| | heavy container handling equipment, and monitoring works during the | | | | | | |
| | construction period. | | | | | | |
| | Stage 3: Preparation for engineering detailed designs and assistance for bidding | | | | | | |
| | in the selection of construction contractor/company and modern heavy container | | | | | | |
| | handling equipment procurement company (2023-2024). | | | | | | |

| | - First step (2023-2024): Preparation of engineering detailed designs for (1) | | | | | | | |
|-------------|--|--|--|--|--|--|--|--|
| | civil construction-Phase 2 (Package-1) and (2) Heavy container handling | | | | | | | |
| | equipment (Package-2) and (3) Operation Ship Work (Package-3). | | | | | | | |
| | - Second step (2023-2024): Selection of engineering design for civil | | | | | | | |
| | construction-Phase 3 (Package-4). | | | | | | | |
| | - Third step (2023-2024): Selection of construction company-Phase 2 | | | | | | | |
| | (Package-1) (2) Heavy container handling equipment (Package-2) and (3) | | | | | | | |
| | Operation Ship Work (Package 3). | | | | | | | |
| | - Fourth step (2024-2025): (1) Selection of construction company-Phase 3 | | | | | | | |
| | (Package-4). The procedure for the selection of construction and | | | | | | | |
| | procurement companies shall be carried out in accordance with the | | | | | | | |
| | procedures of the International Competitive Bidding (ICB). | | | | | | | |
| | Stage 4: Construction stage of the new container terminal – Phase 2 and 3, and | | | | | | | |
| | the procurement of modern heavy container handling equipment (2025-2029) | | | | | | | |
| | - First step (2025 to 2028) (36 months): The construction of a new container | | | | | | | |
| | terminal Phase 2 (Package-1) (2) Heavy container handling equipment | | | | | | | |
| | (Package-2) (3) Operation Ship Work (Package-3). | | | | | | | |
| | - Second step (2026-2029) (48 months): The construction of a new container | | | | | | | |
| | terminal-Phase 3 (Package-4). | | | | | | | |
| | Stage 5: Maintenance and repair period (LDP) (2028 to 2030) | | | | | | | |
| | The maintenance and repair guarantee period shall last for 1 year. | | | | | | | |
| Progress of | In January 2022, JICA has appointed JICA survey team to conduct study on | | | | | | | |
| the Project | Fact-Finding Mission discussing with the Royal Government of Cambodia of | | | | | | | |
| | new container terminal development project Phase 2 and Phase 3 together. | | | | | | | |

H. Risk Factors

In this 2021, PAS did not analyze about risk factors.



PART: 2

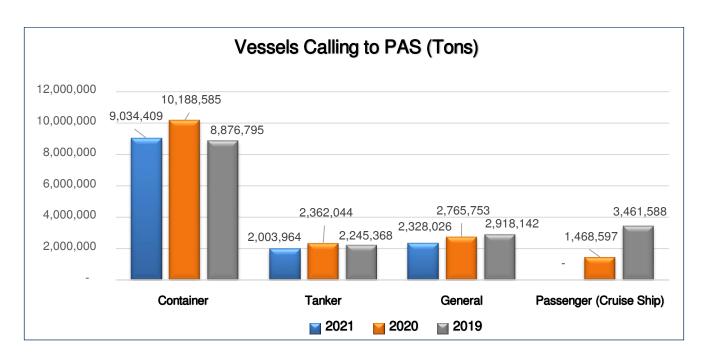
Information on Business Operation
Performance

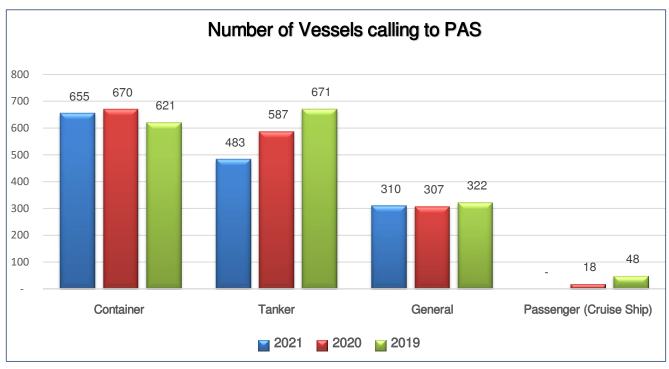


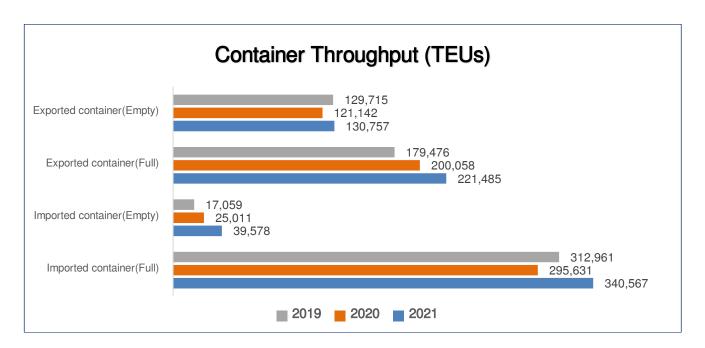
A. Business Operation Performance including business segments information

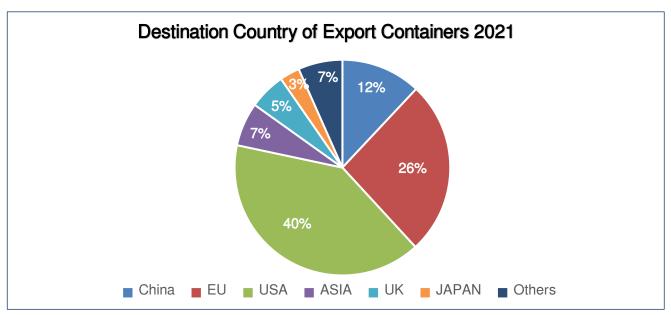
| Items | | Planning 2020 | 2021 | 2020 | 2019 | Comparison | | on |
|------------------------------|------|------------------|------------|-----------|-----------|------------|---------|---------|
| | | 1 | 2 | 3 | 4 | (2-1)/1 | (2-3)/3 | (2-4)/4 |
| Gross Throughput | Tons | 6,698,000 | 6,990,337 | 6,601,804 | 6,547,756 | 4.36% | 5.89% | 6.76% |
| Container Cargo | _ | - | 4,949,801 | 4,363,909 | 4,148,729 | | 13.43% | 19.31% |
| General Cargo | _ | - | 250,734 | 349,820 | 520,683 | | -28.32% | -51.85% |
| Fuel and Gas | _ | - | 1,789,802 | 1,971,796 | 1,878,344 | | -9.23% | -4.71% |
| Imported Cargo | _ | 5,013,000 | 5,203,819 | 4,887,684 | 5,121,713 | 3.81% | 6.47% | 1.60% |
| Container | _ | - | 3,191,187 | 2,670,770 | 2,775,386 | | 19.49% | 14.98% |
| General | _ | - | 2,012,632 | 2,216,914 | 2,346,327 | | -9.21% | -14.22% |
| Exported Cargo | _ | 1,685,000 | 1,786,518 | 1,714,120 | 1,426,043 | 6.02% | 4.22% | 25.28% |
| Container | _ | - | 1,758,614 | 1,693,140 | 1,373,343 | | 3.87% | 28.05% |
| General | _ | - | 27,904 | 20,980 | 52,700 | | 33.00% | -47.05% |
| Cargo Handling | _ | 8,718,000 | 10,199,148 | 8,954,317 | 8,660,526 | 16.99% | 13.90% | 17.77% |
| Direct Transfer | _ | 211,000 | 201,923 | 208,329 | 464,435 | | -3.08% | -56.52% |
| Container Yard and Warehouse | _ | 8,507,000 | 9,997,225 | 8,745,988 | 8,196,091 | | 14.31% | 21.98% |
| Container Throughput | TEUs | 639,000 | 732,387 | 641,842 | 639,211 | 14.61% | 14.11% | 14.58% |
| Imported Container | _ | 318,000 | 380,145 | 320,642 | 330,020 | 19.54% | 18.56% | 15.19% |

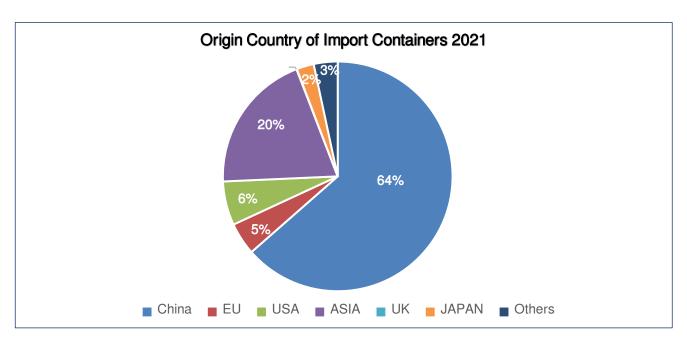
| _ | - | 340,567 | 295,631 | 312,961 | | 15.20% | 8.82% |
|--------|---|------------|---|------------|--|---------|---------|
| _ | - | 39,578 | 25,011 | 17,059 | | 58.24% | 132.01% |
| _ | 321,000 | 352,242 | 321,200 | 309,191 | 9.73% | 9.66% | 13.92% |
| _ | - | 221,485 | 200,058 | 179,476 | | 10.71% | 23.41% |
| _ | - | 130,757 | 121,142 | 129,715 | | 7.94% | 0.80% |
| Units | 1,580 | 1,448 | 1,582 | 1,662 | -8.35% | -8.47% | -12.88% |
| Tons | 17,705,000 | 13,366,399 | 16,784,979 | 17,501,893 | -24.50% | -20.37% | -23.63% |
| Units | - | 655 | 670 | 621 | | -2.24% | 5.48% |
| Tons | - | 9,034,409 | 10,188,585 | 8,876,795 | | -11.33% | 1.78% |
| Units | - | 483 | 587 | 671 | | -17.72% | -28.02% |
| Tons | - | 2,003,964 | 2,362,044 | 2,245,368 | | -15.16% | -10.75% |
| Units | - | 310 | 307 | 322 | | 0.98% | -3.73% |
| Tons | - | 2,328,026 | 2,765,753 | 2,918,142 | | -15.83% | -20.22% |
| Units | - | - | 18 | 48 | | -100% | -100% |
| Tons | - | - | 1,468,597 | 3,461,588 | | -100% | -100% |
| Person | - | - | 17,789 | 51,479 | | -100% | -100% |
| | - Units Tons Units Tons Units Tons Units Tons Units Tons Units Tons | _ 321,000 | _ 39,578 _ 321,000 352,242 221,485 _ 130,757 Units 1,580 1,448 Tons 17,705,000 13,366,399 Units - 655 Tons - 9,034,409 Units - 483 Tons - 2,003,964 Units - 310 Tons - 2,328,026 Units Tons | _ | _ 39,578 25,011 17,059 _ 321,000 352,242 321,200 309,191 221,485 200,058 179,476 130,757 121,142 129,715 Units 1,580 1,448 1,582 1,662 Tons 17,705,000 13,366,399 16,784,979 17,501,893 Units - 655 670 621 Tons - 9,034,409 10,188,585 8,876,795 Units - 483 587 671 Tons - 2,003,964 2,362,044 2,245,368 Units - 310 307 322 Tons - 2,328,026 2,765,753 2,918,142 Units - 18 48 Tons - 1,468,597 3,461,588 | | |











B. Revenue structure

| Description | 2021 | | 20 | 20 | 2019 | | |
|------------------------------------|-------------|----------------------------------|-------------|----------------------------------|-------------|----------------------------------|--|
| Description | '000 riels | Percentage of total income | '000 riels | Percentage of total income | '000 riels | Percentage of total income | |
| Stevedoring Charge | 158,566,499 | 46.32% | 144,838,339 | 46.45% | 151,153,717 | 45.27% | |
| LOLO Charge | 100,602,046 | 29.39% | 83,821,775 | 26.88% | 90,877,076 | 27.22% | |
| Port Charge for Vessel Services | 65,016,267 | 18.99% | 67,583,985 | 21.67% | 65,719,452 | 19.68% | |
| Storage (Warehouse and Yard) | 14,374,488 | 4.20% | 11,377,785 | 3.65% | 21,248,122 | 6.36% | |
| Transportation | 122,326 | 0.04% | 64,813 | 0.02% | 102,081 | 0.03% | |
| Passenger vessel | 0 | 0.00% | 265,645 | 0.09% | 823,547 | 0.25% | |
| Special Economic Zone | 2,195,869 | 0.64% | 2,407,722 | 0.77% | 2,751,494 | 0.82% | |
| Rental fee | 1,168,248 | 0.34% | 1,140,831 | 0.37% | 914,070 | 0.27% | |
| Other revenues | 303,486 | 0.09% | 312,874 | 0.10% | 323,818 | 0.10% | |
| Total Revenue | 342,349,229 | 100.00% | 311,813,769 | 100.00% | 333,913,377 | 100.00% | |



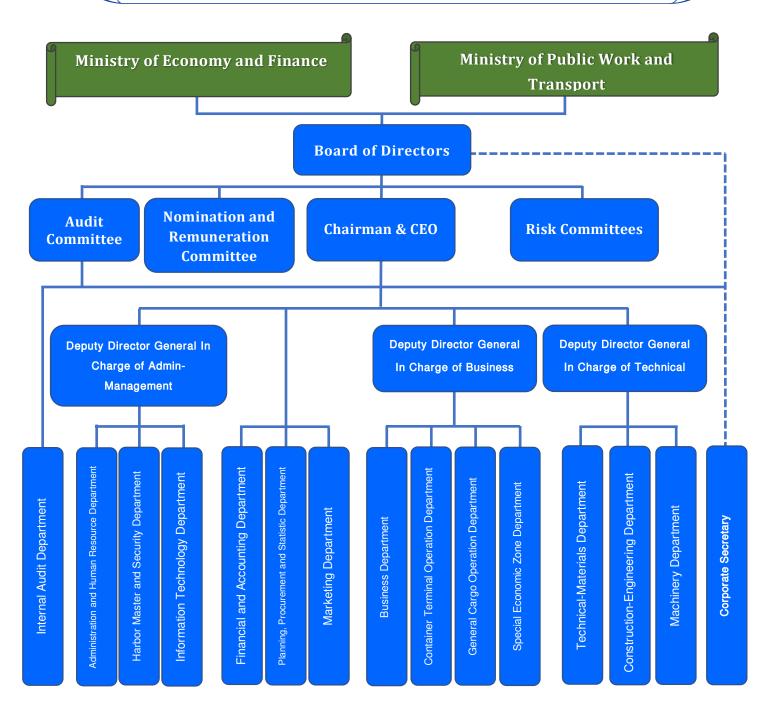
PART 3: Information on Corporate Governance





A. Organization Structure

Organization chart of Sihanoukville Autonomous Port



B. Board of Director

Board Composition

| No. | Name | Position | Date of term being Director | Expired Date of being Director |
|-----|--------------------|----------|--------------------------------|--------------------------------|
| 1 | H.E. Lou Kim Chhun | Chairman | 05 May 2021 | 04 May 2024 |
| 2 | H.E. Suy San | Director | 05 May 2021 | 04 May 2024 |
| 3 | H.E. Phan Phalla | Director | 05 May 2021 | 04 May 2024 |
| 4 | H.E. Sok Sopheak | Director | 05 May 2021 | 04 May 2024 |
| 5 | Mr. Hun Monivann | Director | 25 June 2021 | 24 June 2024 |
| 6 | Mr. Hidetoshi KUME | Director | 25 June 2021 | 24 June 2024 |
| 7 | Mr. Lou Lykheng | Director | 21 June 2021 | 20 June 2024 |

C. Senior Officers

Senior Officers Composition

| No. | Name | Gender | Position |
|-----|---------------------|--------|---|
| 1 | H.E. Lou Kim Chhun | Male | Chairman and CEO |
| 2 | Mr. Nom Sinith | Male | State Controller of PAS |
| 3 | Mr. Thai Rithy | Male | Deputy Director General of Business |
| 4 | Mr. Thong Viro | Male | Deputy Director General of Administration |
| 5 | Mr. Ty Sakun | Male | Deputy Director General of Technique |
| 6 | Mr. Roth Sela | Male | Director of Administration and Human Resource |
| | | | Department |
| 7 | Mr. Pith Prakath | Male | Director of Financial and Accounting Department |
| 8 | Mr. So Seang | Male | Director of Planning, Procurement and Statistic |
| | | | Department |
| 9 | Mr. Ouk Vannara | Male | Director of Technical-Materials Department |
| 10 | Mrs. Chey Sokunthea | Female | Director of Marketing Department |
| 11 | Mr. Chiv Chansophal | Male | Director of Special Economic Zone Department |
| 12 | Mr. Ngoun Ratana | Male | Director of Business Department |
| 13 | Mr. Kim Hor | Male | Director of Container Terminal Operation Department |
| 14 | Mr. Lou LyKheng | Male | Director of General Cargo Operation Department |

| 15 | Mr. Sing Seno | Male | Director of Harbor Master and Security Department |
|----|------------------|------|---|
| 16 | Mr. Thai Mengly | Male | Director of Machinery Department |
| 17 | Mr. Men Chann | Male | Director of Internal Audit Department |
| 18 | Mr. Sorm Karaney | Male | Director of Information Technology Department |
| 19 | Mr. Mean Koeung | Male | Director of Construction-Engineering Department |

Note: Detail information of corporate governance is attached as appendix



PART 4:

Information on Securities' Trading and Shareholders



A. Information on Equity Securities

- Name of Equity Securities: Class C Voting Shares

- Equity Securities' symbol: PAS (កិសិសិ)

- Class of Equity Securities: Class C Voting Shares

- Par Value per Equity Securities: KHR 1,000

- IPO Price: KHR 5,040 (US\$ 1.259)

- The Total number of Outstanding shares: 21,442,992 shares

- Market Capitalization: KHR 108,072,679,680 (US\$ 26,991,179)

- Permitted Securities Market: Cambodia Securities Exchange

- Listing date: 8th June 2017

B. Securities' Price and Trading Volume

| Stock Proper | rties | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|-----------------------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Tue eller er | Maximum | 19,500 | 19,600 | 14,700 | 16,000 | 14,700 | 15,160 | 14,780 | 13,740 | 13,680 | 13,580 | 13,620 | 13,500 |
| Trading Price (Riels) | Minimum | 18,040 | 14,760 | 12,500 | 12,960 | 13,020 | 13,700 | 13,600 | 13,600 | 13,480 | 13,200 | 13,340 | 13,000 |
| Trice (Tileis) | Average | 19,154 | 17,292 | 13,439 | 13,570 | 14,206 | 14,532 | 13,857 | 13,671 | 13,628 | 13,411 | 13,513 | 13,274 |
| Trading | Maximum | 3,591 | 12,178 | 2,683 | 3,550 | 16,488 | 36,081 | 17,005 | 3,699 | 3,572 | 3,601 | 1,989 | 12,929 |
| Trading Volume | Minimum | 11 | 17 | 77 | 81 | 381 | 724 | 574 | 324 | 15 | 121 | 152 | 44 |
| | Average | 1,059 | 1,965 | 1,254 | 1,610 | 5,787 | 7,438 | 4,554 | 1,211 | 997 | 1,232 | 842 | 2,879 |

C. Controlling Shareholders (30% or more)

| No. | Name | National | Number of Shares | Percentage |
|-----|---|----------|------------------|------------|
| 1 | State, represented by Ministry of Economy and Finance | Khmer | 64,328,975 | 75.00% |
| | Total | | 64,328,975 | 75.00% |

D. Substantial Shareholders (5% or more)

| No. | Name | National | Number of Shares | Percentage |
|-----|-------------------|----------|------------------|------------|
| 1 | KAMIGUMI CO., LTD | Japanese | 11,150,324 | 13.00% |
| | Total | • | 11,150,324 | 13.00% |

E. Informaiton on Dividend distribution in last three years

| Details of Dividend Distribution | 2020 | 2019 | 2018 |
|-------------------------------------|----------------------|----------------------|----------------------|
| Net Profit | 26,607,594,000 Riels | 43,463,500,000 Riels | 45,165,772,000 Riels |
| Total Cash Dividend | 12,174,649,276 Riels | 12,174,649,276 Riels | 15,191,525,776 Riels |
| Total Share Dividend | N/A | N/A | N/A |
| Other Dividend | N/A | N/A | N/A |
| Dividend Payout Ratio (%) | 45.76% | 31.12% | 33.33% |
| Dividend Yield (%) | 8.00% | 8.00% | 8.00% |
| Dividend per Share | 403 Riels | 403 Riels | 403 Riels |



PART 5:

Internal Control Audit Report by Internal Auditor



Audit Report

On Performance of Internal Control For 2021 Fiscal Year

Part A: Executive Summary

Background

In order to contribute to the improvement of the entity's internal controls, the Department of Internal Audit conducted an audit on management, operation, disposition and internal controls activities processed by departments subject to the management of Sihanoukville Autonomous Port. For this 2021 fiscal year, the Department of Internal Audit focused on the Department of Harbor Master-Pilotage and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction-Engineering, Department of Marketing, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery-Electricity Mechanics as part of 2021 audit action plan of the 3-year internal audit program 2019-2021 of the Department of Internal Audit.

The performance of an audit for 2021 consists of audit findings on implementation and internal controls of Quarter 2, Quarter 3 and Quarter 4 of 2021 and recommendations, as well as measures and approval of the auditees management.

2. Key Risks

Generally, the Risks Consist of:

Operational Risk: The risk of loss resulting from failed results of human implementation

process and management system or events from outside;

Financial Risk: The possibility that financial information is materially mistated

resulting in poor decision making of the management;

Compliance Risk: The possibility that the action carried out is not complied with

laws and regulations in force.

Individually, the performance of an audit in the above auditees, the auditor has defined a number of key risks as follows:

- The possibility of impact on the quality of public service provision;
- > The possibility of impact on staff management, discipline and work effectiveness;
- The possibility of impact on law disposition, regulations and procedures in force;
- > The possibility of impact on the management of state properties.

3. Audit Scope

The process of this audit covered the activities of management and operations carried out by Department of Harbor Master-Pilotage and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction and Engineering, Department of Marketing, Department of Planning-Procurement and Statistics, Department of Special Economic Zone, and Department of Machinery-Electricity Mechanics for 2021 fiscal year. The collection of audit information and audit performance were conducted at the Department of Internal Audit of PAS. The audit work team will report the deficiencies and critical points to be recommended for improvement only.

4. Audit Objective

The objective of this audit is to evaluate and improve the effectiveness of risk management process, control process and good governance within the audit areas covered by the audit scope.

Generally, the audit is mainly focused on the emphasis that the internal controls provide reasonable assurances to achieve the following objectives:

Operational Objective : The effective achievement of actual work operational objectives;

> Financial Information Objective : Reliability and completeness of financial information used by the management;

Compliance Objective : Compliance with laws, principles and procedures in force.

In the performance of this audit, the auditor has defined a number of audit main objectives as follows:

- > Strengthening of work discipline of officials, staffs and workers according to PAS's Personnel Statute;
- > Strengthening of compliancy and the efficiency of management, operation and maintenance of materials and equipment;
- Strengthening of law compliancy, regulations, and procedures in force; and
- > Strenthening of the efficiency of state property management.

5. Audit Approach

The audit approach focuses on risk process which is used in this audit. The audit approach includes:

- > Recording of the internal control by reviewing related documents and interviewing officials;
- Identifying of key internal control system and comparing with expected internal controls;

Audit testing on the operational effectiveness of internal controls.

The internal audit work team has hereby cooperated with the management of the auditees to identify expectations.

6. Summary of Major Findings

The audit work team has identified a number of deficiencies through the control of:

- 1. Safety Camera and TV Monitor System;
- 2. Materials and Equipment of Koh Rong and Koh Kras Tugboats;
- 3. Report on Summary Data of Staff Monthly Presence from April to May 2021;
- 4. Status of Warehoue PAS's No. 4;
- 5. Use of Personal Protective Equipment (PPE);
- 6. Status of General Cargo Storage Yard (Japanese yard);
- 7. Status of open space and vehicle station behind the Department of Technical-Materials;
- 8. The usage of Personal Protective Equipment within the ship-tugboat repair yard;
- 9. Status of environment and stone poles on the multi-purpose terminal;
- 10. Status of empty container storage yard in the Special Economic Zone;
- 11. The study and research report for PAS's service quality enhancement;
- 12. The report on meeting with shipping line and PAS's customer.
- 13. Summary Report on 2021 Operational Output;
- 14. Labor Plan of 2021;
- 15. Report on Monthly Meeting with Customers Who Utilize SPSEZ's Services
- 16. Fence Status (Stone fence with barbed wire on top) Around the SPSEZ;
- 17. Organizational Structure and Task-Duties (Department of Machinery-Electricity Mechanics); and
- 18. Work Attendance List of Staff, Labor for October & November 2021.

7. Conclusion

Based on the audit findings in the Department of Harbor Master-Pilotage and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction and Engineering, Department of Marketing, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery-Electricity Mechanics for 2021 fiscal year, the audit work team has observed that a number of internal controls is well prepared and with contribution of the officials, staffs and workers of all levels although some performances are not yet complete and sufficed to guarantee the efficiency of internal

controls in the future. The audit work team has noted that the above deficiencies are related to work discipline, law disposition and operational efficiency that must be gradually strengthened and improved.

8. Corrective Action

The recommendations provided in order to enhance the performance of business process and management of the auditees are included in the detailed findings (Part B). The recommendations on a number of deficiencies have been agreed with the auditees management in writing. The detailed findings (Part B) have also reflected the responses by the auditees management to the auditor's recommendations and findings.

The measures of the auditees management are reflected in the corrective action plans as stipulated in the Appendix 2 attached herein.

Acknowledgements

The internal audit work team led by **Mr. Men Chann** would like to thank directors and directress of the Department of Harbor Master-Pilotage and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction and Engineering, Department of Marketing, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery-Electricity Mechanics and colleagues for their contribution towards providing the information, documents and valuable opinions to help encourage this audit assignment to be proceeded as expected.

Part B: Detailed Findings

1. Component of Internal Audit Work Team and Key Milestones

1.1 Component of Internal Audit Work Team is as follows

| - | Mr. Men Chann | Director | Team Leader |
|---|----------------------|-----------------|--------------------|
| - | Mr. Chiv Chansopheap | Deputy Director | DeputyTeam Leader |
| - | Mr. Hor Sothy | Deputy Director | Deputy Team Leader |
| - | Mr. Meas Sovanna | Office Chief | Member |
| - | Mr. Chiv Chansothea | Office Chief | Member |
| - | Mrs. Touch Vanna | Office Chief | Member |
| - | Mrs. Rath Nimol | Office Chief | Member |
| - | Mrs. Khorn Sokhom | Office Staff | Member |
| - | Mrs. Chhun Hoeunrina | Office Staff | Member |

Mr. Pheap Mengsrean Office Staff Member
 Mrs. Teng Sovan Sreyrath Office Staff Member

1.2 Key Milestones

The Key Milestones in the Audit Process are as Follows:

First draft was completed on February 14, 2022

➤ The audit was completed on February 20, 2022

Last responses of auditees management
February 26, 2022

Final report February 28, 2022

2. Internal Audit Overview

The overall objective of the audit is to help the auditees management in the risk management process, internal controls and good governance. The internal controls are implemented by the auditees management and a number of officials to ensure the achievement of the following objectives:

- Reliable financial report;
- Operation with efficiency, effectiveness and economical,
- Compliance with laws, regulations and procedures in force.

The performance of this audit also controls the preparation and operation of the internal controls.

3. Internal Control Review

The audit work team has assessed the internal controls based on the ability of management process to achieve the sufficient amount of 07 criterias which consist of authorization, completeness, accuracy, validity, physical safeguards and security, error handling and segregation of duties in accordance with the definition on structure and task-duties of the Department of Harbor Master-Pilotage and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction-Engineering, Department of Marketing, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery-Electricity Mechanics.

4. Information about the Auditees

Department of Harbor Master and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction-Engineering, Department of Marketing, Department of Planning-Procurement and Statistics, Department of Special Economic Zone and Department of Machinery-Electricity Mechanics

are subject to the management of Sihanoukville Authomous Port in accordance with Sub-Decree No.50 ANKr.BK dated July 17, 1998 defining the Establishment and Functioning of Sihanoukville Autonomouos Port (PAS) and the process pursuant to the definition on structure and task-duties for the respective departments subject to PAS's management dated January 27, 2016 and the decision for modification of structure and supplement of task-duties dated January 31, 2020.

4.1 Department of Harbor Master-Pilotage and Security (HMPS)

The Department of Harbor Master-Pilotage and Security of the Sihanoukville Autonomous Port (PAS) employs 106 total officials and staff, including 02 women, and 14 contractual staff, and is led by 01 Director with 05 Deputy Directors and 08 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 060/ SSR/PAS/HMPS dated April 9, 2020.

- (1) Office of Pilotage;
- (2) Office of Data & Consolidation;
- (3) Office of Navigation;
- (4) Office of VTMS and Training;
- (5) Office of Public Relation-Research and Development;
- (6) Office of Navigation Management;
- (7) Office of Flotilla Management;
- (8) Office of Security and Safety; and
- (9) Office of Public Order Arrangement.

4.2 Department of Container Terminal Operation (CTO)

The Department of Container Terminal Operation of the Sihanoukville Autonomous Port (PAS) employs 507 total officials and staff, including 21 women, 44 contractual staff, 04 women, 162 volunteers, 07 women, and is led by 01 Director with 02 Deputy Directors and 08 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 228/ SSR/PAS/CTO dated April 29, 2020.

- (1) Office of Data and Report;
- (2) Office of Ship Planning;
- (3) Office of Yard Planning;
- (4) Office of Operation;
- (5) Office of Staff Management;
- (6) Office of Machinery;
- (7) Office of Empty Container Yard (ECD); and
- (8) Office of Warehouse-Yard (LCL).

4.3 Department of General Cargo Operation (GCO)

The Department of General Cargo Operation of the Sihanoukville Autonomous Port (PAS) employs 241 total officials and staff, including 08 women, and 64 contractual staff, and is led by 01 Director with 03 Deputy Directors and 06 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 229/ SSR/PAS/GCO dated April 29, 2020.

- (1) Office of Research-Development and Safety Management;
- (2) Office of Warehouse-General Cargo Yard Management;
- (3) Office of Tally-Weighbridge and Vessel Information Management;
- (4) Office of Information and Report Management;
- (5) Office of General Cargo Machinery; and
- (6) Office of Cargo Handling.

4.4 Department of Technical-Materials (TM)

The Department of Technical-Materials of the Sihanoukville Autonomous Port (PAS) employs 122 total officials and staff, including 04 women, and 31 contractual staff, and is led by 01 Director with 05 Deputy Directors and 11 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 030/ SSR/PAS/TM dated April 29, 2020.

- (1) Office of Technical Materials-Spare Parts;
- (2) Office of Procurement Document Management;
- (3) Office of Warehouse-Technical Materials and Spare Parts;
- (4) Office of Fuel and Lubricant;
- (5) Office of Research-Development;
- (6) Office of Information Technology;
- (7) Office of Repair-Maintenance and Electrical Mechanics;
- (8) Office of Generator Management;
- (9) Office of Repair-Maintenance and Machinery Mechanics;
- (10) Office of Garage; and
- (11) Office of Ship -Tugboat Mechanics.

4.5 Department of Construction-Engineering (CENG)

The Department of Construction-Engineering of the Sihanoukville Autonomous Port (PAS) employs 115 total officials and staff, including 02 women, and 45 contractual staff, and is led by 01 Director with 05 Deputy Directors and 13 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 024/ SSR/PAS/CEN dated February 21, 2020.

- (1) Office of Construction-Repair and Maintenance;
- (2) Office of Electricity;
- (3) Office of Architecture-Project Study;
- (4) Office of Warehouse-Construction Materials;
- (5) Office of Construction Document Procurement Management;
- (6) Office of Engineering;
- (7) Office of Measurement;
- (8) Office of Summary-Report;
- (9) Office of Construction Machinery;
- (10) Office of Fuel Station;
- (11) Office of Ship Yard; and
- (12) Office of Buoy.

4.6 Department of Marketing (MKT)

The Department of Marketing of the Sihanoukville Autonomous Port (PAS) employs 11 total officials and staff, including 03 women, and 02 contractual staff, and is led by 01 Directress with 04 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 227/SSR/PAS/MKT dated April 29, 2020.

- (1) Office of Marketing Research Service Quality Development;
- (2) Office of Marketing Information;
- (3) Office of Customer Relation; and
- (4) Office of Facilitation.

4.7 Department of Planning-Procurement and Statistics (PLPRS)

The Department of Planning-Procurement and Statistics of the Sihanoukville Autonomous Port (PAS) employs 12 total officials and staff, including 05 women, 01 contractual staff, and 01 volunteer, and is led by 01 Director with 02 Deputy Directors and 04 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 226/SSR/ PAS/PPRS dated April 29, 2020.

- (1) Office of Planning-Investment;
- (2) Office of Public Procurement;
- (3) Office of Statistics; and
- (4) Office of Project Management.

4.8 Department of Special Economic Zone (SEZ)

The Department of Special Economic Zone of the Sihanoukville Autonomous Port (PAS) employs 10 total officials and staff, including 01 contractual staff, and is led by 01 Director with 03 Deputy Directors and 04 Chiefs of Offices as assistance, according to the task-duties outlined in Decision No. 397/SSR/PAS/SPZ dated August 10, 2020.

- (1) Office of Administration and Information Technology;
- (2) Office of Logistics-Research and Development;
- (3) Office of Customer Service; and
- (4) Office of Maintenance and Repair.

4.9 Department of Machinery-Electricity Mechanics (MELM)

The Department of Machinery-Electricity Mechanics of the Sihanoukville Autonomous Port (PAS) employs 47 total officials and staff, including 02 women, 10 contractual staffs, and is led by 01 Director with 03 Deputy Directors and 09 Chiefs of Offices as assistance.

- (1) Office of Network Repair-Maintenance and Electrical Cabin;
- (2) Office of Repair-Maintenance of Building, Warehouse and Yard Lighting System;
- (3) Office of Metalic, Welding-Lathe and Assembling Work;
- (4) Office of Materials and Sparepart Order;
- (5) Office of Machinery Repair-Maintenance in Urgent and Protective Conditions;
- (6) Office of Repair-Maintenance of Electrical Generator;
- (7) Office of Operation-Maintenance & Repair and Documentation;
- (8) Office of Statistics and Control; and
- (9) Office of Research and Standard.

Audit Findings

5.1 Operational Efficiency

The objective of this control is to promote the quality and implementation efficiency of PAS's business operation in order to provide swift and seamless services to the customers and port users and encourage the auditees to carry out their respective task-duty in accordance with the definition and requirement of the entity and in compliance with the Administrative Procedures, PAS's Personnel Statute, Laws and Regulations in force.

5.2 Positive Findings

The audit work team has identified that the Department of Harbor Master-Pilotate and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technical Materials, Department of Construction-Engineering, Department of Marketing, Department of Planning-Procurement and Statistics, Department of Special Economic Zone and Department of Machinery-Electricity Mechanics, together with the relevant offices and units have been carrying out their works according to the task-duties defined by PAS and paying due attention to implement each of their experienced assignments in the spirit of responsibility and contributed to provide documents to the auditor to help improve the process of PAS's internal audit to be performed pursuant to the audit action plan and with smoothness.

5.3 Negative Findings

5.3.1 Department of Harbor Master-Pilotate and Security (HMPS)

5.3.1.1 Control of Safety Camera and TV Monitor System

Owing to the control of Safety Camera and TV Monitor System for scanning pictures, which are managed, maintained, and operated by the security office, the auditor discovered 15 out of PAS's 51 safety cameras were out of order and had not been fixed yet until the second quarter of this 2021. In this regard, 1 (one) of the 2 (two) TV Monitors was also out of commission and had yet to be fixed.

The above factor has yet to comply with the principle set forth in item No. 3 of Article V of PAS's Internal Regulation No.001. BBPK/PAS/RB. B, dated June 12, 2007, which defines the operation and safeguarding of PAS's properties, materials, and equipment with economic, precautionary, cleaning and maintenance, and sound storage.

This factor may have occurred since the office in charge and/or the auditee management had not yet checked and requested for repair of the 15 (fifteen) units of safety camera and 01 (one) unit of TV Monitor on a timely basis because a large number of officials and staffs had been allowed to rotate their work shifts and/or be kept in quarantine in mandatory cases to protect and curb the spread of COVID-19 pandemic.

However, this aspect may have an impact on the efficiency of security and safety management within the PAS's premises and may lose out cargo and PAS's property incidentally.

In order to ensure security within PAS's premises and protect customers' cargoes as well as PAS's property, the auditor recognizes that the security office and auditee management should quickly

prepare formality to request for repair and/or replacement of the 15 units of safety cameras and 01 unit of TV Monitor in order to respond to PAS's necessary requirements.

With regard to camera, the auditee had requested for repair and submitted reports for several times and persons from the experienced department had also come for inspection, but so far the repair had not yet been performed.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.1.2 Control of Materials & Equipment of Koh Rong and Koh Kras Tugboats

Based on the control of materials and equipment of **Koh Rong** and **Koh Kras** tugboats, which are under the management, maintenance, and operation of the Office of Navigation Management, the auditor discovered a generator (for cabin usage) of **Koh Rong** tugboat was out of action and being repaired.

For **Koh Kras** tugboat, the auditor discovered no safety buoy (round buoy), GPS (Global Positioning System), Compass, or RADA on board. In this regard, the auditor discovered that 1 (one) unit of firefighting pump and 2 (two) units of main engines were out of commission and being repaired.

The above factor has yet to comply with the principle set forth in item No. 3 of Article V of PAS's Internal Regulation No.001. BBPK/PAS/RB. B, dated June 12, 2007, which defines the operation and safeguarding of PAS's properties, materials, and equipment with economic, precautionary, cleaning and maintenance, and sound storage.

This case may arise as a result of long-term operation, a lack of maintenance and repair, and/or the auditee management had not reported to or requested PAS's management for timely repair/replacement of materials and equipment in accordance with the demand of operation.

This factor may cause an impact to the efficiency of business operation, safety of staffs and workers working on board the tugboat and lose out of PAS's properties incidentally.

The auditor recognizes that the auditee management should direct the offices and units under his supervision to carry out the works in accordance with tasks-duties defined by PAS, to pay close attention to the maintenance of PAS's materials and equipment, and prepare formality to request PAS's management for material and equipment repair/ replacement pursuant to technical conditions of the respective tugboats and PAS's mandatory requirements.

- The generator of Koh Rong tugboat is being repaired on board, but it has not been completed yet until this second quarter.

- Koh Kras tugboat's two main engines are also being repaired. Materials for ship navigation have already been requested, but have not yet received. While the firefighting pump is being repaired at the workshop and it has not yet been completed until this second quarter.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.2 Department of Department of Container Terminal Operation (CTO)

5.3.2.1 Control of the Report on Summary Data of Staff Monthly Presence from April to May 2021

Owing to the Personnel Management Office's report on summary statistics of staff monthly presence in the 2nd Quarter of 2021, the auditor discovered a number of staffs had been absent from work for numerous occasions, including both absence with permission and absence without permission. The report claimed that 5 (five) staffs were unwell, but the severity of the illness was not specified.

The above factor has yet to comply with Sub-Decree No. 56. ANKr.BK dated April 1, 2016, which defines the management of civil servants' presence at work and contractual officials as stipulated in Chapter 2, Item 2 of Article 8: Civil servants and contractual officials shall be present at work on a regular basis, as stated in Article 5 and Article 6 of this Sub-Decree, and Chaptor V, Article 24 the PAS's Personnel Statute dated April 4, 2003.

This factor may have occurred because a number of staffs and workers were allowed to rotate their work shifts and/or were in the mandatory event required to quarantine in order to protect and curb the spread of COVID-19 pandemic, or the official in charge had not checked and monitored the health as well as the work presence of staffs, employees and workers and educated and instructed them about the work discipline as stipulated in Sub-Decree No. 56. ANKr.BK dated April 1, 2016 and the principle of PAS's Internal Regulation.

This factor may set a bad example for other PAS's officials, employees, and workers, and may have an impact on the implementation of work discipline as stipulated in Chapter V, Article 24 of the PAS's Personnel Statute dated April 4, 2003, and the act of not respecting various terms and conditions which were defined in the contract.

The auditor recognizes that the auditee management should give further education, instruction, and work discipline in order to avoid any deviation from the ethical profession, as well as the PAS's Internal Regulation.

This issue may have occurred because some offices' staffs were allowed to rotate their work shifts in order to avoid meeting too many people who could become infected with COVID-19, while

others were required to quarantine. However, workers at the ship and yard side operation are normally present to perform their works in each shift not to cause an obstruction at ship and yard side.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.2.2 Control of the Status of Warehouse No. 4

Based on the control of the status of PAS's Warehouse No. 4 with a 50m x 120m size, the auditor observed 01 (one) unit of fire extinguisher, 04 (four) units of out of order safety cameras on the inner and outer areas of the main door, both sides of the warehouse's walls were peeled off paint almost everywhere, a number of tools in the rest room were out of order and could not be used, and the warehouse roof had a rainwater leaking location through the old nuts, but the cargoeswere not affected.

The above factor has yet to comply with the principle of PAS's Internal Regulation No.001. BBPK/PAS/RB. B, dated June 12, 2007, as stipulated in item No. 3 of Article V, which defines the operation and safeguarding of PAS's properties, materials, and equipment with economic, precautionary, cleaning and maintenance, and sound storage.

This factor may have arisen as a result of wear and tear, long-term operation, or because the warehouse management has not yet reported to the auditee's director to request the PAS's management to have the warehouse's walls repainted, the roof covered/repaired, and necessary materials and tools installed in accordance with the demands of operation and the principle which was stipulated in Item No. 3 of Article V of the PAS's Internal Regulation.

This factor may have reduced the attractiveness and using period of the PAS's common properties.

The auditor recognizes that the auditee management should cooperate/request that the relevant departments control and conduct a study on the status and mandatory demands of warehouse No. 4 and prepare formality to request that the PAS's management repair and/or have the fire extinguisher and safety cameras additionally installed in the main target areas in order to ensure the quality and safety of customers' cargoes as well as PAS's properties and to be in accordance with the principle of PAS's Internal Regulation.

The warehouse No. 4 would like to state that the roof and rainspout repairs have already been requested and approved by H.E Chairman & CEO, but that the expert has yet to perform the work.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.3 Department of General Cargo Operation (GCO)

5.3.3.1 Control of the Use of Personal Protective Equipment

Based on the response to the audit query on internal controls for the second quarter of this 2021, the auditor observed that the operators (hired workers) in general cargo unloading-loading sites have not all used the personal protective equipment yet.

The aforesaid factor has yet to comply with the notion that individual employees and workers must rigorously adhere to labor safety, use equipment and labor protective materials in order to avoid occupational accidents, as provided in Item 2 of Article V of the PAS's Internal Regulation No. 001. BBPK/PAS/RB. B, dated June 12, 2007.

The above reason may have resulted by the lack of equipment and labor protective materials or the operational units' chieves in each work shift have not provided instruction on work safety and the usage of personal protective equipment in line with the PAS's safety requirements.

This element may have an impact on workplace safety and the principle outlined in the PAS's Internal Regulation.

In order to avoid an occupational accident which may happen incidentally, the auditor realizes that the auditee management should request for adequate personal protective equipment and encourage the operational units' chieves in each work shift to provide education and instruction to all the operators (hired workers) to use personal protective equipment in accordance with safety requirement and principle which is stipulated in the PAS's Internal Regulation.

The Department of General Cargo Operation will make a personal protective equipment use plan for PAS's workers and contractual workers and submit to the Department of Admin-Human Resource.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.3.2 Control of the Status of General Cargo Storage Yard

Based on the control of the Status of General Cargo Storage Yard (Japanese Yard), which has a total area of roughly 15,000^{m2} and is currently being utilized for the storage of machinery, steel bars, and heavy cargoes that can not put/store in the warehouse, the auditor noticed that precipitation has subsided the access road into enormous puddles, and a substantial portion of the yard has accumulated water in several spots, causing difficulty in transportation, storage and delivery cargoes to the customers.

The above factor has yet to comply with the principle of PAS's Internal Regulation No.001. BBPK/PAS/RB. B, dated June 12, 2007, as stipulated in item No. 3 of Article V, which defines the operation and safeguarding of PAS's properties, materials, and equipment with economic, precautionary, cleaning and maintenance, and sound storage.

This factor occurred due to the precipitation, transportation/storage of heavy cargoes and long-term operation.

This factor may cause a shortage of cargo storage area, affect the efficiency of operation in the yard and delay the process of storage, transportation and delivery cargoes to the customers.

The auditor realizes that the auditee management should supervise the yard status and report to PAS's management to request the experienced department to perform a study and repair in accordance with technical condition and PAS's mandatory requirements.

The Department of General Cargo Operation will request that an experienced department undertake a study and repair in compliance with technical conditions.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.4 Department of Technical-Materials (TM)

5.3.4.1 Control of the status of open space and vehicle station behind the Department of Technical-Materials

According to the control of the status of open space and vehicle station behind the Department of Technical-Materials, the auditor identified the following cases:

- 1. The open space has not yet been paved with concrete/cement concrete
- 2. Materials, old empty containers, mobile toilet and a number of car frames are stored in disorder conditions.

The above factor has yet to fully comply with the principle on operation and safeguarding of PAS's properties, materials, and means or equipment with economic, precautionary, cleaning and maintenance, and sound storage as stipulated in item No. 3 of Article V of PAS Internal Regulation No.001 BBPK/PAS/RB. B dated June 12, 2007.

The above incident may have occurred because the officials directly in charge are preoccupied with fulfilling PAS's main business operations and have not yet checked, prepared a plan, and requested for concrete/cement concrete pavement, and arranged for proper storage of materials and old equipment in accordance with PAS's mandatory requirements.

The foregoing factor may have an impact on the existing vehicle station, resulting in a lack of storage space for materials and other equipment, and a loss of PAS's beauty and fairness.

The auditor recognizes that the auditee management should check the status of open space and the above vehicle station in order to prepare a plan to request PAS management for concrete/cement concrete pavement, and arrange for proper storage of materials and old equipment in accordance with PAS's mandatory requirements.

We will clear and re-arrange for cleaning the open space behind the garage which was previously used to store the old and obsolete machinery. We have not yet built concrete pavement or gravel for the vehicle station behind the garage due to COVID-19 pandemic-fund saving. We will also prepare to build concrete pavement and clean this vehicle station.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.4.2 Control of the usage of Personal Protective Equipment in the Office of Ship-Tugboat Mechanic

During the control of the ship-tugboat maintenance and repair site, the auditor discovered that a number of operators did not use Personal Protective Equipment (such as hand gloves, safety helmets, and shoes) in line with PAS's safety requirements.

The aforementioned factor has yet to conform with the principle of protecting labor safety, work order, and safeguarding of working materials as stipulated in article V of the PAS's Internal Regulation No. 001. BBPK/ PAS/RB. B dated June 12, 2007.

This factor may cause as a result of the office in charge failing to supervise and instruct his or her staffs on how to utilize Personal Protective Equipment in line with the PAS's internal regulation.

This factor may cause as a result of the office in charge failing to supervise and instruct his or her staffs on how to utilize Personal Protective Equipment in line with the PAS's internal regulation.

The auditor recognizes that the auditee management should continue to educate and instruct on safety principles as stipulated in the PAS Personnel Statute and Internal Regulation, and encourage the office in charge to regularly observe the use of Personal Protective Equipment during working hours.

In order to avoid incident danger, the Department of Technical-Materials will further direct the chiefs of each office to strengthen for permanent usage of Personal Protective Equipment such as hand gloves, safety helmets, and shoes during all working hours.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.5 Department of Construction-Engineering (CENG)

5.3.5.1 Control of the Status of Environment and Stone Poles on the Multi-Purpose Terminal

The auditor identified that the surface of the entire multi-purpose terminal is clean with each terminal segregated to facilitate operational activities, handling, offloading-loading performance, and transportation in accordance with international standards, but there are a few notable exceptions as follows:

- There are waste, empty fresh water bottles, and new rice packages on the shore attached to the western terminal (Wind-turbine tower).
- 2. 11 (eleven) of the 108 (one hundred and eight) stone poles with reflection signs were broken (completely broken, half-broken, broken from the bottom) and were not repaired yet until this third quarter.

The above factor has yet to fully comply with the principle on operation and safeguarding of PAS properties, materials, and means or equipment with economic, precautionary, cleaning and maintenance, and sound storage as stipulated in item No. 3 of article V of PAS's Internal Regulation No.001 BBPK/PAS/RB. B dated June 12, 2007.

The above garbage may have floated due to wind direction during the cool season and/or due to cargo/container truck drivers' disposal, as the auditor observed only one dust bin at the entrance road of the terminal. While the 11 (eleven) stone poles may have been collided/hit due to the recklessness of cargo handling machinery and/or cargo/container truck operators at night.

The above element may damage the port environment, detract from PAS's beauty, and harm cargo/container truck operators at night.

The auditor recognizes that the auditee management should control over the status of the multipurpose terminal, collaborate with relevant departments to clean the port environment, and plan for the swift repair of broken stone poles and/or other affected items to ensure PAS's safety and beauty.

Regarding the garbage, empty fresh water bottles, and rice packages that washed up on the coast of the western terminal as a result of truck drivers' and fishing boat operators' negligence and lack of hygiene, causing the latter to rush to the shore. As a suggestion and for the sake of a good environment, the cleaning brigade should clean on a regular basis.

With regard to the damaged or broken poles caused by the negligence of cargo truck drivers, the Department of Construction-Engineering will fix at the end of the rainy season.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.5.2 Control of the status of empty container storage yard in the Special Economic Zone

Based on the control of the status of container storage yard in the PAS's Special Economic Zone, the auditor discovered that there is soil subsidence in the **SC** area generating significant puddles and water accumulation in several places.

The above factor has yet to fully comply with the principle on operation and safeguarding of PAS's properties, materials, and means or equipment with economic, precautionary, cleaning and maintenance, and sound storage as stipulated in item No.3 of article V of PAS Internal Regulation No.001 BBPK/PAS/RB. B dated June 12, 2007.

This reason was caused by weather conditions resulting in consecutively heavy rain in the rainy season, causing mix-stone layers in the **SC** area, which had previously been compacted, to subside into big puddles and water accumulation in several locations, and/or because of insufficient water drainage ditches.

This factor impacted the process of transportation of import-export empty containers, made the storage arrangement more difficult, and resulted in incidental damage to customers' empty containers.

The auditor recognizes that the auditee management should keep track of the status of the empty container storage yard in the SC area, as well as other locations, and assign experienced engineers to plan for the repair of damaged areas so as to encourage quick transportation, ensure safety, and avoid damage to the customers' empty containers.

The Department of Construction-Engineering had repaired and maintained land subsidence and water accumulation in the SC area several times, but the weather conditions in the previous rainy season, which resulted in heavy rain together with busy transportation activities, caused the water to flow across into some puddles. The Department of Construction-Engineering will commence the repair in the following dry season.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.6 Department of Marketing (MKT)

5.3.6.1 Control of the study and research report for PAS's service quality enhancement

Based on the report on the study and research for PAS's service quality enhancement, the auditor identified the study on work and marketing plan, including a strong point/weak point of the local competitive partner (Phnom Penh Autonomous Port "PPAP"), but the auditee has not yet reported to the management about the work evolution that it has conducted until this third quarter of 2021.

The aforementioned factor has not yet complied with the PAS Internal Regulation No. 001.BBPK/PAS/RB. B dated June 12, 2007 in item No. VII on working order and item No. 2: the respective departments and offices shall carry out the report disposition to the superior on a regular and timely basis.

This case may have arisen because the official in charge of the office of marketing research and development for service quality is doing a study/research, planning/ determining the implementation target, and/or improving PAS's service quality in order to attract and gain additional client confidence.

Nonetheless, the aforementioned factor has added to the delay and has not yet fully complied with the principle stipulated in the PAS Internal Regulation and task-duty which is provided by PAS.

In order to ensure working safety according to the principle of the internal regulation, as well as task-duty provided by PAS and to contribute to the improvement of PAS's service quality, the auditor recognizes that the auditee should continue its study on the strength/weakness of other potential competitors so as to determine an effective implementation strategy for PAS.

The Department of Marketing has not yet reported to management on completed work results since we are testing to implement a plan for all offices, including management according to physical human resources. Based on the task-duty defined in the department's decision and physical demands according to human resources, all offices could not meet all points, i.e. they could only fulfill some points on a specific basis.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.6.2 Control of the report on meeting with shipping line and PAS's customer

Based on the report on meeting with shipping line and PAS's customer dated March 31, 2021, the auditor identified 1) **Sandong Forest Cambodia Co., Ltd** has an intention to conduct a study on log wood export from Australia through PAS's gateway, and 2) **OOCL (Cambodia) Co., Ltd** has an intention to bring a new Ship Calling Service with container loading capacity of approximately 1700 TEUs to

berth alongside at PAS between Wednesday and Thursday, but the auditee has not reported to PAS management for recommendation and implementation yet.

The aforementioned factor has not yet complied with the PAS Internal Regulation No. 001.BBPK/PAS/RB. B dated June 12, 2007 in item No. VII on working order and item No. 2: the respective departments and offices shall carry out the report disposition to the superior on a regular and timely basis.

This case may have happened because the official in charge of the customer relation office is busy engaging with other companies/potential clients.

The aforementioned factor resulted in a time delay and had an impact on the implementation efficiency of PAS Internal Regulation, as well as the task-duty that PAS provided.

In order to ensure job efficiency and task-duty that PAS offered, the auditor realized that the auditee should continue to communicate with the above companies so as to attract new clients and make more income for PAS.

The Department of Marketing has not yet reported to management on completed work results since we are testing to implement a plan for all offices, including management according to physical human resources. Based on the task-duty defined in the department's decision and physical demands according to human resources, all offices could not meet all points, i.e. they could only fulfill some points on a specific basis.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.7 Department of Planning-Procurement and Statistics (PLPRS)

5.3.7.1 Control of a Summary Report on 2021 Operational Output

According to a Summary Report on 2021 Operational Output, the auditor recognized that the auditee devised annual and actual output plans comparing cargo/container throughput, and number of calling vessels to that of 2020 in order to define the increasing and decreasing rate of each fiscal year.

In this sense, the cargo throughput amounted to 6,990,337 tons increased 5.89%, container throughput amounted to 732,387 TEUs increased 14.11%, while a number of calling vessels decreased 8.47%.

Attached to the above element, the auditor found no definition of destinations and sources of cargo/container import and export in the indicated summary report on operational output.

The aforesaid aspect may make general awareness/definition of cargo/ container import-export volumes through key destinations and sources, such as Asia, Europe, and America, more difficult.

This reason may have occurred as a result of some relevant departments failing to timely provide cargo documentation and/or information on cargo/ container import destinations and sources of export.

This feature could cause misunderstanding and difficulty in identifying specific cargo/container import destinations and sources of export.

The auditee should cooperate/request for cargo documentation with names of import-export countries so that the destinations of cargo/container import and sources of export can be accurately defined.

The annual operational output report has been made for use within the PAS framework and distribution to Ministries in Charge, the Office of the Council of Ministers, and relevant Competent Authorities with no definition of import-export countries, and/or destinations and sources of import-export.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution (if any change is made).

5.3.7.2 Control of Labor Plan of 2021

Based on the control of PAS's 2021 Labor Plan and Actual Implementation, the auditor noticed that the Department of Machinery was managed and processed by 01 Director, without Deputy Directors, and 03 Chiefs of Offices as assistance, with 01 staff.

The aforesaid aspect may cause an impact on the implementation efficiency of task-duties and the management of daily operations of this department. This case could have resulted from a lack of human resources.

This aspect could lead the implementation of task-duties of the above department to have inadequate efficiently.

The auditee should cooperate with the experienced department to check the organizational structure, task-duties, component of deputy directors, and additional staffs according to the scope of work and technical skills of the Department of Machinery.

This element has arisen because PAS is reorganizing the Department of Machinery's taskduties to become the Department of Machinery-Electrical Mechanics. The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.8 Department of Special Economic Zone (SEZ)

5.3.8.1 Control of a Report on Monthly Meeting with Customers Who Utilize SPSEZ's Services

According to a response to the internal control enquiry, the auditor identified that the auditee has failed to hold a monthly meeting with customers who utilize SPSEZ's services since February 2021.

The aforesaid factor has yet to comply with the organizational structure and task-duties of all departments under the management of Sihanoukville Autonomous Port.

This cause could have arisen as a result of the widespread of COVID -19 pandemic, which prevented the auditee from holding a regular monthly meeting with consumers who utilize SPSEZ's services.

This factor may cause an impact on the auditee task-duties' implementation efficiency.

That the auditee management should organize a monthly video conference meeting to collect input on the customers' manufacturing chain for preparing the future implementation strategy.

During the COVID-19 epidemic, the Department of SEZ has other than the monthly meeting presented a Pro-Active Action in which Mr. Keo Oudom acted as a coordinator by phone to ask whether any proposals raised by consumers prior to the date of the monthly meeting. When the customers have some certain proposals, the auditee has also solved for them (see attached documents). The video conference system will be set up so that the SEZ can hold future meetings. In early 2022, the SEZ will hold a monthly meeting on January 20th, with customers and advisors in attendance.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.8.2 Control of the Fence Status (Stone fence with barbed wire on top) Around the SPSEZ

Based on the control of the fence status around the SPSEZ, the auditor identified:

- The barbed wire installed on the surface of the southern fence (near the water tank building) along the residential houses of Phoum Thmey village had been broken/cut for around 20 meters
- The barbed wire installed on the surface of the dormitory in-out gate's southern fence was broken/cut for around 20 meters

- The barbed wire installed on the surface of the southern fence adjacent to the SPSEZ Administration Building was broken/cut for around 80 meters
- The barbed wire support steel bars and wire installed on the fence surface along Terak Vithey Samdech Akka Moha Sena Padei Techo Hun Sen had been broken/cut and tilted for around 70%, and the land underneath or at the bottom of the fence/gate between the container terminal and SPSEZ had subsided into 1 or 2 huge puddles, with another puddle at the edge of the bridge adjacent to the Ferry Port.

The above event has yet to fully comply with the internal regulation of Sihanoukville Autonomous Port (PAS) No. 001. BBPK/PAS/RB. B dated June 12, 2007 in item No. III defining the utilization and maintenance of property, materials/means or PAS's tools with economical conditions, carefulness, cleaning & maintenance and preservation, and item No.V defining the protection of labor safety, working order, and maintenance of tools and working materials.

This reason could have been emerged because the official who is directly in charge of the work failed to control the actual situation in order to report to the PAS management and request for implementation principles in accordance with technical conditions.

This factor could have made it difficult in ensuring customers security and safety, as well as property management within the SPSEZ's premises.

The auditee management should swiftly designate personnel to monitor the fence status around the SPSEZ and prepare formalities for repair requests in compliance with the principles which were stipulated in the PAS Internal Regulation.

Some parts of the fence and barbed wire put on top of it along the road to Phum Thmey village have been repaired (see attached documents), while the other remaining parts will be repaired in 2022. Whereas some parts of the fence along Terak Vithey Samdech Akka Moha Sena Padei Techo Hun Sen will be removed to expand the road, and other places will be repair when the road has been renovated, including some places of land subsidence underneath the bottom of the fence.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.9 Department of Machinery-Electrical Mechanics (MELM)

5.3.9.1 Control of the Organizational Structure and Task-Duties of MELM

Based on the audit at the Department of Machinery-Electricity Mechanics in Quarter 04 of 2021, the auditor discovered a Decision No. 200. SSR.TT/PAS/ Adm.HR dated 1st October 2021 defining the appointment of 01 Director to take over the work from the former director who had retired, as well as a

draft of a common organizational structure with 01 Director attached by 03 Deputy Directors and 09 Chiefs of Offices as assistance.

The aforementioned element is yet to comply with the Organizational Structure stipulated in the Sihanoukville Autonomous Port's 2021 Labor Plan dated 17th November 2020, which stated that the auditee is managed by 01 Director with 03 Deputy Directors and 05 Chiefs of Offices as assistance.

This element may have emerged as a result of the auditee management conducting an additional study on the scope of work and necessary resources required to ensure the continuity of the day-to-day operational process of the Department of Machinery-Electricity Mechanics.

The above element may cause incompatibility between the Organizational Structure and/or taskduties drafted by and being implemented within the framework of the auditee and the Organizational Structure specified in the PAS's 2021 Labor Plan.

In order to improve management efficiency, maintenance-repair of materials, means of machinery, and quality of electrical current for the process of 05 (five) units of Quay Cranes with consistency, the auditee management should properly prepare its Organizational Structure and/or task-duties according to the scope of work and technical skills before submitting to the experienced department, so that the latter requests for instruction principles and high decision from the PAS management.

Because the Department of Machinery-Electrical Mechanics had been transferred some works and other resources from the Department of Technical Materials, a draft of the Organizational Structure and additional task-duties was delayed, but the auditee has up to now submitted to PAS Management through the Department of Admin-Human Resource already. While the management, maintenance-repair of materials, means of machinery, and quality of electrical current for the process of PAS's Quay Cranes, the auditee will continue to strive its efforts to do so.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

5.3.9.2 Control of Work Attendance List of Staff, Labor for October & November 2021

According to the Work Attendance List of Staff, Labor for October and November 2021, the auditor discovered that, apart from 01 (one) employee who is seriously ill, there are other officials-staffs who have been absent on many occasions, both with permission and without permission.

The aforementioned factor has yet to comply with Sub-Decree No. 56. ANKr. BK dated 1st April 2016, defining the management of civil servants and contractual officials' work presence, as stated in Section 2, Article 8: civil servants and contractual officials shall be regularly present in work fulfillment

in accordance with scheduled time, as outlined in Articles 5 and 6 of this Sub-decree and Chapter V, Article 24 of the PAS Personnel Statute dated 4th April 2003.

This factor may have arisen because such officials, staff, and workers have their own problems, and/or the auditee management has not yet instructed and disseminated the officials, staff, and workers under its management to be aware of the principles and disciplinary measures that will be assigned to strengthen the professional code of ethics within the auditee framework.

This factor could have an impact on the implementation efficiency of disciplinary principles as outlined in Sub-Decree No. 56. ANKr. BK dated 1st April 2016 and Chapter V, Article 24 of the PAS Personnel Statute dated 4th April 2003, as well as setting a poor example for many other PAS officials, staff, and workers.

The auditee management should continue to educate and instruct officials, staff, and workers in order for them to be aware of and accomplish the work in accordance with the disciplinary principles as outlined in the above Sub-Decree and PAS Personnel Statute.

During this last period, 01 chief of office died and 01 other chief of office is severely ill among the officials, staffs, and workers within the auditee framework. Aside from this, some people had to be quarantined and sent to the hospital for medical treatment after having infected with COVID-19 through indirect and direct contact, and a small number were actually absent from work. However, the auditee management will make every effort to give further education and instruction.

The audit work team has noted the auditee management's response and continues to monitor the auditor's recommendation execution.

Overall Conclusion

During the period of performance of this audit, the auditor discovered that some parts of internal controls in each department had been prepared for implementation with efficiency, operational productivity, and accountability. However, in order to assist in the improvement of internal controls, the audit work team will continue to report to PAS management on all deficiencies that have still to be implemented.

At the same time, the auditor identified that the management, officials and staffs of all the departments have a will to cooperate and paid due attention to accomplish the works and implement their respective task-duty in accordance with PAS's Personnel Statute and Regulations in force.

7. Corrective Action Plan

In order to ensure the efficiency of implementation and improvement pursuant to the recommendations provided by the auditor, the directors of the Department of Harbor Master and Security, Department of Container Terminal Operation, Department of General Cargo Operation, Department of Technique-Material, Department of Construction-Engineering, Department of Marketing, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery-Electrical Mechanics have agreed with the corrective action plan as defined in the list of Appendix 2.

Preah Sihanouk province, February 14, 2022

Seen and Approved

Siem Reap province, February 16, 2022

Chairman of Audit Committee

Hun Maniyann

Director of Internal Audit Department

M. Chause

MEN CHANN



PART 6:

Financial Statements Audited by the External Auditor



KINGDOM OF CAMBODIA NATION RELIGION KING



REPORT OF THE BOARD OF DIRECTORS

The Board of Directors (the Directors) is pleased to submit their report together with the audited financial statements of Sihanoukville Autonomous Port (PAS) for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activities of PAS are involved in providing seaport facilities and other port-related services, and operating leases of its Special Economic Zones.

FINANCIAL PERFORMANCE

The financial performance for the year ended 31 December 2021 is set out in profit or loss and other comprehensive income.

ASSETS

At the date of this report, the Directors are not aware of any circumstances that would render the values attributed to the assets in the financial statements of PAS misleading.

CONTINGENT AND OTHER LIABILITIES

At the date of this report there does not exist:

- (a) any charge on the assets of PAS that has arisen since the end of the year which secures the liabilities of any other person, or
- (b) any contingent liability in respect of PAS that has arisen since the end of the year.

No contingent or other liability of PAS has become enforceable, or is likely to become enforceable within twelve months after the end of the year, that, in the opinion of the Directors, will or may have a material effect on the ability of PAS to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCE

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 PAS that would render any amounts stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The financial performance of PAS for the year ended 31 December 2021 was not, in the opinion of the Directors, materially affected by any items, transactions or events of a material and unusual nature.

BOARD OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of PAS as at 31 December 2021 and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Directors are required to:

- i) adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standards (CIFRS), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently
- ii) comply with the disclosure requirements of CIFRS or, if there has been any departure from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements
- iii) maintain adequate accounting records that enable PAS to prepare financial statements under CIFRS and an effective system of internal controls
- iv) prepare the financial statements on a going-concern basis unless it is inappropriate to assume that PAS will continue operations in the foreseeable future, and
- v) effectively control and direct PAS 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 PAS has complied with the above requirements in preparing the financial statements.

The members of the Board of Directors holding office during the year and as at the date of this report are:

| Name | Representative | Position |
|--------------------|--|----------|
| H.E. Lou Kim Chhun | General Director of PAS | Chairman |
| H.E. Phan Phalla | Ministry of Economy and Finance | Member |
| H.E. Suy San | Ministry of Public Works and Transport | Member |
| H.E. Sok Sopheak | Ministry of Commerce | Member |
| Mr. Lou Likheng | Employee of PAS | Member |
| Mr. Hun Monyvann | Independent director | Member |
| Mr. Hidetoshi Kume | Non-executive director | Member |

APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements, together with the notes thereto, which present fairly, in all material respects, the financial position of Sihanoukville Autonomous Port as at 31 December 2021 and the financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards were approved by the Board of Directors.

On behall of the Board of Directors,

H.E. Lou Kim Chhun

Chairman and CEO

Sihanoukville, Kingdom of Cambodia

17 February 2022

Mr. Pith Prakath

Director of Accounting and Finance



Independent auditor's report

To the shareholders of Sihanoukville Autonomous Port

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sihanoukville Autonomous Port (PAS) as at 31 December 2021 and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards (CIFRS).

What we have audited

PAS's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Kampuchea Institute of Certified Public Accountants and Auditors' Code of Ethics for Certified Public Accountants and Auditors (KICPAA Code) that are relevant to our audit of the financial statements in Cambodia. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the KICPAA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Retirement benefit obligations. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.



Key audit matter

How our audit addressed the key audit matter

Retirement benefit obligations

Refer to Note 2.17.1 - summary of significant accounting policies on retirement benefit obligations, Note 4.a - assumptions and judgements on retirement benefit obligations and Note 17 - retirement benefit obligations.

As at 31 December 2021, PAS had an outstanding balance for the retirement benefit scheme to its employees of KHR 88.181m.

Management assessed the obligations based on the historical data and demographic data, current business situation, and accounting policy. Management also engaged an external actuary to carry out the more complex calculations.

The valuation of retirement benefit obligations required management's significant judgment and technical expertise in applying the appropriate assumptions. Change on the key assumptions including salary increase, discount rate, and turnover rate that could have a material impact on the calculation of the liability.

We focused on this area due to the significant involvement of management's judgement to make the appropriate and accurate estimation.

Our procedures in relation to management's estimation of the liability included:

- assessing the competence, independence and objectivity and evaluating the qualifications of management's expert (an external actuary), including examining their scope of work
- assessing the actuarial assumptions by comparing the salary increase with the past salary increases and future plan, discount rate with a deposit yield at the same currency/maturity, and turnover rate to the past turnover rate of staff and testing the reasonableness of the benefit obligations
- tracing the movement of the benefit obligations to the underlying supporting information such as current service cost, interest cost, benefits paid, remeasuring loss and reconciling the opening balance and closing balance, and
- tracing the calculated amount from the pension valuation report to the accounting record and sources of data from the human resources department.

From these procedures, we determined that the key assumptions for this estimation were reasonable.



Other information

Management is responsible for the other information. The other information comprises the report of the Board of Directors (but does not include the financial statements and our auditor's report thereon) which we obtained prior to the date of this auditor's report and the information included in the annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 auditor's report, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing PAS's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate PAS or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing PAS's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due
 to fraud or error, design and perform audit procedures responsive to those risks, and obtain
 audit evidence that is sufficient and appropriate to provide a basis for 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 PAS's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PAS's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause PAS to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



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

For PricewaterhouseCoopers (Cambodia) Ltd.

By Lang Hy Partner

Phnom Penh, Kingdom of Cambodia 22 March 2022

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

| | Notes | 2021 KHR'000 | 2020 KHR'000 |
|---|-------|---------------------------|---------------------------|
| ASSETS | | | |
| Non-current assets Property and equipment | 6 | 966,165,844 | 915,369,015 |
| Investment properties | 7 | 256,328,259 | 273,835,467 |
| Intangible assets | 8 | 4,936,332 | 5,673,745 |
| Total non-current assets | - | 1,227,430,435 | 1,194,878,227 |
| | | | |
| Current assets | | | 1 220 021 |
| Loans to employees Inventories | 9 | 27,225,006 | 1,228,021 23,853,022 |
| Trade and other receivables | 10 | 35,659,911 | 34,615,253 |
| Short-term bank deposits | 11 | 101,306,681 | 104,527,103 |
| Cash and cash equivalents | 12 | 22,468,929 | 30,741,075 |
| · | | 186,660,527 | 194,964,474 |
| Assets classified as held for sale | 13 | 13,058,708 | |
| Total current assets | | 199,719,235 | 194,964,474 |
| Total assets | | 1,427,149,670 | 1,389,842,701 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| Share capital and share premium | 14 | 518,018,063 | 518,018,063 |
| Reserves | 15 | 31,719,832 | 29,059,072 |
| Retained earnings | | 234,156,264 | 155,284,283 |
| Total equity | | 783,894,159 | 702,361,418 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Borrowings | 16 | 435,025,425 | 502,343,609 |
| Retirement benefit obligations | 17 | 83,646,559 | 78,532,967 |
| Seniority payment obligations | 18 | 1,080,149 | 983,118 |
| Deferred income | 19 | 5,310,459 | 5,406,143 |
| Deferred tax liabilities Total non-current liabilities | 27 | 29,419,014 554,481,606 | 19,676,316 606,942,153 |
| Total Hon-current habilities | | 334,461,000 | 000,942,133 |
| Current liabilities | | | |
| Borrowings | 16 | 33,961,572 | 37,602,224 |
| Retirement benefit obligations | 17 | 4,534,425 | 7,949,000 |
| Seniority payment obligations | 18 | - | 3,126,060 |
| Deferred income | 19 | 134,442 | 133,485 |
| Trade and other payables Income tax liabilities | 20 | 44,208,159 5,935,307 | 24,120,868 7,607,493 |
| Total current liabilities | | 88,773,905 | 80,539,130 |
| . Juli Juli luxillio | | 00,110,000 | 00,000,100 |
| Total liabilities | | 643,255,511 | 687,481,283 |
| Total equity and liabilities | • | 1,427,149,670 | 1,389,842,701 |

The accompanying notes on pages 12 to 50 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 KHR'000 | 2020 KHR'000 | | |
|---|--------------|-----------------|-----------------|--|--|
| Continuing operations | · | | | | |
| Revenue | 21 | 342,349,229 | 311,813,769 | | |
| Expenses | | | | | |
| Consumable supplies | 22 | (93,739,246) | (83,545,113) | | |
| Salaries, wages and related expenses | 23 | (104,366,949) | (90,127,696) | | |
| Depreciation and amortisation charges | 24 | (39,922,677) | (37,989,556) | | |
| Repairs and maintenances | | (4,857,053) | (8,879,693) | | |
| Other expenses | 25 | (20,347,406) | (21,631,309) | | |
| Other losses – net | | (273,300) | (144,097) | | |
| | | (263,506,631) | (242,317,464) | | |
| Operating profit | _ | 78,842,598 | 69,496,305 | | |
| Finance income | | 43,397,485 | 4,507,124 | | |
| Finance costs | | (11,194,446) | (31,863,208) | | |
| Finance income/(costs) - net | 26 | 32,203,039 | (27,356,084) | | |
| Profit before income tax | | 111,045,637 | 42,140,221 | | |
| Income tax expense | 27 _ | (17,338,247) | (15,532,627) | | |
| Profit for the year | _ | 93,707,390 | 26,607,594 | | |
| Profit attributable to shareholders | _ | 93,707,390 | 26,607,594 | | |
| Total comprehensive income attributable to shareholders | _ | 93,707,390 | 26,607,594 | | |
| The earnings per share attributable to shareholders of PAS for the year ended are as follows: | | | | | |
| Basic/diluted earnings per share (KHR) | 28 | 1,092.52 | 310.21 | | |

The accompanying notes on pages 12 to 50 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

| | Attributable to shareholders | | | |
|---|------------------------------|---------------------|---------------------|------------------|
| | Share | | | |
| | capital and | | | |
| | share | _ | Retained | |
| | premium KHR'000 | Reserves KHR'000 | earnings KHR'000 | Total KHR'000 |
| Balance at 1 January 2020 | 518,018,063 | 24,712,722 | 139,794,055 | 682,524,840 |
| Profit for the year | <u>-</u> | - | 26,607,594 | 26,607,594 |
| Total comprehensive income for the year | | | 26,607,594 | 26,607,594 |
| | | | | |
| Transfer to reserves (note 15) | - | 4,346,350 | (4,346,350) | - |
| Dividend paid (note 3.2.1) | | | (6,771,016) | (6,771,016) |
| Balance at 31 December 2020 | 518,018,063 | 29,059,072 | 155,284,283 | 702,361,418 |
| Balance at 1 January 2021 | 518,018,063 | 29,059,072 | 155,284,283 | 702,361,418 |
| Profit for the year | | - | 93,707,390 | 93,707,390 |
| Total comprehensive income for the year | | | 93,707,390 | 93,707,390 |
| | | | | |
| Transfer to reserves (note 15) | - | 2,660,760 | (2,660,760) | <u>-</u> |
| Dividend paid (note 3.2.1) | | | (12,174,649) | (12,174,649) |
| Balance at 31 December 2021 | 518,018,063 | 31,719,832 | 234,156,264 | 783,894,159 |

The accompanying notes on pages 12 to 50 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 KHR'000 | 2020 KHR'000 |
|--|-------------|---|--|
| Cash flows from operating activities Cash generated from operations Income tax paid | 29 | 130,334,464 (8,141,938) | 119,759,234 (12,652,948) |
| Net cash inflow from operating activities | | 122,192,526 | 107,106,286 |
| Cash flows from investing activities Purchases of property and equipment Purchases of investment properties Purchases of intangible assets Withdrawals of short-term bank deposits Receipts of repayment of loans to employees Interest received | 6 7 8 | (85,331,238) (1,874,170) (366,931) 3,276,970 1,283,363 3,867,324 | (87,318,738) (4,216,838) (312,800) 25,088,515 2,566,726 4,251,129 |
| Net cash outflow from investing activities | | (79,144,682) | (59,942,006) |
| Cash flows from financing activities Dividends paid Proceeds from borrowings Repayments of borrowings Interest paid | 3.2.1 | (8,641,527) 1,137,532 (32,442,511) (11,373,484) | (8,641,527) 11,224,092 (32,413,412) (14,381,955) |
| Net cash outflow from financing activities | | (51,319,990) | (44,212,802) |
| Net (decrease)/increase in cash and cash equivalents | | (8,272,146) | 2,951,478 |
| Cash and cash equivalents at beginning of the year | | 30,741,075 | 27,789,597 |
| Cash and cash equivalents at end of the year | 12 | 22,468,929 | 30,741,075 |

Non-cash transaction:

Non-cash transaction is the dividend paid to Class B shares amounting to KHR 3,533,122 thousand (note 3.2.1) which is offsetting with advance to Ministry of Public Work and Transport (MoPWT) (note 10) (31 December 2020: KHR 3,533,122 thousand out of total dividend distribution KHR 12,174,649 thousand was offset with advance to MoPWT).

The accompanying notes on pages 12 to 50 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. BACKGROUND INFORMATION

The Sihanoukville Autonomous Port (PAS) is a public autonomous institution that is under the technical supervision of the Ministry of Public Works and Transport (MoPWT) and the financial supervision of the Ministry of Economy and Finance (MoEF), with its headquarters in Preah Sihanouk Province, the Kingdom of Cambodia.

PAS is a legal entity with autonomous administration and financing and was established in accordance with Sub-decree 50 ANKR BK dated 17 July 1998, which gave it the general status as a public autonomous institution.

PAS was registered with the Ministry of Commerce and obtained the registration number Co.4784 ET/2017, dated 21 February 2017. Its shares of class C were listed on the Main Board of Cambodia Securities Exchange (CSX) on 8 June 2017.

PAS is currently the sole international and commercial deep-sea port in the Kingdom of Cambodia. According to the establishing Sub-decree, the mission of PAS is to provide the following seaport services and sea port related services which include:

- bringing vessels in and out and providing them with supplies;
- conducting cargo handling, offloading, loading and transporting;
- maintaining and safeguarding stocks, warehouses and yards;
- developing, rehabilitating and expanding the PAS's existing infrastructures;
- taking responsibility on health care, security and order in its management areas; and
- committing to manage and organise the operational activities to be effective and progressive.

PAS also operates a Special Economic Zones, operating leases, as a lessor.

In the status as public autonomous institution, PAS has hereby obtained an extensive authority and major duties from the Royal Government of Cambodia to carry out its activities in accordance with its objectives.

The registered office of PAS is Terak Vithei Samdech Akka Moha Sena Padei Techo Hun Sen Sangkat No. 3, Sihanoukville City, Preah Sihanouk Province, the Kingdom of Cambodia.

The financial statements for the year ended 31 December 2021 were approved for issue by the Board of Directors on 17 February 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of PAS are expressed in Khmer Riel (KHR).

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with CIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

An English version of the financial statements have been prepared from the financial statements that are in the Khmer language. In the event of a conflict or a difference in interpretation between the two languages, the Khmer language statutory financial statements shall prevail.

(i) New and amended accounting standards

A number of new and amended standards and interpretation below became applicable for the current reporting period:

- Covid-19-related Rent Concessions Extension of the practical expedient Amendments to CIFRS 16.
- Interest rate benchmark reform Phase 2 Amendments to CIFRS 9, CIAS 39, CIFRS 7, and CIFRS 16.

There is no significant impact on adoption of standards above.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting period and have not been early adopted by PAS. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2.2 Foreign currency translation

(i) Functional and presentation currency

Items included in these financial statements are measured using the currency of the primary economic environment in which PAS operates (the functional currency). PAS maintains its accounting records and its financial statements in Khmer riel (KHR), its functional and presentation currency.

(ii) Transactions and balances

Transactions in currencies other than Riel are translated into the functional currency using the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than Riel are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings are presented in profit or loss in 'finance income and costs'.

2.3 Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation. The historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to PAS and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate the cost of each asset to their residual values over their estimated useful lives as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property and equipment (continued)

| Land improvement Buildings Technical equipment Furniture and fittings | Years 7, 30, 50 7, 20, 25, 30, 35, 50 5 - 30 3 - 10 |
|---|---|
| Computer and office equipment Motor vehicles | 3 – 5 |
| - Motor vehicle | 5 |
| - Others (Prime mover, truck, caterpillar) | 10 – 15 |
| Seaport equipment | 20 – 30 |
| Palettes | 10 |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.4 Intangible assets

Intangible assets consist of accounting software and port operation system and are stated at historical cost less accumulated amortisation and impairment, if any. They are capitalised based on the costs incurred to acquire and bring into use the specific software. PAS amortises intangible assets with a useful life using the straight-line method over the following periods:

| | Years |
|-----------------------|-------|
| Accounting software | 10 |
| Port operation system | 10 |

2.5 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by PAS, is classified as investment property. Investment property also includes property that is being constructed for developed for future use as investment property. Investment properties are initially measured at cost less accumulated depreciation and impairment, if any. PAS uses the cost model and accounts for investment property in accordance with CIAS 16 (Property, plant and equipment).

Investment properties are transferred into inventory when, and only when, there is a change in use, evidenced by the commencement of development with a view to sale. When PAS decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised and eliminated from the statement of financial position and does not treat it as inventory. If an investment property is redeveloped for continued use as investment property, the property remains as investment property and is not reclassified as owner-occupied property during the redevelopment.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period of retirement or disposal.

Land is not depreciated, buildings and land improvement are depreciated using the straight-line method over its estimated useful life from 10 to 50 years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units).

2.7 Financial assets

2.7.1 Classification

PAS classifies its financial assets to be measured at amortised cost. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

PAS reclassifies the financial assets when and only when its business model for managing those assets changes.

Trade and other receivables, short-term bank deposits and cash and cash equivalents meet the solely payments of principal and interest (SPPI) criterion as their contractual terms give rise to cash flows that are SPPI and consistent with a basic lending arrangement. These are also held within a held-to-collect business model, and therefore would be classified and measured at amortised cost.

2.7.2 Recognition and measurement

At initial recognition, PAS measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Changes in the fair value of financial assets at FVPL are recognised in other gain or losses in the statement of profit or loss as applicable.

2.7.3 Impairment of financial assets

PAS assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, PAS applies the simplified approach permitted by CIFRS 9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables (note 3.1.b).

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Inventories

Inventories are stated at the lower of cost (costs of purchase and other costs incurred in bringing the inventories to their present location and condition) and the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Inventories include consumables, spare parts and other supply-related inventories and are valued at the actual cost of bringing the inventory to its intended purpose less allowances for damaged, obsolete and slow-moving items using the first-in first-out basis.

2.10 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment and expected credit losses (note 3.1(b.3)).

2.11 Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances held with banks, and other short-term, highly liquid investments with original maturities of three months or less.

2.12 Assets classified as held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of the carrying amount and fair value less costs to sell unless the assets are investment properties measured at fair value or financial assets in the scope of CIFRS 9 in which case they are measured in accordance with those standards.

2.13 Share capital and share premium

Share capital and share premium are classified as equity. Incremental costs directly attributable to the issue of new share capital are shown in equity as a deduction, net of tax, from the proceeds.

2.14 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Borrowing costs

General and specific 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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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

2.16 Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for Cambodian jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated based on the tax laws enacted or substantively enacted at the end of reporting date in Cambodia, where PAS generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits

2.17.1 Retirement benefit

PAS has provided two schemes of employee benefits to staff upon their retirement age:

- Retirement benefit obligations
- Gratuity payments

PAS also operates defined benefit plan whereby:

- The employees' contribution is 10% of their monthly salary.
- The employer's contribution is 10% of the employees' monthly salary.
- On an annual basis, the Board of Directors decides on an additional amount to be contributed to the scheme based on PAS's performance during the year.

Staff must meet all of the following criteria to be eligible to receive retirement benefits:

- Be a permanent staff member
- Have worked for PAS for 25 years or more
- Contribute to the scheme as required
- Hold a staff card, and
- If retiring before reaching the retirement age, the retirement must be approved by the Chairman and Chief Executive Officer.

i) Retirement benefit obligations

(a) Staff who have served for 25 or more years can choose to receive a one-off payment at the retirement age or a monthly payment until the end of their life. Payments to eligible employees are based on the following terms and conditions:

One-off payment.

Staff who decide to receive a one-off payment at retirement will receive a payment equal to 12.5 times their last monthly salary.

Monthly payment until end of life:

The monthly payment made to staff who decide to receive monthly benefits until the end of their life depends on their years of service as set out below:

| Years of service | <u>Benefit</u> |
|------------------|---|
| 25 years | Receive a monthly payment of 75% of their last month's net salary. |
| 26 to 40 years | Receive a monthly payment of 75% of the last month's net salary plus an |
| | additional 1% for each additional year of service over 25 years. |
| Over 40 years | Receive a monthly payment of 90% of the last month's net salary. |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

2.17.1 Retirement benefit (continued)

i) Retirement benefit obligations (continued)

(b) Staff who have served less than 25 years are not entitled to post-employment benefits, but they are entitled to a one-off lump-sum payment as follows:

Years of service Benefit

Less than 10 years No benefit and no refund of total contribution. The total contribution will

become the scheme's income.

10 to 24 years Receive a 200% of total contributions from PAS and employee.

If the plan is demolished for any reasons, the employee can claim back his/her contribution from the plan according to the actual condition of the plan and the procedures as stated in the policy.

(c) Early retirement benefits

Staff who were retired or dismissed prior to reaching retirement age will receive the following benefit:

| Years of service | <u>Benefit</u> |
|---------------------|--|
| Less than 10 years | No refund of employee's total contribution. |
| From 10 to 20 years | 120% of the employee's total contributions and an additional 1% for each |
| • | year of service over 10 years. |
| From 21 to 30 years | 135% of the employee's total contributions and an additional 1% for each |
| • | year of service over 21 years. |
| From 31 to 40 years | 155% of the employee's total contributions and an additional 1% for each |
| | year of service over 31 years. |
| More than 40 years | 164% of the employee's total contributions |

(d) Death benefits

A one-off benefit will be paid upon death of the staff. The benefit is based on total contributions from PAS and employee and it depends on the staff member's years of service as follows:

| Years of service | Work-related death | Non-work-related death |
|---------------------|--------------------|------------------------|
| Less than 11 years | 125% | 115% |
| From 11 to 20 years | 145% | 135% |
| From 21 to 30 years | 155% | 145% |
| More than 30 years | 165% | 155% |

(e) Disability benefits:

Staff who have served less than 25 years and become disabled will receive a one-off payment based on their total contributions from PAS and employee as follows:

| Years of services | Work related disability | Non-work-related disability |
|---------------------|---|---|
| Less than 11 years | 125% | 115% |
| From 11 to 25 years | 125% plus 3% for each year of service over 10 years | 115% plus 3% for each year of service over 10 years |
| More than 25 years: | · | · |
| Option 1 | 170% | 160% |
| Option 2 | Monthly annuity retirement benefits | Monthly annuity retirement benefits |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

2.17.1 Retirement benefit (continued)

ii) Gratuity payments

PAS also provided another employee benefit scheme, gratuity payments, to staff who have served PAS until retirement age.

Upon retirement, staff will receive a gratuity payment (sum of amount) as set out in formula = (a) * (b)

- (a) Number of their years of services from joined date until retirement age
- (b) The benefit rate depends on their years of services as set out below:

Years of service
Up to 25 yearsBenefit rate
75% of their latest month's basic salary at retirement age.26 to 40 years75% plus an additional 1% for each additional year of service over 25 years
of their latest month's basic salary at retirement age.Over 40 years90% only of their latest month's basic salary at retirement age.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans (retirement benefit obligations and gratuity payments) are the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets (if any). The defined benefit obligations are calculated using the projected unit credit method. The present value of the defined benefit obligations is determined by discounting the estimated future cash flows using the average deposit rate of funds reserved for retirement benefit payments deposited at banks, as there is no deep high-quality corporate bond market or government bonds in Cambodia.

Remeasurement gains and (losses) arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

However, in December 2019, Board of Directors has amended the policy on number of year of services by limiting up to 31 December 2018 with a maximum of 40 years. The impact of change of the management estimation was recognised immediately in profit or loss.

2.17.2 Seniority payment obligations

In June 2018, the Cambodian government amended the Labour Law introducing the seniority pay scheme. Subsequently on 21 September 2018, Prakas No. 443 K.B/Br.K.Kh.L, was issued providing guidelines on the implementation of the law. In accordance with the law/prakas, each entity is required to pay each employee with unspecified duration employment contract the following seniority scheme:

- i) Annual service effective January 2019, 15 days of their average monthly salary and benefits each year payable every six month on 30 June and 31 December (7.5 days each payment).
- ii) Past years of seniority service employees are entitled to 15 days of their salary per year of service since the commencement of employment up to 31 December 2018 and still continue working with PAS. The past seniority payment depends on each staff past services and shall not exceed six months of average gross salaries for each staff. On 22 March 2019, the Ministry of Labour and Vocational Training issued a guideline number 042/19 K.B/S.N.N.Kh.L, to delay the payment of the past years of seniority service which will be payable three days each in June and in December starting December 2021.

The annual service pay is considered as short-term employee benefits. These are accrued in the year in which the associated services are rendered by the employees of PAS.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

2.17.2 Seniority payment obligations (continued)

The past years of seniority service is classified as long term employee benefits. Past seniority liability was recognised at the present value of defined obligation at the reporting period using the projected unit credit method to better estimate the ultimate cost to PAS that employees have earned in return for their service in the current and prior period. That obligations arises as employees render the services that PAS expected to pay in the future reporting periods. The present value of the past seniority payment is determined by discounting the estimated future payments.

2.18 Provision and contingent liability

Provisions are recognised when PAS has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the amount expected to be required to settle the obligation. If the time value of money is material, provisions will be measured at their present value using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Increases in provisions due to the passage of time are recognised as interest expenses.

A contingent liability is a potential obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within PAS's control. It may also be a present obligation arising from past events that is not recognised because it is not probable that the outflow of economic resources will be required or the amount of the obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the financial statements. When the outflow of economic resources becomes probable, it will be recognised as a provision.

2.19 Revenue recognition

PAS recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). A performance obligation is a promise to transfer a distinct good or service to a customer. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Port revenue

Port revenue mainly includes fees charged for stevedoring (cargo handling from/to vessels), Lift-On Lift-Off (cargo handling from/to vehicles), port due/charge services (piloting/berthing), container storage and other services. Revenue from the provision of these services is recognised when services are rendered.

Rental revenue – PAS is the lessor

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rental income on operating lease is recognised over the lease term of the lease on a straight-line basis.

Other revenue

Other revenue includes truck entrance and other fees. Other revenue is recognised when the services are rendered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Interest income

Interest income is recognised using the effective interest method and included in finance income in profit or loss.

2.21 Operating Leases - PAS is the lessor

Properties leased out under operating leases are included in investment properties in the statement of financial position (note 7). See note 2.19 for the recognition of rental income.

2.22 Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of PAS, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.23 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of PAS, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (if any).
- (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (Chief Executive Officer). The chief operating decision-maker, who is responsible for allocating resources to and assessing the performance of the operating segments, has been identified as the management team (including the director general and all deputy director generals), which makes strategic decisions.

2.25 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand Khmer Riel (KHR) currency unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

PAS's activities expose it to a variety of financial risks: market risk (including interest rate risk, price risk, and foreign exchange risk), credit risk and liquidity risk. PAS assumes and manages such risks by monitoring the market interest rates, the credit history of its counterparties, foreign exchange rates and cash flows. PAS does not currently use derivative instruments to hedge its interest rate and foreign exchange risk exposure.

a. Market risk

a.1 Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of PAS's operations and its cash flows.

PAS obtained borrowings (at fixed interest rates) from Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) through the MoEF.

No interest rate swaps, or other derivatives financial instruments have been entered into to hedge interest rate risk. The Company exposures to fair value risk, however, management is closely monitoring the fluctuation in the market and will enter into interest rate swap if necessary. PAS' borrowings are carried at amortised cost.

a.2 Price risk

PAS is not exposed to any commodity price risk. In addition, PAS is not exposed to security price risk because there are no financial instruments carried at fair value at statement of financial position date.

a.3 Foreign exchange risk

PAS is exposed to the risk of changes in foreign currency exchange rates, primarily between the Khmer Riel (KHR) and the Japanese yen (JPY) and US dollar (US\$), since its loans from JICA and JBIC through the MoEF are in Japanese yen and US dollars, but it maintains its accounting records in Khmer Riel, its functional currency. Currently PAS does not hedge or use forward exchange contracts to manage this risk.

PAS's sensitivity to foreign exchange rates on its Japanese yen and US dollar financial instruments is analysed below. PAS's financial instruments are mainly denominated in these two currencies. PAS has analysed the movement in these currencies over the last three years and considered that a 5.50% and 0.96% movement in the Japanese yen and US dollar rates, respectively, is a reasonable benchmark.

If the Japanese yen had weakened or strengthened by 5.50% (average fluctuation for the last three years) against the Khmer Riel, post-tax profit for the year would have been KHR 16,417m higher or lower mainly due to foreign exchange gains/losses on the translation of borrowings denominated in Japanese yen.

If the US dollar had weakened or strengthened by 0.96% (average fluctuation for the last three years) against the Khmer Riel, the post-tax profit for the year would have been KHR 289m higher or lower mainly due to foreign exchange gains/losses on the translation of short-term bank deposits denominated in US dollars.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

a. Market risk (continued)

a.3 Foreign exchange risk (continued)

The table below summarises PAS's exposure to foreign currency exchange rate risk at 31 December 2021 and 31 December 2020. Included in the table are the financial instruments at carrying amount by currency in KHR'000 equivalent.

| | In equivalent KHR'000 | | | |
|---|-----------------------|---------------|-------------|---------------|
| | JPY | US\$ | KHR | Total |
| Year ended 31 December 2021 Financial assets | | | | |
| Trade and other receivables | - | 33,656,278 | 1,917,802 | 35,574,080 |
| Short-term bank deposits | - | 95,872,367 | 5,434,314 | 101,306,681 |
| Cash and cash equivalents | | 21,980,688 | 488,241 | 22,468,929 |
| | | 151,509,333 | 7,840,357 | 159,349,690 |
| Financial liabilities Borrowings | (370,933,079) | (98,053,918) | | (468,986,997) |
| Trade and other payables | (370,333,073) | (15,655,169) | (6,025,236) | (21,680,405) |
| riado ana otrior payableo | (370,933,079) | (113,709,087) | (6,025,236) | (490,667,402) |
| Net position | (370,933,079) | 37,800,246 | 1,815,121 | (331,317,712) |
| Year ended 31 December 2020 Financial assets | | | | |
| Trade and other receivables | - | 27,980,880 | 5,095,207 | 33,076,087 |
| Loans to employees | - | - | 1,228,021 | 1,228,021 |
| Short-term bank deposits | - | 99,303,336 | 5,223,767 | 104,527,103 |
| Cash and cash equivalents | <u>-</u> | 30,391,461 | 349,614 | 30,741,075 |
| | - | 157,675,677 | 11,896,609 | 169,572,286 |
| Financial liabilities | | | | |
| Borrowings | (430,518,335) | (109,427,498) | - | (539,945,833) |
| Trade and other payables | - | (4,853,906) | (2,268,350) | (7,122,256) |
| | (430,518,335) | (114,281,404) | (2,268,350) | (547,068,089) |
| Net position | (430,518,335) | 43,394,273 | 9,628,259 | (377,495,803) |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

b. Credit risk

PAS is exposed to credit risk primarily with respect to trade and other receivables, short-term bank deposits, and cash at banks carried at amortised cost.

b.1 Risk management

To manage risk from trade and other receivables, PAS requires a deposit from each shipping line before handling any transactions for the shipping line. No deposit is required for governmental departments as PAS believes that it can collect trade and other receivables from such departments through the MoEF (which finances such departments). Deposits are not obtained from shipping lines that use PAS's services infrequently as such these shipping lines are required to make payment on delivery of the services. PAS has a deposit deduction policy for customers that have not settled their debts in accordance with the credit terms and conditions. PAS's exposure to credit risk on trade and other receivables is limited to the carrying amount of the receivables less provision for impairment and expected credit losses of the receivables based on a review of all outstanding amounts at year-end. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For short-term bank deposits and cash at banks, placements are made only to reputable banks and financial institutions.

b.2 Security

For some trade receivables, PAS may obtain security in form of cash deposits which can be called upon if the counterparty is in default under the terms of the agreement.

b.3 Impairment of financial assets

PAS has financial assets which are cash and cash equivalents, short-term bank deposits and trade receivables that are subject to the expected credit loss model.

There is no significant concentration of credit risk with respect to cash and cash equivalents, short-term bank deposits. Based on the impairment requirements of CIFRS 9, the identified impairment losses were immaterial because PAS has deposited with well-known banks with no history of default.

Trade receivables

PAS applies the CIFRS 9 simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

PAS's trade receivables generally consist of receivables ranging from 31 to 39 debtors from year 2015 to 2020. Based on PAS's historical credit loss experience for trade receivables, there were no cases of default in the past 8 years. All invoices were paid within one year. Based on the ageing provided as at 31 December 2021, most balances aged more than 120 days have been subsequently settled in January 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

b. Credit risk (continued)

b.3 Impairment of financial assets (continued)

Trade receivables (continued)

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. PAS has identified the GDP growth rate of Cambodia in which it sells its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan, and a failure to make contractual payments for a period of greater than specified past due days to be approved by the Board of Directors.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

| As at 31 December 2021 | Expected loss rate | Gross carrying amount KHR'000 | Loss allowance KHR'000 |
|---|------------------------|---|------------------------------|
| Current | 0% | 25,580,287 | - |
| More than 30 days past due | 0% | 4,616,059 | - |
| More than 60 days past due | 0% | 434,254 | - |
| More than 90 days past due | 0% | 321,971 | - |
| More than 120 days past due | (*) 10.86% _ | 3,032,948 | 329,241 |
| Total | _ | 33,985,519 | 329,241 |
| | | | |
| | Francisco de la co | Gross | |
| As at 31 December 2020 | Expected loss rate | Gross carrying amount KHR'000 | Loss allowance KHR'000 |
| As at 31 December 2020 Current | rate | carrying amount | allowance |
| | rate | carrying amount KHR'000 | allowance |
| Current | rate <u>%</u> 0% | carrying amount KHR'000 | allowance |
| Current More than 30 days past due | rate % 0% 0% | carrying amount KHR'000 22,560,138 4,420,142 | allowance |
| Current More than 30 days past due More than 60 days past due | 0% 0% 0% | carrying amount KHR'000 22,560,138 4,420,142 711,936 | allowance |

^(*) The less impact of the measurement of ECL is due to changes in probability of default ("PD") arising from the forward looking adjustment on the macroeconomic forecasts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

b. Credit risk (continued)

b.3 Impairment of financial assets (continued)

Trade receivables (continued)

The loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|---|-----------------|-----------------------|
| Opening loss allowance at 1 January | 2,655,478 | 1,215,248 |
| (Decrease)/Increase in loss allowance recognised in profit or loss during the year Receivables written off during the year as uncollectible | (2,326,237) | 1,474,765 (34,535) |
| Closing loss allowance at 31 December | 329,241 | 2,655,478 |

c. Liquidity risk

PAS's exposure to liquidity risk arises from the general funding of its business activities. It includes the risk of being unable to fund business activities in a timely manner.

PAS has a policy to maintain sufficient cash and cash equivalents for its operations and uses credit facilities together with its own funds to pay for capital investments.

PAS had access to the following undrawn borrowing facilities at the end of year:

| | 2021 KHR'000 | 2020 KHR'000 |
|-------------------------------------|-----------------|-----------------|
| Fixed rate Expiring beyond one year | 821,415,962 | 907,253,954 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

c. Liquidity risk (continued)

The table below analyses PAS's financial liabilities by the remaining period until the maturity date as at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | Less than 1 year KHR'000 | Between 1 and 2 years KHR'000 | Between 2 and 5 years KHR'000 | Over 5 years KHR'000 | Total contractual cash flows KHR'000 | Carrying amount liabilities KHR'000 |
|----------------------------|--------------------------------|--|--|----------------------------|---|--|
| At 31 December 2021 | | | | | | |
| Borrowings | 47,074,239 | 43,251,361 | 124,224,196 | 366,764,309 | 581,314,105 | 468,986,997 |
| Trade and other payables | 21,680,405 | | | | 21,680,405 | 21,680,405 |
| | 68,754,644 | 43,251,361 | 124,224,196 | 366,764,309 | 602,994,510 | 490,667,402 |
| At 31 December 2020 | | | | | | |
| Borrowings Trade and other | 52,702,859 | 47,562,131 | 136,767,634 | 439,852,611 | 676,885,235 | 539,945,833 |
| payables | 7,122,256 | | | | 7,122,256 | 7,122,256 |
| | 59,825,115 | 47,562,131 | 136,767,634 | 439,852,611 | 684,007,491 | 547,068,089 |

3.2 Capital risk management

PAS's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

PAS does not have a specific policy on gearing ratios.

3.2.1 Dividends

On 25 June 2021, the Board of Directors approved to distribute the dividends in respect of profit of the financial year ended 31 December 2020 as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|--|------------------------|------------------------|
| Dividends paid to Class B shares Dividends paid to Class C shares | 3,533,122 8,641,527 | 3,533,122 8,641,527 |
| Total dividends paid (*) | 12,174,649 | 12,174,649 |

(*) The total dividends paid amounting to KHR 12,174,649 thousand have been debited from retained earnings (31 December 2020: KHR 6,771,016 thousand have been debited from retained earnings and the remaining of KHR 5,403,633 thousand debited from the guaranteed dividends which was recorded as a liability).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value of financial assets and financial liabilities measured at amortised cost

The methods and assumptions used in estimating the fair values of financial instruments are as follows:

- (a) Cash and cash equivalents and short-term bank deposits The carrying values of these amounts approximate their fair values due to their short-term nature.
- (b) Trade and other receivables The carrying amounts less impairment provisions approximate the fair value because these are subject to normal credit terms and are short-term in nature.
- (c) Trade and other payables The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.
- (d) Borrowings The fair value is estimated by discounting the future contractual cash outflows using a current borrowing rate at the year ended.

Financial instruments measured at fair value are analysed into the following fair value measurement hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities. PAS does not hold any listed securities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. PAS makes estimates, assumptions and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Retirement benefit obligations

The present value of the retirement benefit obligation depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used to determine the net cost of pensions include the discount rate, salary growth rates, and staff turnover rate. Any changes in these assumptions will impact the carrying amount of the obligations.

As at 31 December 2021, Cambodia has only eight corporate bonds listed in the Cambodia Stock Exchange. The current listed bond was issued in KHR having an average coupon rate of 7% per annum with maturity of two years and rated B. It is not considered as high quality (AA or greater) and not actively traded yet, so PAS uses the average annual deposit rates in KHR from banks as an adjusted discount rate to determine the present value of the estimated future cash outflows expected to be required to settle the retirement benefit obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(a) Retirement benefit obligations (continued)

If the discount rate, and salary increase rate used is different from management's estimate by 0.5% and 2.5% respectively, the approximate effect on the carrying amount of the retirement benefit obligation as at 31 December 2021 would be as shown below:

| | Base case | Sensitivity impact | | | |
|--|-----------|--------------------|--------|--------|---------|
| Discount rate | 6.00% | 6.50% | 5.50% | 6.00% | 6.00% |
| Salary increase rate | 5.00% | 5.00% | 5.00% | 7.50% | 2.50% |
| Defined benefit obligation (million KHR) | 88,181 | 83,642 | 93,184 | 99,101 | 80,198 |
| Impact (million KHR) | | (4,539) | 5,003 | 10,920 | (7,983) |
| Impact (%) | | (5%) | 6% | 12% | (9%) |

5. SEGMENT INFORMATION

PAS has a reportable segment, namely, port service. The chief operating decision-maker (Chief Executive Officer) reviews the internal management report, which reports the performances of the port service segment as a whole, to assess performance and allocate resources. The chief operating decision-maker 'CODM' assesses the performance of the reportable segment by measuring gross revenue (note 21). CODM also reviews profit before tax and net profit as a whole compared to prior periods. In addition, PAS also has a Special Economic Zone (SEZ) operating as a lessor and earns rental income (note 7).

Significant revenues are derived from external customers. PAS is domiciled in Sihanoukville and major revenues originate from Sihanoukville and the surrounding areas.

The revenue of KHR 118,849,616 thousand was generated from three major customers during the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. PROPERTY AND EQUIPMENT

| | Land i KHR'000 | Land mprovement KHR'000 | Buildings KHR'000 | Technical equipment KHR'000 | Furniture and fittings KHR'000 | Computer and office equipment KHR'000 | Motor vehicles KHR'000 | Seaport equipment KHR'000 | Construction in progress KHR'000 | Palettes KHR'000 | Total KHR'000 |
|--|-------------------------------------|--|--|---|--------------------------------------|--|---|--|--|------------------------------|---|
| At 31 December 2020 Opening net book amount Additions (*) Depreciation charges | 250,929,909 - - | 30,614,437 3,199,247 (1,442,587) | 324,230,672 1,776,613 (9,592,013) | 28,221,613 1,509,355 (3,713,819) | 500,128 664,961 (358,449) | 2,009,310 2,111,928 (1,409,681) | 27,476,376 7,999,103 (3,218,281) | 188,112,921 10,274,687 (10,833,998) | 5,034,897 61,221,430 | 48,068 89,785 (87,597) | 857,178,331 88,847,109 (30,656,425) |
| Closing net book amount | 250,929,909 | 32,371,097 | 316,415,272 | 26,017,149 | 806,640 | 2,711,557 | 32,257,198 | 187,553,610 | 66,256,327 | 50,256 | 915,369,015 |
| At 31 December 2020 Cost Accumulated depreciation | 250,929,909 | 38,121,638 (5,750,541) | 346,693,935 (30,278,663) | 35,828,334 (9,811,185) | 2,136,346 (1,329,706) | 9,038,746 (6,327,189) | 41,895,655 (9,638,457) | 232,088,355 (44,534,745) | 66,256,327 | 1,022,761 (972,505) | 1,024,012,006 (108,642,991) |
| Net book amount | 250,929,909 | 32,371,097 | 316,415,272 | 26,017,149 | 806,640 | 2,711,557 | 32,257,198 | 187,553,610 | 66,256,327 | 50,256 | 915,369,015 |
| At 31 December 2021 Opening net book amount Additions (*) Transfers Depreciation charges | 250,929,909 45,805,500 - - | 32,371,097 681,152 20,048,132 (1,571,796) | 316,415,272 813,760 - (9,644,530) | 26,017,149 320,666 1,359,100 (4,016,356) | 806,640 335,430 - (433,414) | 2,711,557 2,689,380 - (1,385,422) | 32,257,198 7,092,284 - (3,797,155) | 187,553,610 7,418,560 37,460,054 (11,602,098) | 66,256,327 18,135,760 (58,867,286) | 50,256 - - (44,892) | 915,369,015 83,292,492 (32,495,663) |
| Closing net book amount | 296,735,409 | 51,528,585 | 307,584,502 | 23,680,559 | 708,656 | 4,015,515 | 35,552,327 | 220,830,126 | 25,524,801 | 5,364 | 966,165,844 |
| At 31 December 2021 Cost Accumulated depreciation | 296,735,409 | 58,850,922 (7,322,337) | 347,507,695 (39,923,193) | 37,508,100 (13,827,541) | 2,471,776 (1,763,120) | 11,728,126 (7,712,611) | 48,987,939 (13,435,612) | 276,966,969 (56,136,843) | 25,524,801 | 1,022,761 (1,017,397) | 1,107,304,498 (141,138,654) |
| Net book amount | 296,735,409 | 51,528,585 | 307,584,502 | 23,680,559 | 708,656 | 4,015,515 | 35,552,327 | 220,830,126 | 25,524,801 | 5,364 | 966,165,844 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

6. PROPERTY AND EQUIPMENT (continued)

(*) During the year, PAS acquired 75 hectares of land located at Keo Phos commune, Steung Hav District, Preah Sihanouk Province to expand its operations (inland container depot) with a total cost of KHR45,805m. The transaction has been completed, and the payments has been made in full. Soft tittle deeds have already been transferred to PAS. Management is in the process of transferring soft tittle deeds to hard tittle deeds (LMAP).

Please refer to below reconciliation of cash and non-cash of additions (purchases of property and equipment) for the year ended.

| | 2021 KHR'000 | 2020 KHR'000 |
|--|-------------------------|---------------------------|
| Purchases (cash and non-cash) during the year Decrease/(increase) payable to a supplier (non-cash) | 83,292,492 2,038,746 | 88,847,109 (1,528,371) |
| Cash paid during the year | 85,331,238 | 87,318,738 |

The interest cost that was capitalised on qualifying assets for the year ended 31 December 2021 was KHR 256,630 thousand (31 December 2020: KHR 205,720 thousand).

The table below summarises the legal status of the land held and its carrying amount.

| | 2021 KHR'000 | 2020 KHR'000 |
|---|---------------------------|------------------------|
| Land with legal title deeds Land with no title deeds | 46,540,500 250,194,909 | 735,000 250,194,909 |
| | 296,735,409 | 250,929,909 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. INVESTMENT PROPERTIES

| | | Buildings | | |
|---|-------------|--------------------------|--------------|--------------------------|
| | | and land | Construction | |
| | | improvement | in progress | Total |
| At 31 December 2020 | KHR'000 | KHR'000 | KHR'000 | KHR'000 |
| | 124 225 002 | 1.11 EE 1.0CO | | 275 200 745 |
| Opening net book amount Additions | 134,325,883 | 141,554,862 2,152,556 | 2,064,282 | 275,880,745 4,216,838 |
| Transfers | 1,705,002 | 2,132,330 | (1,705,002) | 4,210,030 |
| Depreciation charges | 1,700,002 | (6,262,116) | (1,700,002) | (6,262,116) |
| Doprodiation onargos | | (0,202,110) | | (0,202,110) |
| Closing net book amount | 136,030,885 | 137,445,302 | 359,280 | 273,835,467 |
| • | | | | |
| At 31 December 2020 | | | | |
| Cost | 136,030,885 | 168,140,149 | 359,280 | 304,530,314 |
| Accumulated depreciation | | (30,694,847) | <u>-</u> | (30,694,847) |
| AL AL AL | | 40= 44= 000 | | |
| Net book amount | 136,030,885 | 137,445,302 | 359,280 | 273,835,467 |
| A4 24 December 2024 | | | | |
| At 31 December 2021 Opening net book amount | 136,030,885 | 137,445,302 | 359,280 | 273,835,467 |
| Additions | 130,030,665 | 165,310 | 1,708,860 | 1,874,170 |
| Transfers | 2,068,140 | 103,310 | (2,068,140) | 1,074,170 |
| Transfers to assets held for sale (note 13) | | _ | (2,000,110) | (13,058,708) |
| Depreciation charges | - | (6,322,670) | _ | (6,322,670) |
| | | | | |
| Closing net book amount | 125,040,317 | 131,287,942 | | 256,328,259 |
| | | | | |
| At 31 December 2021 | | | | |
| Cost | 125,040,317 | 168,305,459 | - | 293,345,776 |
| Accumulated depreciation | | (37,017,517) | | (37,017,517) |
| Net book amount | 125,040,317 | 131,287,942 | | 256,328,259 |
| ואפנ טטטג מוווטטוונ | 120,040,317 | 131,201,942 | | 230,320,239 |

Valuation process (technique/inputs) used to determine fair value

The investment properties were valued by the valuation company accredited by the Securities and Exchange Regulator of Cambodia. PAS obtained independent valuations for its investment properties as at 31 December 2018 and management believed that there is no significant change on valuation up to the reporting date.

The level 3 fair value of investment properties has been derived using sales comparison approach for land and cost approach for buildings. Land valued using the sales comparison approach take into account comparable items. These values are adjusted for differences in key attributes such as size and location, condition and other relevant factors.

Management believed that the range of the fair value of investment properties is reliably measured.

| | 2021 KHR'000 | 2020 KHR'000 |
|--|------------------------------|------------------------------|
| Land at fair value Buildings and land improvement at fair value | 2,862,732,579 137,668,608 | 3,113,318,384 136,688,640 |
| | 3,000,401,187 | 3,250,007,024 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

7. **INVESTMENT PROPERTIES** (continued)

Valuation process (technique/inputs) used to determine fair value (continued)

The table below summarises the legal status of the land held and its carrying amounts:

| | 2021 KHR'000 | 2020 KHR'000 |
|---|---------------------------------------|---------------------------------------|
| Land with legal title deeds – Special Economic Zone (*) Land with legal title deeds – Others Land with no legal title deeds | 85,212,370 3,286,724 35,425,492 | 85,212,370 3,286,724 46,416,060 |
| Land with legal title deeds but occupied by households (reclassified from the property and equipment) | 1,115,731 | 1,115,731 |
| | 125,040,317 | 136,030,885 |

(*) This represents the land value of 41 hectares which was handed over to PAS through the interministry committee in 2002.

PAS settled and cleared the surrounding areas of its existing land of 41 hectares, resulting in getting the additional land of 27 hectares in 2012 where its value will be determined by the inter-ministry committee. The value of land of 27 hectares has not been recorded in the book yet but PAS obtained legal title deeds.

The following amounts have been recognised in profit or loss deriving from the business of investment properties:

| | 2021 KHR'000 | 2020 KHR'000 |
|---|--------------------------|--------------------------|
| Rental revenue Depreciation expenses | 2,195,869 (6,322,670) | 2,407,722 (6,262,116) |
| Direct operating expenses arising from investment properties that generate rental revenue | (2,545,602) | (2,389,248) |

Minimum lease payments receivable on leases of investment properties are as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|-----------------------|-----------------|-----------------|
| Within 1 year | 73,332 | 68,765 |
| Between 1 and 2 years | 562,212 | 72,810 |
| Between 2 and 3 years | 1,539,972 | 558,210 |
| Between 3 and 4 years | 1,539,972 | 1,529,010 |
| Between 4 and 5 years | 1,548,120 | 1,529,010 |
| Later than 5 years | 39,978,374 | 41,230,895 |
| | 45,241,982 | 44,988,700 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

8. INTANGIBLE ASSETS

| | Software KHR'000 |
|---|--|
| At 31 December 2020 Opening net book amount Additions Amortisation charges | 6,431,960 312,800 (1,071,015) |
| Closing net book amount | 5,673,745 |
| At 31 December 2020 Cost Accumulated amortisation Net book amount At 31 December 2021 Opening net book amount Additions | 10,921,152 (5,247,407) 5,673,745 5,673,745 366,931 |
| Amortisation charges | (1,104,344) |
| Closing net book amount | 4,936,332 |
| At 31 December 2021 Cost Accumulated amortisation Net book amount | 11,288,083 (6,351,751) 4,936,332 |
| | |

9. INVENTORIES

| | 2021 KHR'000 | 2020 KHR'000 |
|---|---|---|
| Consumable supplies Combustible materials Oil and lubricant Provision for consumable supplies (*) | 24,007,787 2,709,997 1,250,216 (742,994) | 22,418,103 777,369 1,400,544 (742,994) |
| | 27,225,006 | 23,853,022 |

^(*) Management reassesses the slow-moving inventory items periodically and considers the provision value remains sufficient and appropriate at the period-end date.

Inventories recognised as expenses for the year ended 31 December 2021 amounted to KHR 89,006m (31 December 2020: KHR 78,422m).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

10. TRADE AND OTHER RECEIVABLES

| | 2021 KHR'000 | 2020 KHR'000 |
|---|--|--|
| Trade receivables Loss allowance Trade receivables, net | 33,985,519 (329,241) 33,656,278 | 30,636,358 (2,655,478) 27,980,880 |
| Advances to MoPWT (a) Advances Withholding tax credit (b) Prepayments | 1,221,303 696,502 - 85,828 2,003,633 35.659,911 | 4,754,425 668,510 1,125,797 85,641 6,634,373 |

PAS's customers are local and international shipping lines and shipping agents. Trade receivables are short term.

(a) This represents outstanding cash advances to the Ministry of Public Works and Transport (MoPWT), which based on letters issued by MoEF dated 22 April 2019 for the purpose of renovating certain parts of city road. The advances were settled by way of deduction from the dividend payment or repayment. There is no specific term of repayment.

| | 2021 KHR'000 | 2020 KHR'000 |
|---|--------------------------|--|
| Opening balance Repayment during the year Settled through dividends distribution (note 3.2.1) | 4,754,425 (3,533,122) | 14,287,547 (6,000,000) (3,533,122) |
| Closing balance | 1,221,303 | 4,754,425 |

(b) On 21 January 2021, the General Department of Taxation approved a withholding tax credit of KHR 1,125,797 thousand to offset with further income tax payable from the year 2021 onwards. The current income tax liabilities for the year ended 31 December 2021 of KHR 1,125,797 thousand were offset with the withholding tax credit.

11. SHORT-TERM BANK DEPOSITS

This represents fixed deposits placed with financial institutions for a period of between six to twelve months, earning interest at rates ranging from 2.75% to 4.50% (2020: 3.00% to 4.50%) per annum.

12. CASH AND CASH EQUIVALENTS

| | 2021 KHR'000 | 2020 KHR'000 |
|-----------------------------|-----------------|-----------------|
| Cash on hand Cash at banks: | 1,341,808 | 1,256,114 |
| Current accounts | 21,127,121 | 29,484,961 |
| | 22,468,929 | 30,741,075 |

Cash at banks are deposited in local commercial banks. The current accounts carry no interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

13. ASSETS CLASSIFIED AS HELD FOR SALE

On 10 November 2021, PAS signed a sale and purchase agreement with a buyer to sell a parcel of vacant land (130 hectares) located in the Bet Trang commune, which was acquired for capital appreciation. It has been classified and presented as an investment property.

The total contract value is US\$26m at a price of US\$20 per square metre. PAS received US\$2m as a deposit on the contract date and the remaining amount will be paid by the buyer upon completion of ownership tittle deeds transferred to buyer which is expected to be completed by June 2022. The net book value of these 130 hectares - land is KHR13,058m (equivalent to US\$3,264,677). This has been recorded as assets held for sale on the statement of financial position as of 31 December 2021. No gain was recognised as of 31 December 2021 as the transaction has not been completed, and the risk and rewards have not been completely transferred to the buyer.

This size of the land might be reduced as public road construction is taking place on it. Management is in the process of transferring the hard title deeds (LMAP) and the actual size of land will be known once the Ministry of Land Management, Urban Planning and Construction issues the hard title deeds and the buyer settles based on the confirmed size at US\$20 per square metre.

Land classified as held for sale during the reporting period was measured at the lower of either its carrying amount, which is its cost, and the fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. SHARE CAPITAL AND SHARE PREMIUM

| | Class A | share (*) | Class B s | share (**) | Class C s | hare (**) | Share premium | Total |
|---------------------|-------------|-------------|------------|------------|------------|------------|---------------|-------------|
| | Number | KHR'000 | Number | KHR'000 | Number | KHR'000 | KHR'000 | KHR'000 |
| At 31 December 2020 | 364,530,861 | 364,530,861 | 64,328,975 | 64,328,975 | 21,442,992 | 21,442,992 | 67,715,235 | 518,018,063 |
| At 31 December 2021 | 364,530,861 | 364,530,861 | 64,328,975 | 64,328,975 | 21,442,992 | 21,442,992 | 67,715,235 | 518,018,063 |

^(*) According to Article 5 of the Articles of Incorporation dated 21 February 2017, the existing capital of KHR 428,859,836,000 were allocated into 364,530,861 class A shares and 64,328,975 class B shares with a par value of KHR 1,000 per share. Both class A shares and class B shares are controlled by the Royal Government of Cambodia represented by MoEF. Class A shares are not entitled to any dividend payment and have no voting rights except for conditions as detailed in article 9 of the Articles of Incorporation dated 21 February 2017. Class B shares have voting rights and are entitled to dividend as approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

14. SHARE CAPITAL AND SHARE PREMIUM (continued)

(**) The details of voting rights shares are as follows:

| Shareholders | Percentage | Number of shares | KHR'000 |
|--|------------|------------------|------------|
| Class B shares: The Royal Government of Cambodia Class C shares: | 75% | 64,328,975 | 64,328,975 |
| Kamigumi Employee share option scheme Other investors | 13% | 11,150,324 | 11,150,324 |
| | 2% | 2,144,299 | 2,144,299 |
| | 10% | 8,148,369 | 8,148,369 |
| | 25% | 21,442,992 | 21,442,992 |
| | 100% | 85,771,967 | 85,771,967 |

The number of shares issued in class C shares are 21,442,992 shares with a par value of KHR 1,000 per share. All issued class C shares were fully paid.

15. RESERVES

| | 2021 KHR'000 | 2020 KHR'000 |
|---|--------------------------------------|--------------------------------------|
| Opening balance Add: General reserve Add: Legal reserve | 29,059,072 1,330,380 1,330,380 | 24,712,722 2,173,175 2,173,175 |
| Closing balance | 31,719,832 | 29,059,072 |

Article 34 of the Article of Incorporation dated 21 February 2017 stipulates that PAS's annual profit, after offsetting losses carried forward (if any), is allocated to general reserve at 5% and legal reserve at 5%. On 7 May 2021, the Board of Directors approved to transfer the profit for the year ended 31 December 2020 to general reserve of KHR 1,330,380 thousand and legal reserve of KHR 1,330,380 thousand.

16. BORROWINGS

| | 2021 KHR'000 | 2020 KHR'000 |
|---------------------------------|-----------------|-----------------|
| Borrowings from: | | _ |
| MoEF – (JBIC) – Loan No. CP-P3 | 57,735,813 | 71,044,164 |
| MoEF – (JBIC) – Loan No. CP-P4 | 98,053,918 | 104,844,848 |
| MoEF – (JBIC) – Loan No. CP-P6 | 6,614,677 | 7,802,673 |
| MoEF – (JBIC) – Loan No. CP-P8 | 108,281,770 | 123,998,084 |
| MoEF – (JICA) – Loan No. CP-P10 | 183,227,712 | 216,371,064 |
| MoEF – (JICA) – Loan No. CP-P21 | 15,073,107 | 15,885,000 |
| | | |
| | 468,986,997 | 539,945,833 |

MoEF signed borrowing agreements with JICA and JBIC in respect of the transactions relating to PAS. The borrowings are disbursed by JICA and JBIC directly to the suppliers of PAS. Repayments of borrowings are made by PAS directly to MoEF according to the repayment schedules.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

16. BORROWINGS (continued)

The maturity dates of these borrowings are as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|--|-----------------|-----------------|
| Current | | |
| Not later than one year | 33,961,572 | 37,602,224 |
| Non-current | | |
| Later than one year but not later than two years | 31,067,938 | 33,453,523 |
| Later than two years but not later than five years | 93,203,813 | 100,360,569 |
| Later than five years | 310,753,674 | 368,529,517 |
| | 435,025,425 | 502,343,609 |
| | 468,986,997 | 539,945,833 |

The carrying amounts and fair values of the borrowings are as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|---------------------|-----------------|-----------------|
| Carrying value | · | |
| Current portion | 33,961,572 | 37,602,224 |
| Non-current portion | 435,025,425 | 502,343,609 |
| | 468,986,997 | 539,945,833 |
| Fair value | | |
| Current portion | 30,595,211 | 32,951,135 |
| Non-current portion | 332,424,855 | 379,276,903 |
| | 363,020,066 | 412,228,038 |

The fair values were calculated based on cash flows discounted using a current lending rate of the entity. They were classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

Borrowings denominated in other currencies other than functional currency are as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|--|---------------------------|----------------------------|
| JPY US\$ | 370,933,079 98,053,918 | 430,518,335 109,427,498 |
| 00¢ | 90,033,910 | 109,427,490 |
| | 468,986,997 | 539,945,833 |
| The interest rate per annum for each borrowing is as follow: | | |
| | 2021 | 2020 |
| MoEF – (JBIC) – Loan No. CP-P3 | 3.00% | 3.00% |
| MoEF – (JBIC) – Loan No. CP-P4 | 3.70% | 3.70% |
| MoEF – (JBIC) – Loan No. CP-P6 | 3.00% | 3.00% |
| MoEF – (JBIC) – Loan No. CP-P8 | 2.65% | 2.65% |
| MoEF – (JICA) – Loan No. CP-P10 | 1.65% | 2.65% |
| | 1.26% | 1.26% |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

17. RETIREMENT BENEFIT OBLIGATIONS

The amount recognised in the statement of financial position was as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|--|-----------------|-----------------|
| Present value of defined benefit obligations | 88,180,984 | 86,481,967 |
| Unfunded status | 88,180,984 | 86,481,967 |
| Net liability recognised in the statement of financial position | 88,180,984 | 86,481,967 |
| The movement in the defined benefit obligations over the year wa | s as follows: | |
| | 2021 KHR'000 | 2020 KHR'000 |
| Beginning balance | 86,481,967 | 83,074,061 |
| Current service cost | 1,709,000 | 1,720,000 |
| Interest expense | 4,614,000 | 4,564,000 |
| Benefits paid | (4,623,983) | (2,876,094) |
| Closing balance | 88,180,984 | 86,481,967 |
| | 2021 KHR'000 | 2020 KHR'000 |
| Current portion | 4,534,425 | 7,949,000 |
| Non-current portion | 83,646,559 | 78,532,967 |
| | 88,180,984 | 86,481,967 |
| The retirement benefit costs recognised within salaries, we remeasurement of retirement benefit obligations in the state comprehensive income were as follows: | | |
| | 2021 | 2020 |
| | KHR'000 | KHR'000 |
| Current service cost | 1,709,000 | 1,720,000 |
| Interest expense | 4,614,000 | 4,564,000 |
| Total amount recognised in profit or loss | 6,323,000 | 6,284,000 |
| The principal actuarial assumptions were as follows: | 0004 | 0000 |
| | 2021 | 2020 |
| Discount rate per annum | 6% | 6% |

Mortality rates

Salary increase rate per annum

Turnover rate per annum

In the absence of published mortality rates in Cambodia, PAS used the 2017 Thailand Ordinary Mortality table modified to fit Cambodian life expectancy. The 2017 Thailand Ordinary Mortality table contains the most recent estimates of likelihood of death of the general population in Thailand and has remained consistent as at 31 December 2021.

5%

0.5%

5%

0.5%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

18. SENIORITY PAYMENT OBLIGATIONS

| | 2021 KHR'000 | 2020 KHR'000 |
|--------------------------|-----------------|-----------------|
| Current | | |
| Annual service | - | 3,012,477 |
| Past seniority liability | - | 113,583 |
| , , | | 3,126,060 |
| Non-current | | |
| Past seniority liability | 1,080,149 | 983,118 |
| | 1,080,149 | 4,109,178 |

The assumptions used in determining the ultimate cost for past seniority payment include:

| | 2021 | 2020 |
|-------------------------|------|------|
| Discount rate per annum | 6% | 6% |
| Turnover rate per annum | 0.5% | 0.5% |

19. DEFERRED INCOME

PAS leased out pieces of land at the Sihanouk Special Economic Zone and at the port facility under a 50-year and two-year operating lease, respectively. The prepayment is credited to the statement of profit or loss on a straight-line basis over the lease term.

| | 2021 KHR'000 | 2020 KHR'000 |
|------------------------|----------------------|----------------------|
| Current Non-current | 134,442 5,310,459 | 133,485 5,406,143 |
| | 5,444,901 | 5,539,628 |

The movement in the deferred income over the year was as follows:

| | 2021 KHR'000 | 2020 KHR'000 |
|--|---|---|
| Beginning balance Additions Credited to the statement of profit or loss Foreign currency differences | 5,539,628 325,439 (460,930) 40,764 | 5,715,188 327,001 (463,966) (38,595) |
| Closing balance | 5,444,901 | 5,539,628 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

20. TRADE AND OTHER PAYABLES

| | | 2021 | 2020 |
|-----|----------------------------------|-----------------|-----------------|
| | | KHR'000 | KHR'000 |
| | - | 0.004.004 | 4 0 47 400 |
| | Trade payables | 6,901,034 | 4,047,136 |
| | Accrued bonuses | 17,723,746 | 12,180,323 |
| | Deposits from customers | 11,463,556 | 3,423,415 |
| | Accrual social fund contribution | 5,695,107 | 1,287,141 |
| | Value added tax payable | 1,512,315 | 1,261,680 |
| | Salary tax payable | 434,447 | 378,418 |
| | Other liabilities | 477,954 | 1,542,755 |
| | | 44,208,159 | 24,120,868 |
| | | | |
| 21. | REVENUE | | |
| | | 2021 KHR'000 | 2020 KHR'000 |
| | Stevedoring charges | 158,566,499 | 144,838,339 |
| | Lift-On Lift-Off (LO-LO) | 100,602,046 | 83,821,775 |
| | Port due/charge services | 65,016,267 | 67,583,985 |
| | Container storage | 14,374,488 | 11,377,785 |
| | Rental income from SEZ | 2,195,869 | 2,407,722 |
| | Other revenue | 1,594,060 | 1,784,163 |
| | | 342,349,229 | 311,813,769 |
| | | | |
| | Timing of revenue recognition | | |
| | At a point in time | 324,610,624 | 296,887,430 |
| | Over time | 17,738,605 | 14,926,339 |
| | | 342,349,229 | 311,813,769 |
| | | | |
| 22. | CONSUMABLE SUPPLIES | | |
| | | 2021 | 2020 |
| | | KHR'000 | KHR'000 |
| | Combustible expenses | 44,676,922 | 33,030,171 |
| | Spare parts | 32,908,017 | 34,949,073 |
| | Warehouse supplies | 7,609,670 | 6,886,462 |
| | Oil and lubricant | 3,810,914 | 3,556,673 |
| | Office supplies | 2,836,715 | 3,265,477 |
| | Other consumables | 1,897,008 | 1,857,257 |
| | | 93,739,246 | 83,545,113 |
| | | 33,733,240 | 00,040,110 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

23. SALARIES, WAGES AND RELATED EXPENSES

| | 2021 KHR'000 | 2020 KHR'000 |
|--|--------------------------|--------------------------|
| Employee salaries Bonuses | 69,318,998 17,723,746 | 61,180,691 12,179,023 |
| Retirement benefit expenses (note 17) Accrued seniority payments | 6,323,000 3,470,928 | 6,284,000 3,012,477 |
| Directors' remuneration Social security expenses | 1,396,800 783,022 | 1,372,100 831.961 |
| Wages for contractors Other employee-related expenses | 232,550 5,117,905 | 292,300 4,975,144 |
| | 104,366,949 | 90,127,696 |

24. DEPRECIATION AND AMORTISATION CHARGES

| | 2021 KHR'000 | 2020 KHR'000 |
|---|--------------------------------------|--------------------------------------|
| Property and equipment (note 6) Investment properties (note 7) Intangible assets (note 8) | 32,495,663 6,322,670 1,104,344 | 30,656,425 6,262,116 1,071,015 |
| | 39,922,677 | 37,989,556 |

25. OTHER EXPENSES

| | 2021 KHR'000 | 2020 KHR'000 |
|---|-----------------|-----------------|
| Contributions and donations | 12,029,326 | 6,563,768 |
| Special Economic Zone (SEZ) operating expense | 2,545,602 | 2,389,248 |
| Administrative expenses | 2,203,218 | 1,781,749 |
| Reception and hospitality | 1,422,757 | 3,820,977 |
| Professional and related costs | 1,051,250 | 762,341 |
| Publications | 1,015,359 | 1,139,192 |
| Missions | 784,907 | 1,189,277 |
| Post services | 390,234 | 475,671 |
| Utilities | 366,374 | 619,825 |
| Health-care supplies | 349,428 | 185,880 |
| Training, workshops and seminars | 243,491 | 514,574 |
| Equipment rental | 26,845 | 111,038 |
| Reversal/expected credit losses | (2,326,237) | 1,474,765 |
| Other taxes | 76,013 | 163,452 |
| Other expenses | 168,839 | 439,552 |
| | 20,347,406 | 21,631,309 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

26. FINANCE INCOME/(COSTS) - NET

| | 2021 KHR'000 | 2020 KHR'000 |
|--|-----------------|-----------------|
| Finance income: | | |
| Interest income on bank deposits (a) | 3,810,776 | 4,133,508 |
| Net exchange gains on foreign currency borrowings (c) Interest income from unwinding of discount of loans to | 39,531,367 | - |
| employees | 55,342 | 373,616 |
| | 43,397,485 | 4,507,124 |
| Financial costs: Interest expenses on borrowings (b) | (11,194,446) | (13,624,810) |
| Net exchange losses on foreign currency borrowings (c) Interest expenses from winding up guaranteed dividend | (11,134,440) | (18,091,105) |
| payables | - | (147,293) |
| | (11,194,446) | (31,863,208) |
| Finance income/(costs) – net | 32,203,039 | (27,356,084) |

- (a) Interest income represents interest earned from savings and fixed deposit accounts held at local banks during the year.
- (b) Interest expenses represent the interest charges on borrowings obtained from the MoEF, which are funded through borrowings obtained from JICA and JBIC.
- (c) PAS has the borrowings (note 16) which are denominated in Japanese yen (JPY) and US dollar (US\$). PAS also has short-term bank deposits which are denominated in US dollar (US\$). Given the fluctuations in KHR against JPY and US\$, this resulted in significant exchange gains/losses on its borrowings and short-term bank deposits. The exchange rates are based on the exchange rates published by the National Bank of Cambodia as at the end of reporting period. The significant gains on foreign exchange are mainly from the weaken Japanese Yen against KHR currency compared to prior period.

| | 2021 | 2020 | 2019 |
|----------|--------|--------|--------|
| JPY/KHR | 35.590 | 39.275 | 37.620 |
| US\$/KHR | 4,074 | 4,045 | 4,075 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27. INCOME TAX EXPENSE

(a) Income tax expense

| (., | | |
|--|-----------------------------|-----------------------------|
| | 2021 KHR'000 | 2020 KHR'000 |
| Current income tax Deferred tax | 7,595,549 9,742,698 | 10,748,713 3,891,640 |
| Adjustments for current tax of prior periods | - | 892,274 |
| Income tax expense | 17,338,247 | 15,532,627 |
| (b) Reconciliation of income tax and accounting profit | | |
| | 2021 KHR'000 | 2020 KHR'000 |
| Accounting profit before income tax | 111,045,637 | 42,140,221 |
| Income tax expenses Tax effect in respect of (not taxable)/non-deductible expenses | 22,209,127 (4,870,880) | 8,428,044 6,212,309 |
| | 17,338,247 | 14,640,353 |
| Income tax reassessment by GDT | | 892,274 |
| Income tax expense | 17,338,247 | 15,532,627 |
| (*) Under the Cambodian tax regulations, PAS has obligation to | o pay income tax at | rate of 20%. |
| (c) Deferred tax balances | | |
| | 2021 KHR'000 | 2020 KHR'000 |
| Deferred tax assets | 19,167,859 | 22,354,118 |
| Deferred tax liabilities | (48,586,873) | (42,030,434) |
| Deferred tax liabilities – net | (29,419,014) | (19,676,316) |
| The movement of deferred tax balances: | | |
| | 2021 KHR'000 | 2020 KHR'000 |
| At 1 January Charged to profit or loss | (19,676,316) (9,742,698) | (15,784,676) (3,891,640) |
| At 31 December | (29,419,014) | (19,676,316) |
| | | |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

27. INCOME TAX EXPENSE (continued)

(c) Deferred tax balances (continued)

i. Deferred tax assets

| | Retirement benefit obligations KHR'000 | Accrued bonus KHR'000 | Provision KHR'000 | Deferred income KHR'000 | Seniority payment obligations KHR'000 | Total KHR'000 |
|--|---|-----------------------------|----------------------|-------------------------------|--|------------------|
| At 1 January 2020 Credited/(charged) to | 16,614,813 | 2,223,385 | 403,853 | 1,143,038 | 537,241 | 20,922,330 |
| profit or loss | 681,580 | 212,680 | 288,045 | (35,112) | 284,595 | 1,431,788 |
| At 31 December 2020 | 17,296,393 | 2,436,065 | 691,898 | 1,107,926 | 821,836 | 22,354,118 |
| At 1 January 2021 Credited/(charged) to | 17,296,393 | 2,436,065 | 691,898 | 1,107,926 | 821,836 | 22,354,118 |
| profit or loss | 339,804 | (2,436,065) | (465,246) | (18,946) | (605,806) | (3,186,259) |
| At 31 December 2021 | 17,636,197 | | 226,652 | 1,088,980 | 216,030 | 19,167,859 |

ii. Deferred tax liabilities

| | Accelerated depreciation and amortisation KHR'000 |
|--|---|
| At 1 January 2020 Charged to profit or loss | (36,707,006) (5,323,428) |
| At 31 December 2020 | (42,030,434) |
| At 1 January 2021 Charged to profit or loss | (42,030,434) (6,556,439) |
| At 31 December 2021 | (48,586,873) |

(d) Other tax matters

Taxes are calculated on the basis of current interpretation of the tax regulations enacted as at reporting date. The management periodically evaluates position taken in tax returns with respect to situations in which applicable tax regulation is subjected to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

However, these regulations are subject to periodic variation and the ultimate determination of tax liabilities will be made following inspection by the tax authorities. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the taxes liabilities and balances in the period in which the determination is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

28. EARNINGS PER SHARE

i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of PAS by the weighted average number of ordinary shares in issue during the year.

| | 2021 | 2020 |
|---|--------------------------|--------------------------|
| Profit attributable to shareholders (KHR'000) Weighted average number of shares | 93,707,390 85,771,967 | 26,607,594 85,771,967 |
| Basic earnings per share (KHR) | 1,092.52 | 310.21 |

ii) Diluted earnings per share

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. PAS had no dilutive potential ordinary shares as at the year end. As such, the diluted earnings per share was equivalent to the basic earnings per share.

29. CASH GENERATED FROM OPERATIONS

| | Notes | 2021 KHR'000 | 2020 KHR'000 |
|--|-------|-----------------|-----------------|
| Profit before income tax Adjustments for: | | 111,045,637 | 42,140,221 |
| Depreciation and amortisation charges | 24 | 39,922,677 | 37,989,556 |
| Impairment of trade receivables | | (2,326,237) | 1,440,230 |
| Finance (income)/costs - net | 26 | (32,203,039) | 27,356,084 |
| Retirement benefit obligations | 23 | 6,323,000 | 6,284,000 |
| Seniority payment obligations | 23 | 3,470,928 | 3,012,477 |
| Amortisation of employee loan benefits | | 327,728 | 655,456 |
| Changes in working capital: | | | |
| Inventories | | (3,371,984) | (5,333,767) |
| Trade and other receivables | | (3,761,616) | 13,067,902 |
| Trade and other payables | | 22,126,037 | (2,211,766) |
| Retirement benefit obligations paid | | (4,623,983) | (2,876,094) |
| Seniority payment obligations paid | | (6,499,957) | (1,589,505) |
| Deferred income | | (94,727) | (175,560) |
| Cash generated from operations | | 130,334,464 | 119,759,234 |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

29. CASH GENERATED FROM OPERATIONS (continued)

This section sets out an analysis of net debt and the movements in net debt for each year presented.

| | | _ | 2021 KHR'000 | 2020 KHR'000 |
|--|---|----------------------------------|--|--|
| Cash and cash equivalents Short-term bank deposits Borrowings | | _ | 22,468,929 101,306,681 (468,986,997) | 30,741,075 104,527,103 (539,945,833) |
| Net debt | | _ | (345,211,387) | (404,677,655) |
| Cash and short-term bank depos Gross debt – fixed interest rates | sits | | 123,775,610 (468,986,997) | 135,268,178 (539,945,833) |
| Net debt | | <u>-</u> | (345,211,387) | (404,677,655) |
| | Other a | essets | Liabilities from financing activities | |
| | Cash and cash equivalents KHR'000 | Short-term bank deposits KHR'000 | Borrowings KHR'000 | Total KHR'000 |
| Net debt at 1 January 2020 | 27,789,597 | 129,615,618 | (543,704,224) | (386,299,009) |
| Cash flows Foreign exchange differences Other non-cash movements (*) | 2,951,478 - - | (25,088,515) | 35,571,275 (18,091,105) (13,721,779) | 13,434,238 (18,091,105) (13,721,779) |
| Net debt at 31 December 2020 | 30,741,075 | 104,527,103 | (539,945,833) | (404,677,655) |
| Net debt at 1 January 2021 | 30,741,075 | 104,527,103 | (539,945,833) | (404,677,655) |
| Cash flows Foreign exchange differences Other non-cash movements (*) | (8,272,146) - - | (3,220,422) | 42,678,463 39,531,367 (11,250,994) | 31,185,895 39,531,367 (11,250,994) |
| Net debt at 31 December 2021 | | | | |

^(*) Other non-cash movements including accrued interest expense which is presented as operating cash flows in the statement of cash flow when paid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

30. RELATED-PARTY TRANSACTIONS

PAS is under the financial supervision of the MoEF and the technical supervision of the MoPWT. Transactions with MoEF and MoPWT are considered to be related parties.

(a) Related party balances

(i) Amount due to MoEF

| Developing a frage. | 2021 KHR'000 | 2020 KHR'000 |
|---|----------------------------|----------------------------|
| Borrowings from: MoEF – (JICA) MoEF – (JBIC) | 198,300,819 270,686,178 | 232,256,064 307,689,769 |
| | 468,986,997 | 539,945,833 |
| (ii) Amount due from MoPWT | | |
| | 2021 KHR'000 | 2020 KHR'000 |
| Advances to MoPWT | 1,221,303 | 4,754,425 |
| (b) Related party transactions | | |
| | 2021 KHR'000 | 2020 KHR'000 |
| Interest expenses on borrowings from MoEF (note 26(b)) | 11,194,446 | 13,624,810 |
| (c) Key management compensation | | |
| Key management compensation for the year ended is as follows: | | |
| | 2021 KHR'000 | 2020 KHR'000 |
| Board of directors Fees and related expenses | 1,396,800 | 1,586,400 |
| Key management personnel Salaries and other expenses | 3,063,495 | 2,397,964 |
| Retirement benefit expenses (*) | 245,718 | 230,539 |

Key management personnel comprise of Chief Executive Officer and Executive Directors who make strategic decisions over PAS's direction, financial and operational performances.

(*) Retirement benefit scheme is operated at entity wide which key management personnel are also entitled to the benefit scheme the same as other employees of PAS.

31. COMMITMENTS

As at 31 December 2021, PAS had outstanding capital expenditure commitment of KHR 821,416m (31 December 2020: KHR 918,371m) for its purchase of construction services, property and equipment.



PART 7

Information on Related Party
Transactions and Conflict of Interest



A. Material transactions with Shareholder who hold at least 5% or more shares of outstanding equity securities.

In 2021, there wasn't any transaction with Shareholder who hold at least 5% or more shares of outstanding equity securities.

- **B.** Material transactions with Director and Senior Office.
 - In 2021, there wasn't any transactions with Director and Senior Office.
- C. Transactions with Director and Shareholder related to buy/sell asset and service.

In 2021, there wasn't any transactions with Director and Shareholder related to buy/sell asset and service.

- D. Material transactions with immediate family members of the Director, Senior office and Shareholder who hold at least 5% or more shares.
- In 2021, there wasn't any transactions with immediate family members of the Director, Senior office and Shareholder who hold at least 5% or more shares.
- E. Material transactions with the person, who associated with director of the listed entity, its subsidiary or holding company, whose relationship has occurred in any transactions or have been made by the listed entity.

In 2021, there wasn't any transactions with the person, who associated with director of the listed entity, its subsidiary or holding company, whose relationship has occurred in any transactions or have been made by the listed entity.

F. Material transactions with former director or person who involved with former director.

In 2021, there wasn't any transactions with former director or person who involved with former director.

- G. Material transactions with director who is holding any position in a non-profit organization or in any other company other than the listed entity.

 In 2021, there wasn't any transactions with director who is holding any position in a non-profit organization or in any other company other than the listed entity.
- H. Material transactions with directors who get benefit either finance or non-financial from the listed entity.

In 2021, there wasn't any transactions with directors who get benefit either finance or non-financial from the listed entity.



PART 8

Management's Discussion and Analysis



A. Overview of Operations

PAS is the only international deep sea port of the Kingdom of Cambodia, which is operating on an approximately 125 hectares land area, located in Preah Sihanouk city, Preah Sihanouk province and connected by multi-modal transport networks. According to the definition of Sub-decree No. 50 ANKr/BK dated 17th July 1998, PAS has been entitled as a port operator with detailed business and services in the above Part 1, section B of this 2021 report.

For this 2021, the volume of PAS's container throughput increased by 90,545 TEUs equivalent to 14.11% compared to 2020 and gross cargoes throughput increased by 5.89% equivalent to 388,534 tons. Among gross cargoes throughput, container in tons increased 13.43% equivalent to 585,892 tons and Fuels & Gas decreased 9.23% equal to 181,994 tons. However, general cargoes decreased 99,086 tons equivalent to 28.32%. PAS's calling vessel decreased by 8.47% equal to 134 vessels, and its gross tonnages decreased by 20.37% equal to 3,418,580 tons compare to 2020.

The discussion and analysis by the management on PAS's financial status and operation results below were made on the basis of financial information report audited by the independent auditor for 2021 and 2020 as shown in Part 6 of this 2021 report.

PAS has important sources of income as follows:

- Port Charges for Vessel Services: is the income derived from vessel services and ship berthing alongside consisting of tonnage dues, berthage charge, channel charge, pilotage fee, tug assistance charge, mooring & unmooring charge, charge for opening & closing hatch cover and waste collection charges.
- **Stevedoring Charges**: is the income derived from loading and unloading services of general cargo or container onto and from the vessel berthing alongside at the port.
- LOLO Charges: is the income derived from loading and unloading services of general cargo or containers into or out of the yard.
- **Storage Fees**: is the income derived from storing general cargo or container in the warehouse and yard.
- **Transportation Charges**: is the income derived from transport services of general cargo or container within the port premises.
- **Income from Special Economic Zone**: is the income derived from land lease for building factory, building from Sihanoukville Port Special Economic Zone.

PAS had recorded financial transaction (account book) and financial reports in Riel, which is its national currency, while the operations using other international currency were shown in Riels based on the average of daily official exchange rate of the National Bank of Cambodia according to the respective dates of the operations.

1. Revenue Analysis

1-A Revenue Analysis

For the period ended 31st December 2021 compared to the period ended 31st December 2020

| Description | 2021 | 2020 | Chang | es |
|-------------|-------------|-------------|------------|-------|
| Description | '000 riels | '000 riels | '000 riels | % |
| Revenue | 342,349,229 | 311,813,769 | 30,535,460 | 9.79% |

For this 2021, PAS's income increased by 30,535,460,000 Riels equivalent to 9.79% increased from 311,813,769,000 Riels in 2020 to 342,349,229,000 Riels in 2021. This income was mostly derived from Stevedoring Charges, LOLO Charges, Port Charge for Vessel Services and Storage Charges of Cargo or Container.

1-B Revenue by Segment Analysis

Table of Revenue Comparison by Sections Against Total Revenues For 2021 and 2020

| | 2 | 021 | 2020 | |
|---------------------------------|-------------|----------------------------|-------------|----------------------------------|
| Description | '000 riels | Percentage of total income | '000 riels | Percentage of total income |
| Stevedoring Charge | 158,566,499 | 46.32% | 144,838,339 | 46.45% |
| LOLO Charge | 100,602,046 | 29.39% | 83,821,775 | 26.88% |
| Port Charge for Vessel Services | 65,016,267 | 18.99% | 67,583,985 | 21.67% |
| Storage (Warehouse and Yard) | 14,374,488 | 4.20% | 11,377,785 | 3.65% |
| Transportation | 122,326 | 0.04% | 64,813 | 0.02% |
| Passenger vessel | 0 | 0.00% | 265,645 | 0.09% |
| Special Economic Zone | 2,195,869 | 0.64% | 2,407,722 | 0.77% |
| Rental fee | 1,168,248 | 0.34% | 1,140,831 | 0.37% |
| Other revenues | 303,486 | 0.09% | 312,874 | 0.10% |
| Total Revenue | 342,349,229 | 100.00% | 311,813,769 | 100.00% |

In 2021 as well as 2020, there were four important types of incomes accounted for 98% of PAS's total business and service incomes. Those incomes were derived from Stevedoring charges, LOLO charges, Port Charges for Vessel Services and Storage, Warehouse and Yard.

For the period ended 31st December 2021 compared to the period ended 31st December 2020

| Description | 2021 | 2020 | Chan | ges |
|---------------------------------|-------------|-------------|-------------|--------|
| | '000 riels | '000 riels | '000 riels | % |
| Stevedoring Charge | 158,566,499 | 144,838,339 | 13,728,160 | 9.48% |
| LOLO Charge | 100,602,046 | 83,821,775 | 16,780,271 | 20.02% |
| Port Charge for Vessel Services | 65,016,267 | 67,583,985 | (2,567,718) | -3.80% |
| Storage (Warehouse and Yard) | 14,374,488 | 11,377,785 | 2,996,703 | 26.34% |

The income from Stevedoring charge increased approximately by 9.48% equivalent to 13,728,160,000 Riels, and LOLO charge increased by 20.02% equivalent to 16,780,271,000 Riels comparing between 2021 and 2020. These declines were resulted by the increase of the container throughput with the volume of 90,545 TEUs equivalent to 14.11% for this 2021 and the increased of the cargo containers throughput by 13,83%, and at the same time in 2021, most of cargoes handling increased by 13.90% were pass through warehouse and yards.

The income derived from this port charge for vessel services was depended on the number of vessels and tonnage throughput of PAS. For this 2021, the number of vessels calling to PAS decreased by 134 vessels equal to 8.47%, and tonnage throughput decreased by 20.37% equal to 3,418,580 tons. However, the income on Port Charge for Vessel Services in 2021 is 65,016,267,000 Riels decreased by 2,567,718,000 Riels equivalent to 3.80% compared to 2020 was 67,583,985,000 Riels. The decreased of this income was because of container vessels, most important source of the income of PAS, it's container vessel's tonnages decreased by 11.13% and number vessels decreased 2.24% if compare 2021 and 2020.

The income from storage, warehouse, and yard increased by 2,996,703,000 Riels equivalent to 26.34% compared between 2021 with the income amount of 14,374,488,000 Riels and 2020 with amount of 11,377,785,000 Riels. The reason of this increase was caused by the container storage period in 2020 was under 5 days (the period of free charge within 5 days), if compare with the container storage period in 2021 was 6 to 10 days.

2. Gross Profit Margin Analysis

PAS had prepared its resultant reports in a form of specification report and therefore there was no disclosure of the gross profits. However, the format of this report can enable us to discuss and analyze the operating profit derived from the gross revenues minus the operating expenses.

The operating expenses will be discussed and analyzed in the following section 3, the analysis of profit before tax.

3. Profit/(Loss) before Tax Analysis

The profit before tax is the result derived from the gross profit minus the operating expense and income or expense of net interest. In an analysis of the operating expenses, we will point out the expense on Consumable supplies, expense on Salary and Wages, and Related expenses, expense on Depreciation and Amortisation, expense on Repair and Maintenance, Other expense and Other gain /(Losses)-net as follows:

For the period ended 31st December 2021 compared to the period ended 31st December 2020

| Description | 2021 | 2020 | Chang | ges |
|--------------------------------------|---------------|--------------|--------------|---------|
| | '000 riels | '000 riels | '000 riels | % |
| Revenue | 342,349,229 | 311,813,769 | 30,535,461 | 9.79% |
| Consumable Supplies | (93,739,246) | (83,545,113) | (10,194,133) | 12.20% |
| Salaries, Wages and related expenses | (104,366,949) | (90,127,696) | (14,239,253) | 15.80% |
| Depreciation and Amortisaton charge | (39,922,677) | (37,989,556) | (1,933,121) | 5.09% |
| Repairs and Maintenances | (4,857,053) | (8,879,693) | 4,022,640 | -45.30% |
| Other expenses | (20,347,406) | (21,631,309) | 1,283,903 | -5.94% |
| Other gain -net | (273,300) | (144,097) | (129,203) | 89.66% |
| Finance (Costs)/Income-net | 32,203,039 | (27,356,084) | 59,559,123 | - |
| Profit before income tax | 111,045,637 | 42,140,221 | 68,905,417 | 163.51% |

For 2021, PAS's expenses on Consumable Supplies amounted to 93,739,246,000 Riels increased by 10,194,133,000 Riels equivalent to 12.20% compared to 2020 with the expense amount of 83,545,113,000 Riels. The main factor that caused such increase was resulted by the expense on combustible expense little growth by 35.26% equivalent to 11,646,751,000 Riels due to the slightly increased of average petroleum price from 0.49 dollars in 2020 to 0.68 dollars in 2021. For Warehouse supplies expense increased by 10.50% equivalent to 723,208,000 Riels if compared to 2020.

The fundamental of PAS's salary calculation is based on the output (Stevedoring and LOLO incomes), i.e when stevedoring and LOLO incomes increases, the expense on salary will also increase,

and on the contrary, if stevedoring and LOLO incomes decreases, the expense on salary will also decrease, and we found that stevedoring and LOLO incomes increased in this 2021. Nevertheless, the expense on Salary, wages, and other related expenses had increased approximately 15.80% equivalent to 14,239,253,000 Riels compared between 2021 with the expense amount of 104,366,949,000 Riels and 90,127,696,000 Riels in 2020. The main factors of this increasing are expense on employees' bonuses which large increased approximately 45.53% equal to 5,544,723,000 Riels, and the increased of employees' salary expense by 13.30% equal to 8,138,307,000 Riels in 2021.

The expense on depreciation and amortization included property, equipment, and intangible asset in 2021 amounted to 39,922,677,000 Riels increased by 1,933,121,000 Riels equivalent to 5.09% compared to 2020 with the expense amount of 37,989,556,000 Riels. The factor that caused such an increase was resulted from the expense on depreciation of property and equipment which increased by 1,839,238,000 Riels equivalent to 6.00% and the increased of expense on depreciation of investment property by 0.97% equivalent to 60,554,000 Riels.

The expense on repair and maintenance decreased by 4,022,640,000 Riels equal to 45.30%, the total expense of repair and maintenance in 2021 was 4,857,053,000 Riels and 8,879,693,000 Riels in 2020.

The other expenses decreased by 5.94% equivalent to 1,283,903,000 Riels, which decreased from 21,631,309,000 Riels in 2020 to 20,347,406,000 Riels in 2021. The factor that caused such a decrease was resulted from decline in Reception and hospitality expenses by 62.76% equal to 2,398,220,000 Riels, and Mission expenses declined by 34.00% equal to 404,370,000 Riels. Furthermore, the huge decreased of expected credit losses by 257.74% equal to 3,801,002 if compare with 2020.

Other gain /(Losses)-net refers to Realized Foreign Exchange Gain-Loss which in this 2021, the losses from realized foreign exchange with the amount of 273,300,000 Riels increased by 89,66% equivalent to 129,203,000 Riels compared to 2020 there was a loss up to 144,097,000 Riels.

Net-Finance Costs/(gain) refers to Unrealized Foreign Exchange Gain-Loss, in 2021, there was an income of 32,203,039,000 Riels increased by 217.72% equivalent to 59,559,123,000 Riels compared to 2020 with the expense of 27,356,084,000 Riels. The main factor of this increasing Net-Finance Costs/(gain) was because of the increased of net exchange gain on foreign currency borrowings (Japanese Yen), increased by 318.51% equivalent to 57,622,470,000 Riels which income amounted to 39,531,366,000 Riels in 2021 compare to 2020 which loss 18,091,104,000 Riels.

In conclusion, PAS's profit before tax in 2021 is 111,045,637,000 Riels compared to that of 2020 with the amount of 42,140,221,000 Riels highly increased by 163.51% equivalent to 68,905,417,000 Riels.

4. Profit/(Loss) after Tax Analysis

PAS is under the law of business companies in the field of taxation and VAT; therefore, PAS has the obligation to pay tax on annual profit at the rate of 20%. From year 2020 onward, PAS will continue its obligation to pay tax on annual profit at the rate of 20% after PAS have received the incentive benefit in Taxation from the Security market for the last three years (2017 to 2019).

For the period ended 31st December 2021 compared to the period ended 31st December 2020

| Description | 2021 | 2020 | Chanç | ges |
|---|--------------|--------------|-------------|---------|
| | '000 riels | '000 riels | '000 riels | % |
| Profit before income tax (A) | 111,045,637 | 42,140,221 | 68,905,417 | 163.51% |
| Income tax expense (B) | (17,338,247) | (15,532,627) | (1,805,620) | 11.62% |
| Profit for the period | 93,707,390 | 26,607,594 | 67,099,797 | 252.18% |
| Remesurement of retirement benefit | - | - | - | - |
| obligations | | | | |
| Total comprehensive income for the period | 93,707,390 | 26,607,594 | 67,099,797 | 252.18% |
| Effective Tax Rate (B)/(A) | 15.61% | 36.86% | | |

PAS has a profit after tax with the equivalent amount of 93,707,390,000 Riels in 2021 and 26,607,594,000 Riels in 2020 with the increased amount of 67,099,797,000 Riels equivalent to 252.18%. The main factors that caused the profit after tax to increase is due to the increased of incomes and the increased of unrealized foreign exchange gain borrowings (Japanese Yen) compare 2021 and 2020.

The effective tax rate on profit decreased from 36.86% in 2020 to 15.61% in 2021, due to the increased of profit before income tax in this 2021.

5. Factors and Trends Analysis affecting Financial conditions and results

A number of factors that influence the status and financial outcome of PAS are:

- Factors That Cause Restriction on International Business

Because of PAS's main source of income is derived from the movement of cargo throughput which is the transaction of international trade, therefor, various factors that affects the international trade may influence PAS's business operation through such factors as the status of global, regional and local economy, social stability, security issues, or maritime cooperation. According to the IMF, the world economy will increase to 6.0% for year 2021, while Cambodia's economy will growth around

1.9%, according to the Asian Development Bank (ADB). This is still showing a stable economy growth of Cambodia which is a good sign for port business.

- PAS's Ability and Work Performance Efficiency

For this 2021, PAS has container handling capacity up to 800,000 TEUs after installing 1 unit of QC, 2 units of RTGs, and 4 additional units of Empty Reach stackers in 2021. This factor has enabled the work capacity and efficiency to increase in the performance of its services.

- Status of Domestic Transportation

For this 2021, the domestic transportation network, especially the National Route No. 4 connecting from PAS to Phnom Penh capital, has not caused any obstacles to cargo transportation. While the rail transportation, at present, the Royal Railway Company transports both export and import cargo through PAS 6 times per week and this rail transportation has also been performed smoothly and with no issues that may obstruct the transportation process.

- Cooperation between Ports in the Region

The cooperation between regional ports, especially the connectivity between major hub ports in the region is very important in cargo traffic facilitation between PAS and other mainly international marketplaces, thereby influencing on the expenses and transportation period which may affect other industrial competitiveness. In this case, PAS has strived to keep a good communication with various major ports in the region in order to ensure a smooth operation.

- Depreciation

Because of PAS's business is using many kinds of infrastructures, the expenses on depreciation of port's infrastructures such as ship berths, machinery, and buildings are relatively large, which may affect the PAS business. Therefore, PAS shall conduct an appropriate inspection on the depreciation policy and shall make necessary modification in every period of the financial report. For this 2021, there is no modification or a request for modification of the depreciation policy by the independence auditor.

B. Significant factors affecting Profit

1. Demand and Supply Conditions Analysis

PAS's business activities have a direct link with the national, regional, and global economy. In particular, when there is a change in the national economy, there will be a direct impact on port's business and service operation, i.e when the national economy increases, the port's business and service operation will also increase, accordingly, PAS's revenues also have the same growth rate, on the contrary, if the national economy decreases, there will also be a negative impact on PAS's revenues. According to ADB's report, Cambodia's economy growth with the expected rate of 1.9%, while the world economy growth with the expected rate of 6.0% (IMF) for year 2021. Therefore, there will not be big impact on market's demand and supply even though there is an increase of COVID-19 infection cases in Cambodia since early this year.

2. Fluctuations in Prices of Raw Materials Analysis

Petroleum is the most important raw material in serving port's services since it is an important demand for machinery operation. The rise of oil price will affect PAS's profit because the latter still keeps its services at the same price even when the oil price rises or drop. Therefore, PAS has strictly implement the procurement procedures in order to guarantee the price of these raw materials to be appropriate and competitive in market value.

3. Tax Analysis

PAS is under the law of business companies in the field of taxation and VAT; therefore, PAS has the obligation to pay tax in accordance with the laws and regulations in force. PAS has to pay tax and in accordance with the ration of income and was determined as a large tax payer by the General Department of Taxation. With regard to tax on annual profit, PAS will be obligated to pay at 20% rate start from this year 2020 after received the incentive benefit for the last three years. While other kinds of taxes, PAS has implemented its obligation according to the law on taxation of the Kingdom of Cambodia.

C. Material Changes in Sales and Revenue

PAS' main income is derived from stevedoring, LOLO and port's services which contributed around 98% of the total income in 2021, and the main factor bolstering up the increase of revenue is the rise of ships and volume of cargo throughputs, especially containerized cargo which is the most important source of PAS's income. The growth in the field of agriculture, commerce, construction, and industry has reflected the status of Cambodia's economy, and at the same time these factors also have positive influences on PAS's business operation, services and revenues.

D. Impacts of Foreign Exchange, Interest Rates and Commodity Price

- Impacts from Currency Exchange Rate

PAS has received JICA and JBIC financial soft loans from the Ministry of Economy and Finance, thereby requiring PAS to pay back both principal and interest in Japanese Yen and US dollars while the PAS's functional currency is Riel. Therefore, the change of Riel exchange rate compared to US dollars, Riel compared to Japanese Yen, and US dollars compared to Japanese Yen will affect the rate of PAS's profit.

Impacts from the Interest Rate

At present, PAS does not have any loans with flexible interest rates. PAS has received JICA and JBIC financial soft loan from the Ministry of Economy and Finance with the interest rate from 2.65% to 3.70%. Therefore, in this 2021, there is no impact on the changes of interest rate.

- Impacts from the Change of Oil Prices

The change of oil price will have an impact on PAS's profit since the port's operation is strongly relied on machinery that consumes fuel oil. Therefore, PAS has enhanced the efficiency of cargo loading-unloading operation and management of container yard in order to cut down the unnecessary removal or displacement of containers with the aim to reduce the operational expense and promote its services.

E. Impacts of Inflation

PAS has kept its service charges stable without making any modification or amendment according to the change of inflation and still retains its sound financial status.

F. Economic/Fiscal/Monetary Policy of Royal Government

The policy on economy, tax system, and currency of the Government has a strong influence on PAS's business operation since this policy is aimed at supporting and stimulating the international trade and yielding positive result on PAS's business. The main policies of the Royal Government are:

- Industrial sector promotion policy, the Royal Government has planned to transform Preah Sihanouk province to be a center for trade, logistics, and production through the construction of port infrastructure, expansion of National Route No. 4, the Express Way construction project from Phnom Penh - Sihanoukville, and infrastructure of the International Airport in Preah Sihanouk province.
- Industrial, mine and energy sector, the oil exploration in Cambodian Sea is being developed and PAS has already prepared to support such move.
- Maritime transportation stimulation policy.
- Policy on rice export to foreign markets is yielding positive result to PAS.
- Policy on international trade stimulation, thereby trying an effort to cut down trade barriers involving trading process between Cambodia and other partner countries in the world.
- The Royal Government, through the National Bank, has implemented the currency policy through the free currency exchange market mechanism under the intervention in order to stabilize the national currency, and the balance of this currency has secured the stability of Cambodia's Macro Economy, which built confidences for the investors and encouraged private sectors' business operation.
- The taxation incentive in stock market sector to various enterprises publishing the IPO in Cambodia has been stimulating more and more public enterprises and private companies to be incorporated into the IPO and to contribute to the development of the national economy.



Part 9

Other Necessary Information for Investor Protection



In this of 2021, there is other necessary information for the protection of investors as below:

The 11th Meeting of the Board of Directors in its 7th Mandate on 5th February, 2021

The Board of Directors (BOD) meeting had reviewed, discussed and approved the following agenda:

- BOD had agreed on the result and requested to continue working on the agreed agenda of the previous Meeting of the Board of Directors.
- BOD had reviewed, discussed and approved on Audit Committee's report, Nomination and Remuneration Committee's report and Risk Committee's report, and approved PAS to organize the election for the Board of Directors' members consist of Representative of Employee, Independent Director and Non-executive Director Representing Private Shareholders in accordance with Legal and regulatory standards in force to be completed by June 2021.
- BOD had reviewed, discussed and approved on PAS's Business Performance Report for 2020.
- BOD had reviewed, discussed and approved on 4th Quarter and the 12 months year ended 31st December 2020's Financial Reports which reviewed by Independent Auditor, PWC, and approved for two-months bonus of 2020 (Salary 13 + 14) to PAS's Management leaders, Officers, employees and workers in accordance to statutes and regulations in force.
- BOD had reviewed, discussed and approved on progress of the study of PAS development and Implementation of the feasibility study project for Sihanoukville Autonomous Port's New Container Terminal project.
- BOD had reviewed, discussed and approved PAS to follow the legal standard, regulatory
 and guidelines for the election of Independent Director and Non-executive Director
 Representing Private Shareholders in General Shareholders Meeting for Listed Public
 Enterprises of the Securities and Exchange Regulator of Cambodia (SERC).
- BOD had reviewed, discussed and approved on others included:
 - O PAS to prepare a formal letter to His Excellency, Deputy Prime Minister of the Royal Government of Cambodia, Minister of Economy and Finance on the case of congested containers (long stay containers) in PAS's yards, to request the guideline for implementation.
 - o Next 12th Meeting of the Board of Directors in its 7th Mandate on 7th May, 2021.

The 12th Meeting of the Board of Directors in its 7th Mandate on May 07th, 2021

The Board of Directors (BOD) meeting has reviewed, discussed and approved the following agenda:

- BOD has agreed on the financial results and requested to continue implementation in accordance with the decision of the previous Board Meeting and in the case of the request to purchase a land belonging to PAS located in Koki Village, Bit Trang Commune, Prey Nob District, Sihanoukville Province. PAS and the company has signed the contract and requested the review and signing of the contract from His Excellency the General, Deputy Prime Minister, Minister of Economy and Finance.
- BOD has reviewed, discussed and approved on Business Performance Report of PAS on 1st
 Quarter 2021.
- BOD has reviewed, discussed and approved in support of the PAS's report on the progress
 of the implementation of the Free Port Concept and requested PAS to prepare a formal
 document to the two Guardian Ministries to request for further implementation.
- BOD has reviewed, discussed and approved on 1st Quarter 2021 Financial Report which reviewed by Independent Auditor, PWC.
- BOD had reviewed, discussed and approved on Date, Venue and Agenda of 4th General Shareholders' Meeting as below:
 - o 4th General Shareholders' Meeting date: 25th June 2021
 - o Record date: 04th June 2021
 - Venue: Sokha Beach Resort, Preah Sihanouk Province through online ZOOM conference (Depending on the actual situation).
 - Agenda:
 - Review and approval on dividend distribution to shareholders for year 2020
 - Review and approval on the Board of Directors' Remuneration and State Controller for the 8th mandate
 - The election of the Independent Director
 - The election of the Non-Executive Director, Representative of Private Shareholders
 - Presentation on the Annual Result of 2020 and Performance Target 2021
- BOD has reviewed, discussed and approved on PAS's requirement include: Dividend distribution, Record date, and Dividend payment date to shareholders for the year 2020 on the 4th General shareholders' meeting in 2021.
- The Board of Directors reviewed, discussed and unanimously approved various matters, including:
 - In principle, PAS cooperate with JFE Engineering Corporation to review and discuss the detailed technical specifications of the pilot test project for the procurement of LNGoperated trailers to prepare a detailed report before the end of May 2021 for the Board to

- review and approve through the Telegram Group or convene an extraordinary meeting of the Board.
- Setting the date for the 1st meeting of the Board of Directors of the 8th mandate on August 6th, 2021.
- Requested PAS to check and respond with the Independent Audit Company PWC on the matters mentioned in the Management letter.
- Agreed for PAS to continue to discuss with AEON Mall (Cambodia) Co., Ltd and requested
 PAS to submit a report to His Excellency the General, Deputy Prime Minister, Minister of
 Economy and Finance.

The 1st Meeting of the Board of Directors in its 8th Mandate on August 06th, 2021 (ZOOM Video Conference)

The Board of Directors (BOD) meeting has reviewed, discussed and approved the following:

- BOD has reviewed, discussed and approved on Business Performance Report of PAS on 2nd Quarter 2021.
- Reviewed, discussed and approved on the requested to be amended on the PAS's staff statute.
- Reviewed, discussed and approved:
 - Support the report on the situation and emergency measures of Sihanoukville Autonomous
 Port due to the undeveloped of the volume of containers passing through
 - o To allow PAS expand the QC Rail by 25 meters and install 1 set of Dolphin
 - To prepare a letter of request to His Excellency the General, Deputy Prime Minister, Minister of Economy and Finance to revise the procurement procedure to select the construction companies from the International Competitiveness Bidding (ICB) to Limited International Bidding (LIB).
 - To examine the possibility with the Japanese parties to equip the Harbor Mobile Crane (HMC), which may contribute to expanding the container lifting capacity before the completion of the construction of the new container port (Step 1) because Harbor Mobile Crane will be able to facilitate the lift-on and lift-off operation from container vessels docked at general cargo terminals and multi-purpose ports.
- BOD has reviewed, discussed and approved on 2nd Quarter 2021 Financial Report which reviewed by Independent Auditor, PWC.
- Discussed and approved to choose Ernst & Young (Cambodia) Ltd, an independent audit firm, one of the big four companies to audit the Sihanoukville Autonomous Port for the period 2022 to 2024.
- BOD unanimously approved the following for the appointment of 8 senior officers:

- 1. Appointing Mr. Ty Sakun, currently the Director of Technical-Materials Department, to Deputy Director General of Technical replacing Mr. Chea Yuthdika who is retired.
- 2. Appointing Mr. Thong Viro, currently the Director of Harbor Master and Security Department, to Deputy Director General of Administration replacing Mr. Chhun Hong who is retired.
- 3. Appointing Mr. Thai Mengly, currently the Deputy Director of Container Terminal Operation Department, to Director of Container Terminal Operation Department replacing Mr. Srey Narin who is retired.
- 4. Appointing Mr. Pith Prakath, currently the Director of Business Department, to Director of Financial and Accounting Department replacing Mr. Path Seth who is appointed to a new position.
- 5. Appointing Mr. Kim Hor, currently the Deputy Director of Machinery Department, to Director of Machinery Department replacing Mr. Neak Sophieyan who is retired.
- 6. Appointing Mr. Soeung Seno, currently the Deputy Director of Harbor Master and Security Department, to Director of Harbor Master and Security Department replacing Mr. Thong Viro who is appointed to a new position.
- 7. Appointing Mr. Ouk Vannara, currently the Deputy Director of Technical-Materials Department, to Director of Technical-Materials Department replacing Mr. Ty Sakun who is appointed to a new position.
- 8. Appointing Mr. Ngoun Ratana, currently the Deputy Director of Business Department, to Director of Business Department replacing Mr. Pith Prakath who is appointed to a new position.
- Setting the date for the 2nd meeting of the Board of Directors of the 8th mandate on November 5th, 2021.

The Meeting of (Extra-ordinary) the Board of Directors in its 8th Mandate on September 13th, 2021 (ZOOM Video Conference)

- Discussed and approved PAS to submit a report and presentation on the feasibility study the
 new container terminal project of Phase 2 and Phase 3 to the guardian ministries in order to
 request support to expedite the process of applying for a Japanese ODA Loan. Support on
 the request for additional Transshipment Cargoes Services at PAS.
- Discussed and approved the progress report on the solution of PAS on the issues raised by the representatives of the private sector in the field of transportation and infrastructure.
- Discussed and approved the establishment of a committee to study, evaluate and negotiate
 the price of land at the proposed location and possibly other locations with the participation
 of the State controller (Mr. Nom Sinith) to implement the procedure of purchasing a plot of

land for development into a new container depot (ICD) approximately 30 km near the Expressway network and near the exit, with an area of 60 to 100 hectares to be included in the agenda of the next Board Meeting (Extraordinary Meeting if necessary) before requesting His Excellency the General Assembly, Deputy Prime Minister, Minister of the Ministry of Economy and Finance to review and decide.

 Discussed and approved the Vision, Mission and Values of PAS and allowed to review and comment further through the Telegram in case of any request to revise the content.

The 1st (Extra-Ordinary) Meeting of the Board of Directors in its 8th Mandate on October 22nd, 2021 (ZOOM Video Conference)

The Board of Directors (BOD) meeting has reviewed, discussed and approved the following:

- After reviewing and discussing, the board members have unanimously approved on the request to purchase a plot of land for the development as a container depot (ICD) and the development of other infrastructure of PAS with an area approximately of 750,000 square meters at a cost of USD \$15 per square meter located along Hun Sen-Keo Phos Road in Rithy 2 Village, Keo Phos Commune, Stung Hav District, Sihanouk Province by allowing PAS to make a contract agreement for the purchase and sale of land and payment accordance with PAS's cashflow which the committee agreed with the landowner and to request PAS to prepare a formal letter to His Excellency, Deputy Prime Minister, Minister of Economy and Finance to review, decide and approve PAS to purchase the land by preparing the contract agreement for the purchase and sale of land and payment accordance with PAS's cashflow which the committee agreed with the landowner immediately.
- After reviewing and discussing, the board members have revised the Vision, Mission and Values of PAS as follow:

O VISION

 To become the only efficient and dynamic deep seaport, contributing to the improvement of logistic service and socio-economic development in the Kingdom of Cambodia.

MISSION

- To develop in accordance with the policy of the Royal Government.
- To improve service quality through close cooperation with port users, modernize port management and human resources development in line with international innovation
- To collaborate with development partners to study and towards the construction of deep-water ports in line with the vision and growth of transit containers
- To promote and strengthen the principle of being a port for all.

VALUE

- (Geographical Superiority)
- (Customer-Oriented)
- (Pro-action & Innovation)
- (Integrity & Accountability)
- (Friendliness & Respectfulness)
- (Teamwork & Service Quality)
- (Reliability & Sustainable Growth)

The 2nd (Ordinary) Meeting of the Board of Directors in its 8th Mandate on November 05th, 2021 (ZOOM Video Conference)

- After reviewing and discussing, the board members has approved the report of Audit
 Committee, Nomination Committee and Risk Committee which was raised in the meeting.
- After reviewing and discussing, the board members has approved PAS to prepare a report
 and presentation immediately to the Guardian Ministry on the Feasibility Study of the new
 terminal project Phase 2 and Phase 3 as a single project.
- After reviewing and discussing, the board members has approved on the Business Result Report for the Nine-Month Period and Third Quarter of 2021.
- After reviewing and discussing, the board members has approved on the Condensed
 Interim Financial Information for the Third Quarter of 2021 which reviewed by PWC.
- After reviewing and discussing, the board members has approved on the operational plan (service) of PAS for 2022 as follow:

1. Operational Plan

a. Product Quantity

| | Cargo throughput | 7,418,000 tons | an increase of 6% |
|----|--|---------------------|-------------------|
| | Cargo Handling in tons | 10,298,000 tons | an increase of 6% |
| | Container throughput | 787,000 TEUs | an increase of 8% |
| | Calling Vessel | 1,450 vessels | an increase of 2% |
| | Vessel capacity | 14,128,000 tons | an increase of 3% |
| b. | Revenue | KHR'000 355,585,000 | increase 5% |
| c. | Operating expenses | KHR'000 265,854,000 | increase 1% |
| d. | Operating profit | KHR'000 89,731,000 | increase 18% |
| e. | Finance Profit-net | KHR'000 19,272,000 | increase 0% |
| f. | Profit before income tax | KHR'000 109,003,000 | increase 14% |
| g. | Income tax expenses | KHR'000 21,801,000 | increase 14% |
| h. | Profit for the year | KHR'000 87,202,000 | increase 14% |

- 2. Investment Plan: Investment plan in 2022 of PAS is as follow:
 - Construction site using Japan ODA loan KHR'000 28,482,700
 - Construction of basic structure
 KHR'000 30,655,700
 - Equipment and machinery KHR'000 117,846,300 (Expense in 2022 = KHR'000 67,006,300 and expense in 2023 = KHR'000 50,840,000)
 - Office equipment and furniture KHR′000 3,367,535
- After reviewing and discussing, the board members has approved on setting the date for the 3rd Board Meeting of the 8th Mandate on 11th February 2022.

Signature of Directors of Sihanoukville Autonomous Port



Date: 22 March 2022

Read and Approved

Signature

Suy San
Director

Date: 22 March 2022

Read and Approved

Signature

Hun Monivann

Director



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Address:

Terak Vithei Samdech Akka Moha Sena Padel Techo Hun Sen, Sangkat 3, Preah Sihanouk City, Preah Sihanouk Province, Cambodia.

Contacts:

034 933 416

pasinfo@pas.gov.kh

034 933 693 Sihanoukville Autonomous Por