

KINGDOM OF CAMBODIA
NATION RELIGION KING



Sihanoukville Autonomous Port



Annual Report
2020



Vision

To be the leading logistics and distribution center in Cambodia.

Mission

To satisfy the customers' demand by improving service quality, swift operation and cost efficiency.

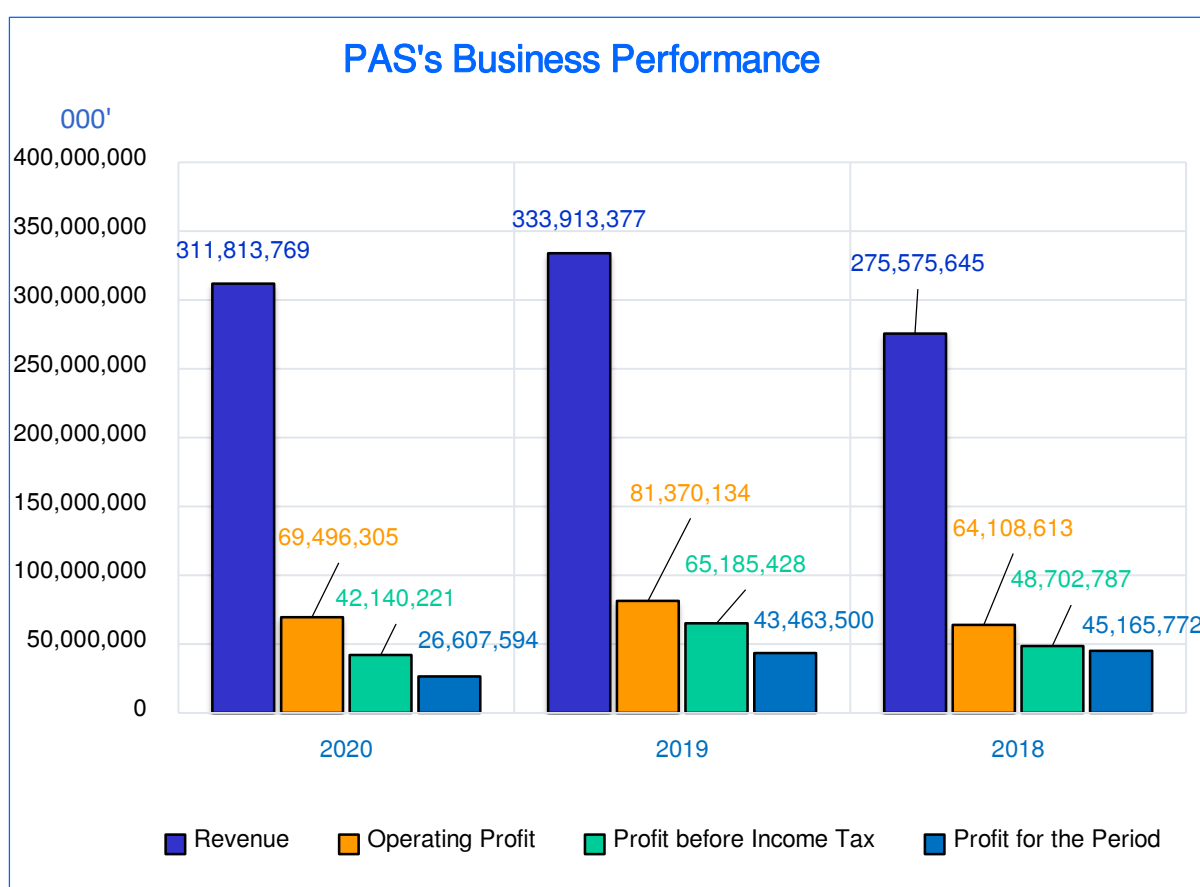
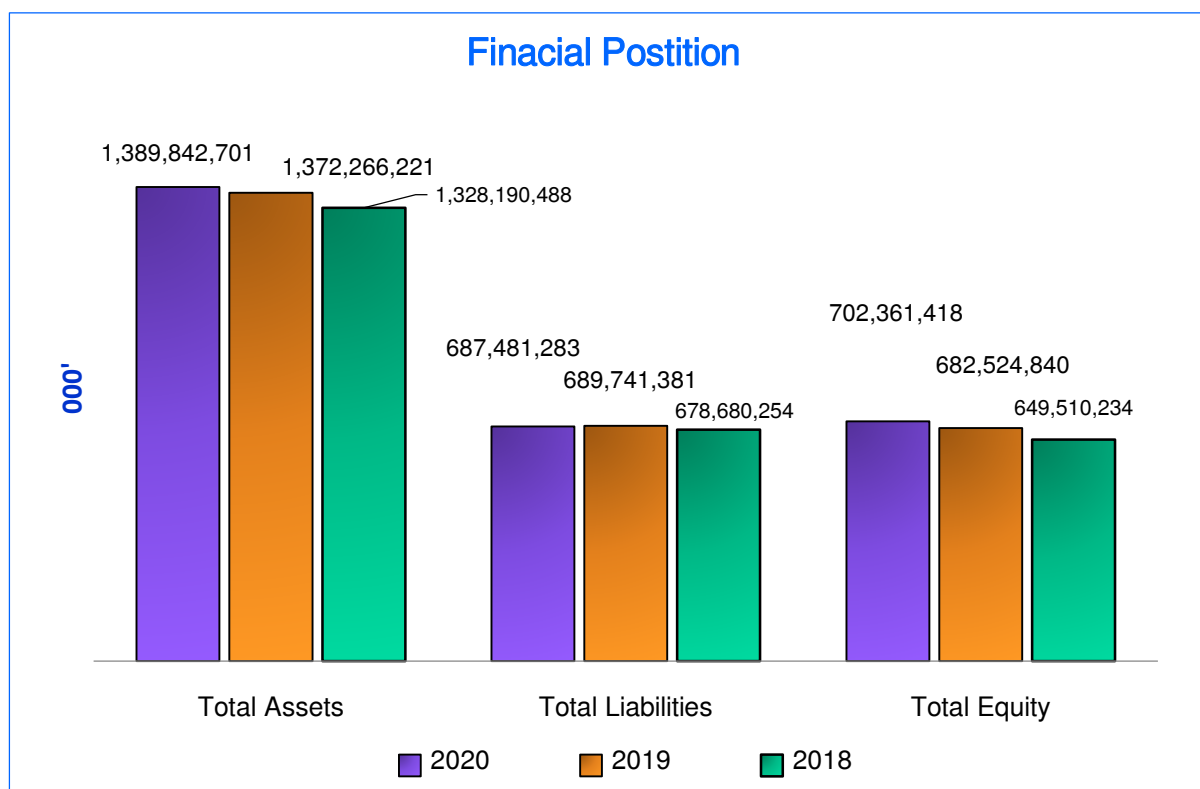


Financial Highlight

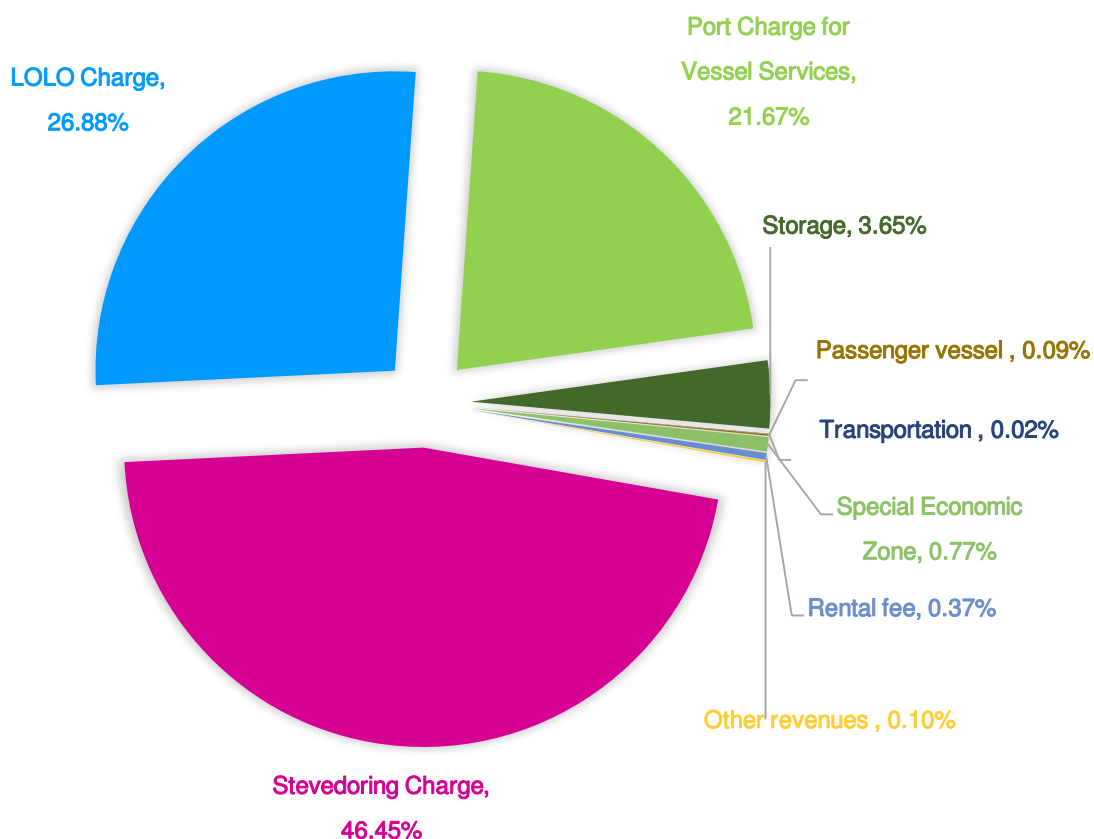
Financial Position		31 st December 2020	31 st December 2019	31 st December 2018
		KHR 000'	KHR 000'	KHR 000'
Total Assets		1,389,842,701	1,372,266,221	1,328,190,488
Total Liabilities		687,481,283	689,741,381	678,680,254
Total Shareholders' Equity		702,361,418	682,524,840	649,510,234
Profit/(Loss)		2020 KHR 000'	2019 KHR 000'	2018 KHR 000'
Total Revenues		311,813,769	333,913,377	275,575,645
Profit/(Loss) before Tax		42,140,221	65,185,428	48,702,787
Profit/(Loss) after Tax		26,607,594	43,463,500	45,165,772
Total Comprehensive Income		26,607,594	42,802,500	16,008,772
Financial Ratios		31 st December 2020	31 st December 2019	31 st December 2018
Solvency Ratio		9.40%	10.78%	10.82%
Debt to Equity Ratio		0.98	1.01	1.04
Liquidity Ratio	Current Ratio	2.42	2.73	3.27
	Quick Ratio	2.12	2.51	3.08
		2020	2019	2018
Profitability Ratio	Return on Assets	1.91%	3.17%	3.40%
	Return on Equity	3.79%	6.37%	6.95%
	Gross Profit Margin	22.29%	24.37%	23.26%
	Profit Margin	8.53%	13.02%	16.39%
	Earnings per share	310.21	506.73	526.58
Interest Coverage Ratio		5.10	6.70	5.94
Dividend per Share (Riels)		-	403	403



Financial Summary Charts



Type Of Revenues 2020

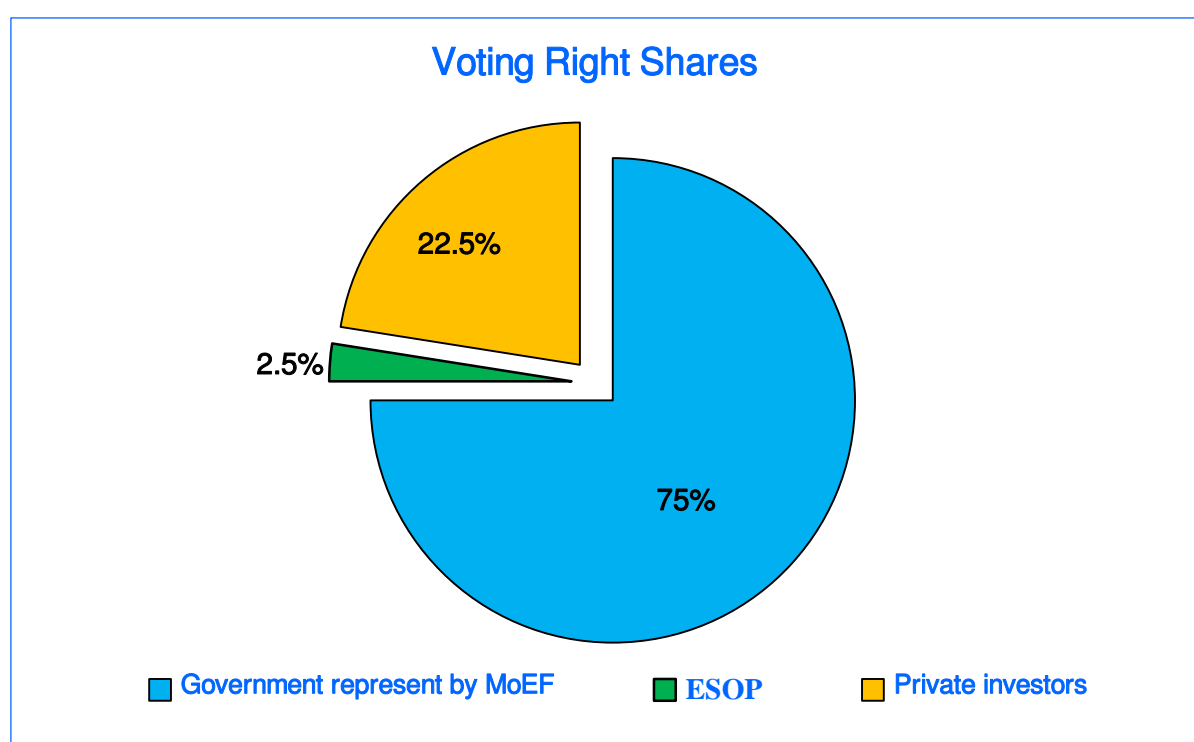


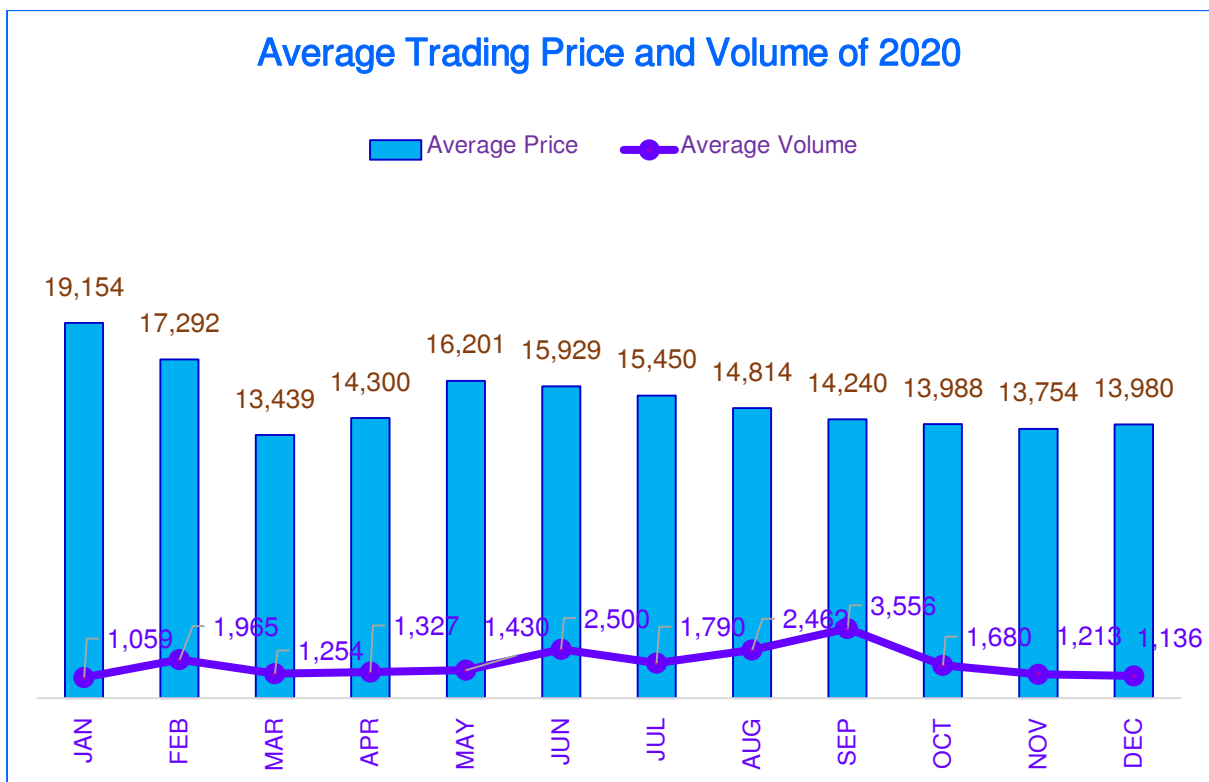
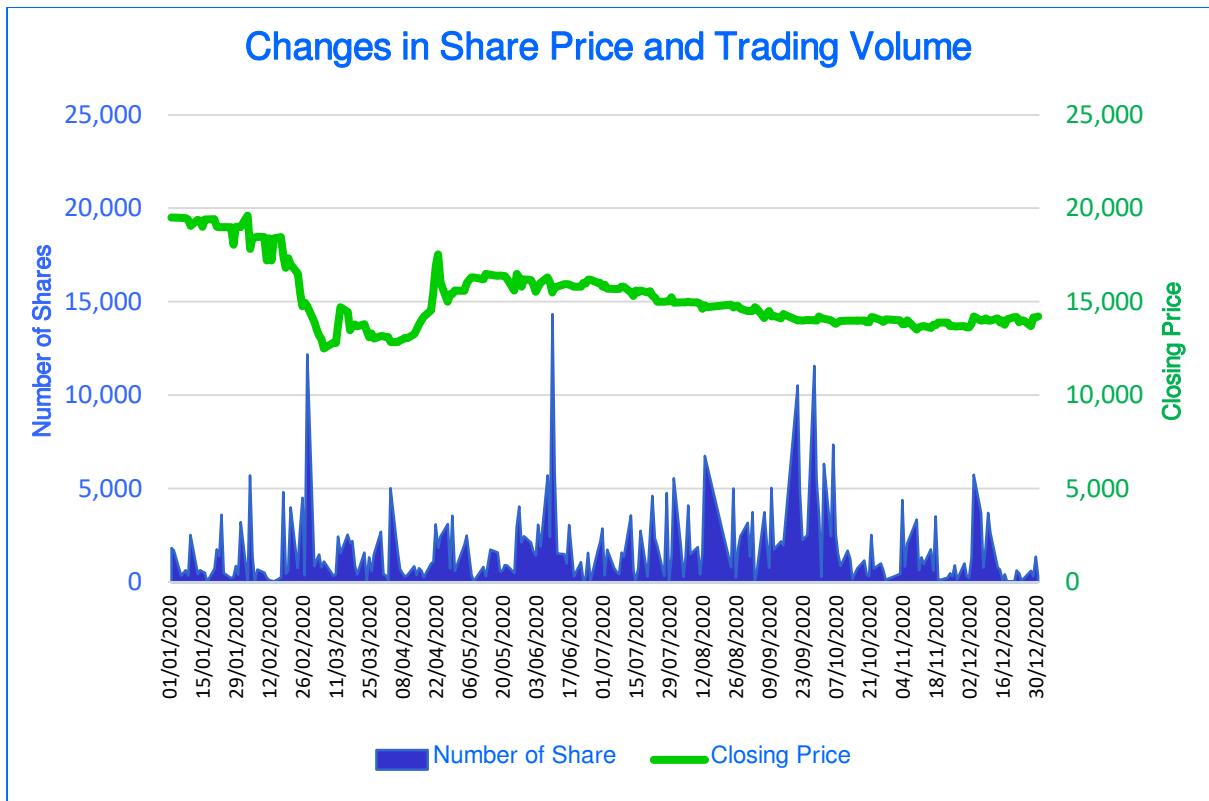
PAS's Shareholders

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		Planning 2020	2020	2019	2018	Comparison		
		1	2	3	4	(2-1)/1	(2-3)/3	(2-4)/4
Gross Throughput	Tons	7,187,000	6,601,804	6,547,756	5,328,348	-8.14%	0.83%	23.90%
Container Cargo	—		4,363,909	4,148,729	3,388,923	0.00%	5.19%	28.77%
General Cargo	—		349,820	520,683	356,776	0.00%	-32.82%	-1.95%
Fuel	—		1,888,074	1,878,344	1,582,649	0.00%	0.52%	19.30%
Imported Cargo	—	5,701,000	4,887,684	5,121,713	3,916,958	-14.27%	-4.57%	24.78%
Exported Cargo	—	1,486,000	1,714,120	1,426,043	1,411,390	15.35%	20.20%	21.45%
Cargo Handling	—	9,313,000	8,954,317	8,660,526	7,192,453	-3.85%	3.39%	24.50%
Direct Transfer	—	536,000	208,329	464,435	278,759	0.00%	-55.14%	-25.27%
Container Yard and Warehouse	—	8,777,000	8,745,988	8,196,091	6,913,694	0.00%	6.71%	26.50%
Container Throughput	TEUs	684,000	641,842	639,211	541,228	-6.16%	0.41%	18.59%
Imported Container	—	357,000	320,642	330,020	276,753	-10.18%	-2.84%	15.86%
Exported Container	—	327,000	321,200	309,191	264,475	-1.77%	3.88%	21.45%
Calling Vessels	Units	1,711	1,582	1,662	1,451	-7.54%	-4.81%	9.03%
	Tons	18,232,481	16,784,979	17,501,893	15,730,949	0.00%	-4.10%	6.70%



Board of Directors



H.E. Lou Kim Chhun
Chairman & CEO



H.E. Phan Phalla
Representative of Ministry
of Economy and Finance



H.E. Suy San
Representative of Ministry of
Public Works and Transport



H.E. Sok Sopheak
Representative of
Ministry of Commerce



Mr. Hun Monivann
Independent Director



Mr. Hidetoshi KUME
Non-Executive Director



Mr. Lou Lykheng
Representative of
PAS's Employee



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 2020 for the period ended 31st December 2020”.

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 311,813,769,000 Riels and a net profit of 26,607,594,000 Riels in 2020. The revenue decreased by 22,099,608,000 Riels equal to 6.62% compared to 2019, while the net profit after tax declined by 16,855,906,000 Riels equal to 38.78%. This was the result of the decreased of general cargoes and the imported containers throughput, furthermore due to the increased of Unrealized foreign exchange loss (Japanese Yen) and the Depreciation and Amortisation Expenses, hence PAS’s earnings per share is 310.21 Riels in this 2020. The container throughputs amounted to 641,842 TEUs in 2020, an increase of 2,631 TEUs equal to 0.41%, but imported container decreased by 2.84% equal to 9,378 TEUs if compare to 2019.

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 2020
- 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 2020, the Board of Directors had conducted four meetings and adopted the following works:

The 7th Meeting of the Board of Directors in its 7th Mandate on 07th February, 2020

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 6th Meeting of the Board of Directors on 8th November, 2019.
- BOD had reviewed, discussed and agreed on the report of Audit Committee and Risk Management Committee that have stated and requested PAS to prepare the Progress Report for the next meeting.
- BOD had reviewed, discussed and approved on Business Performance Report of 2019 and agreed on the principle development of PAS by developing the second and third phases of Port Terminal Development at the same time and PAS need to study in detail and report to BOD for approval before submitting to both Ministry of Economy and Finance and Ministry of Public Works and Transport.
- BOD had reviewed, discussed and approved on 4th Quarter 2019 Financial Report. As for the year end 31st December 2019 of Financial Report, BOD will wait for Final Audited Report from Independent Auditor, Price WaterHouseCoopers (Cambodia) Ltd

(PWC) through Email or Telegram to review and approve. Moreover, BOD have reviewed and approved for the two-month bonuses of 2019 to PASs' employees.

- BOD had reviewed, discussed and approved on Boxville Company's Development project and other conditions for the rental land, which PAS needs to prepare the rental agreement with Boxville company and submit to the Ministry of Economy and Finance for approval.
- BOD had reviewed, discussed and agreed on the next 8th Meeting of the Board of Directors in its 7th Mandate on 08th May, 2020.

The 8th Meeting of the Board of Directors in its 7th Mandate on 08th May, 2020

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 7th Meeting of the Board of Directors. Besides, BOD requested PAS to have measure plan on Royal Railway (Cambodia) debt issue.
- BOD had reviewed, discussed and approved on Business Performance Report on 1st Quarter 2020.
- BOD had reviewed, discussed and approved on 1st Quarter 2020 Financial Report which reviewed by Independent Auditor, PWC.
- BOD had reviewed, discussed and approved on Date, Venue and Agenda of 3rd General Shareholders' Meeting as below:
 - 3rd General Shareholders' Meeting date: 5th June 2020
 - Record date: 15th May 2020
 - Venue: Sokha Beach Resort, Preah Sihanouk Province
 - Agenda:
 - Presentation of Annual Result of 2019 and Performance target 2020
 - Review and approval of dividend distribution to shareholders for year 2019
- BOD had reviewed, discussed and approved on PAS's requirement include: Dividend distribution, Record date, and Dividend payment date to shareholders' 2019 in the 3rd General shareholders' meeting.
- BOD had reviewed, discussed and approved with the support on the Phase 2 of New Container Terminal Development Project with berth length 410 meters, depth of 16. meters and the Phase 3 with 440 meters, depth of 17.5 meters together for the 10

years' development concept (2020-2030). Furthermore, the BOD meeting request **H.E. Phan Phalla** member of the BOD, representative of Ministry of Economy and Finance, help speed up application process for Japanese Loan from JICA.

- BOD had reviewed, discussed and approved on others included:
 - Write off bad debt of KAMSAB from account receivable.
 - Next 9th Meeting of the Board of Directors in its 7th Mandate on 14th August, 2020.

The 9th Meeting of the Board of Directors in its 7th Mandate on 14th August, 2020

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 8th Meeting of the Board of Directors.
- BOD had reviewed, discussed and approved on Audit Committee's report, Risk Committee's report, and Nomination and Remuneration Committee's report.
- BOD had reviewed, discussed and approved on Business Performance Report on PAS 1st Semester 2020.
- BOD had reviewed, discussed and approved on 2nd Quarter 2020 Financial Report which reviewed by Independent Auditor, PWC. Besides, BOD requested PAS to study on Cost Structure in order to reduce the unnecessary expenses to increase income.
- BOD had reviewed, discussed and approved on the preparation of PAS's Land ownership certificates.
- BOD had reviewed, discussed and approved for PAS to discuss with JICA Consultant Team in order to find the Optimum Solution for Access Road to New Container Terminal (Phase 1) of Sihanoukville Port 1
- BOD had reviewed, discussed and approved on others included:
 - PAS's organization structure and chart
 - Members of the three committees of BOD
 - Next 10th Meeting of the Board of Directors in its 7th Mandate on 6th November, 2020.

The 10th Meeting of the Board of Directors in its 7th Mandate on 6th November, 2020

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 9th Meeting of the Board of Directors.
- BOD had reviewed, discussed and approved on Audit Committee's report, Risk Committee's report, and Nomination and Remuneration Committee's report.
- BOD had reviewed, discussed and approved on 3rd Quarter 2020 Financial Report which reviewed by Independent Auditor, PWC.
- BOD had reviewed, discussed and approved on Business Performance Report on PAS's 9 months 2020.
- BOD had reviewed, discussed and approved on PAS's Business Plan (Services) Finance 2021.
- BOD had reviewed, discussed and approved on next 11th Meeting of the Board of Directors in its 7th Mandate on 5th February, 2021.

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: 19 March 2020

Chairman

Table of Contents

Vision and Mission	i
Financial Highlight.....	ii
Financial Summary Charts.....	iii
Annual Statistical Summary	vii
Board of Directors	viii
Message from the Chairman.....	ix
PART 1: General Information of Sihanoukville Autonomous Port.....	1
A. Identity of Sihanoukville Autonomous Port	2
B. Nature of Business	2
C. Group Structure of Sihanoukville Autonomous Port.....	4
D. Sihanoukville Autonomous Port key events.....	4
E. Market Situation.....	4
F. Competitive Situation.....	7
G. Future Plan	8
H. Risk Factors.....	16
PART 2: Information on Business Operation Performance.....	17
A. Business Operational Performance.....	18
B. Revenue Structure.....	22
PART 3: Information on Corporate Governance.....	23
A. Organization Structure.....	24
B. Board of Directors.....	25
C. Senior Officers.....	25
PART 4: Information on Securities' Trading and Shareholder.....	27
A. Information on Equity Securities.....	28
B. Securities' Price and Trading Volume.....	28

C. Controlling Shareholders (30% or more).....	29
D. Substantial Shareholders (5% or more).....	29
E. Information on Dividend distribution in last three years.....	29
PART 5: Internal Control Audit Report by Internal Auditor.....	30
 PART 6: Financial Statement Audited by the External Auditor.....	 86
 PART 7: Information on Related Party Transactions and Conflict of Interest.....	 136
A. Material transactions with Shareholder who hold at least 5% or more shares of outstanding equity securities.	137
B. Material transactions with Director and Senior Office.....	137
C. Transactions with Director and Shareholder related to buy/sell asset and service.	137
D. Material transactions with immediate family members of the Director, Senior office and Shareholder who hold at least 5% or more shares.	137
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.	137
F. Material transactions with former director or person who involved with former director.	137
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.	137
H. Material transactions with directors who get benefit either finance or non- financial from the listed entity.	137
 PART 8: Management's Discussion and Analysis.....	 138
A. Overview of Operation	139
B. Significant Factors Affecting Profit.....	149
C. Material Changes in Sales and Revenue	149
D. Impact of Foreign Exchange, Interest Rates and Commodity Prices.....	150
E. Impacts of inflation	150

F. Economic/Fiscal/Monetary Policy of Royal Government	150
PART 9: Other Necessary Information for Investor Protection	152
Signature of Directors of Sihanoukville Autonomous Port	156

Appendix: Annual Corporate Governance Report determined by the Director General of the SECC.



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

Fax Number : (855) 34 933 693

Website : www.pas.gov.kh

Email : pasinfo@pas.gov.kh

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

License Number: 0159 ពណ៌.ថ្មី ឆ្នាំ 2017 Issued by: Ministry of Economy and Finance Date: 22nd
February 2017

Disclosure Document Registration Number issued by SECC: 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 long from Phnom Penh capital and National Road No. 3 with 244 Km long through Kampot province. PAS is also connected by the southern railroad from Phnom Penh through Kampot province with 264 Km long. 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
1	Passenger Terminal (Old Jetty)	Passengers and General Cargo	290	28	Terminal No. 1 and No. 3: 9m to 13m draft for ships with 8.5m alongside depth. Terminal No. 2 and No. 4: 6.5m to 8m draft for ships with 7m alongside depth.
2	New Wharf	Container	350	500	Terminal No. 5 (West) and No. 6 (East): 10m draft for ships with under 8.5m alongside depth.
3	Container terminal	Container	400	350	Terminal No. 7 and No. 8: 11m draft for ships with under 8.5m alongside depth.
4	Multipurpose terminal	Passengers, General Cargo and Oil Exploration Logistic Base	330	200	Multipurpose terminal with 330m length and 13.5m depths for bulk and general cargoes which allow vessels with 50,000 DWT and the Terminal for Logistic Base Oil Exploration with 200m length and 7.5m depths for the offshore oil exploration in the territory of Cambodian
5	Concrete Wharf	Petroleum	53	5	Petroleum port: 4.5m draft with under 80m long. Mooring and unmooring facilities have been prepared for berthing alongside of ships with under 6m and 110m long.

- **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.

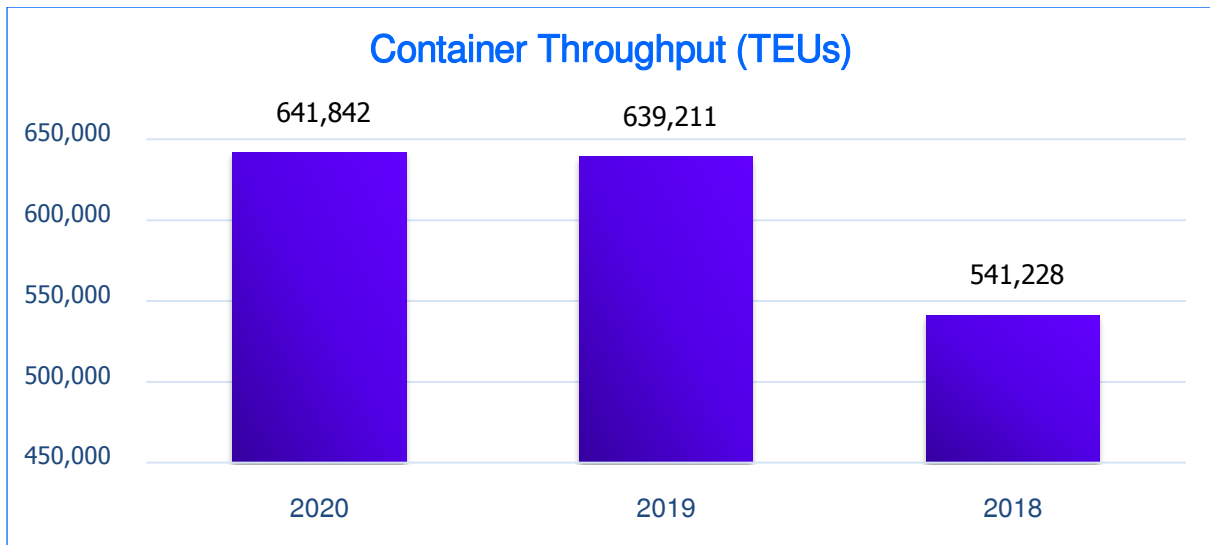
D. Sihanoukville Autonomous Port's Key Events

In 2020, PAS had the 3rd General Shareholder Meeting on 5th June 2020 which took place at Sokha Beach Resort. The 3rd General Shareholder Meeting is presided by H.E Lou Kim Chhun, Chairman and President of the General Shareholder Meeting with the result as follow:

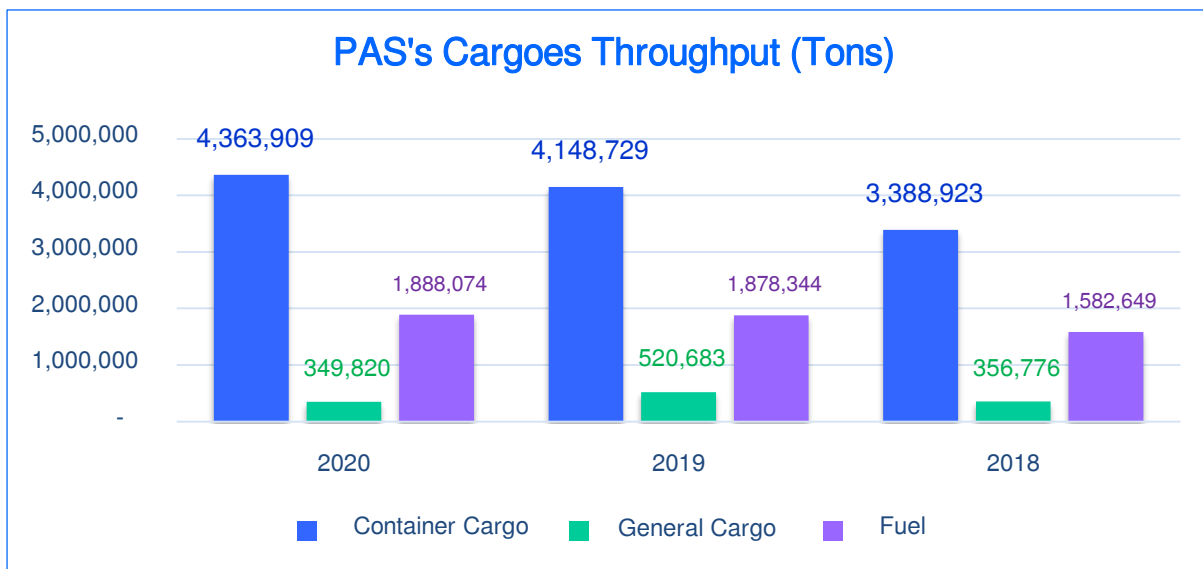
- PAS's Business-Operation Performance 2019
- PAS's Financial Statement year ended 31st December 2019 (Audited)
- PAS's Performance Target for 2020
- PAS's Countermeasure on Covid-19
- Approval on Dividend Distribution for Fiscal year 2019.
- Approval on Record Date is 10th June, 2020.

E. Market Situation

PAS's market condition is strongly relied on the container traffic. We found that in this 2020 compared to that of 2019 the growth of container volume (TEUs) was approximately 0.41% equal to 2,631 TEUs and increased by 18.59% equal to 100,614 TEUs compared to 2018. Based on the volume of PAS's export and import container throughputs, the export containers for 2020 increased by 12,009 TEUs equivalent to 3.88% compared to 2019, while the volume of import containers decreased by 9,378 TEUs equivalent to 2.84%.

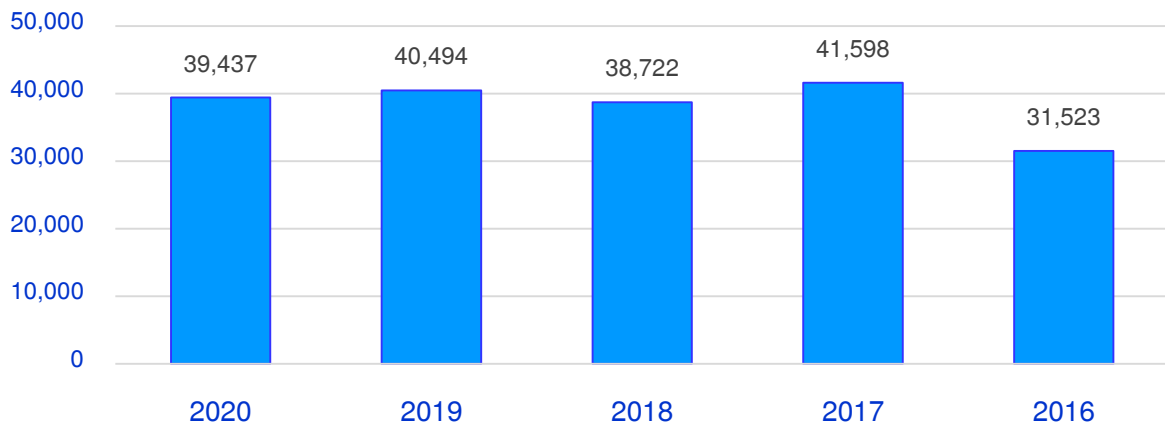


Taking into account of PAS's cargo throughputs of 2020, it is amounted to 6,601,804 tons with an increase by 0.83% equivalent to 54,048 tons compared to 2019 and increased by 1,273,456 tons equivalent to 23.90% compared to 2018. Among the cargo throughput in 2020, containers cargo increased by 5.19% equal to 215,180 tons and Fuel increased by 0.52% equal to 9,730 tons. Whereas, the general cargo decreased by 32.82% equal to 170,863 tons compare to 2019.



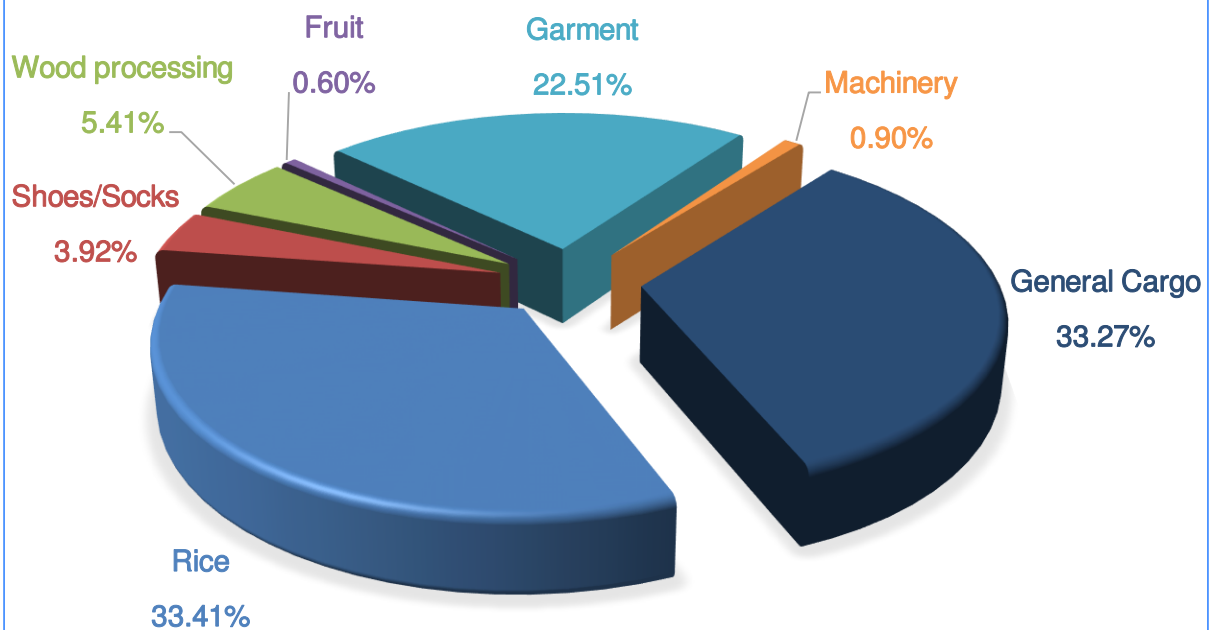
From 2014 to present, a number of containers transported by train via PAS has facilitated a certain part of traffic congestion on National Road No. 4 as well as giving choices for PAS's customers in transporting cargo in and out of the port. We found that in 2020 PAS's container throughput by train equivalent to 39,437 TEUs decreased by 2.61% equal to 1,057 TEUs compare to 2019.

Container Transport by Train in 2020 (TEUs)

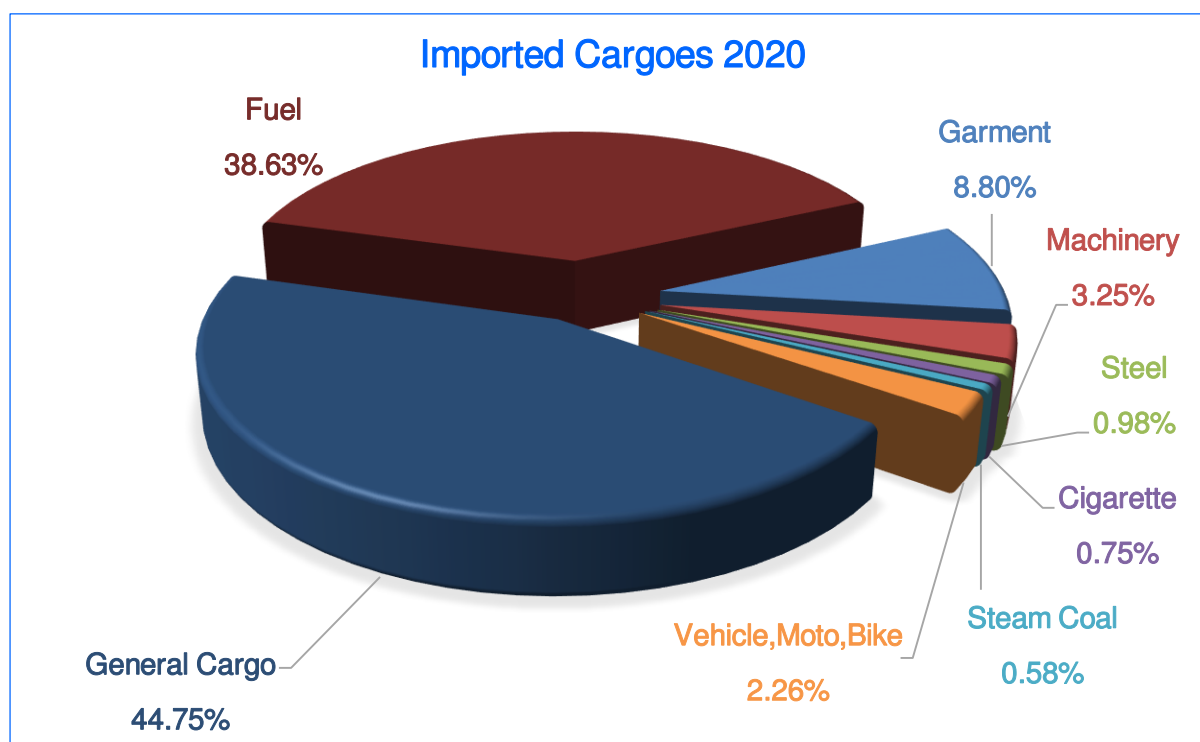


Actually, the commodities of exported cargoes with the total amount of 1,714,120 tons in 2020 which increased by 20.20% equivalent to 288,077 tons if compared to 2019. In this 2020, the rice cargoes amount to 33.41% equal to 572,639 tons, the biggest exported cargoes in 2020, while the garment amount to 22.51% equal to 385,779 tons. Besides, General cargoes amount to 33.27%, Wood processing 5.41%, Shoes/Socks 3.92%, Machinery 0.90% and Fruit 0.60% of the total amount of PAS's exported cargoes.

Exported Cargoes 2020



The total amount of imported cargoes via PAS in 2020 is 4,887,684 tons which decreased by 4.57% equivalent to 234,029 tons if compared to 2019. Among the imported cargoes, general cargoes amount to 44.75%, Fuel 38.63% and Garment 8.80% of the total amount of imported cargoes in 2020. For cargo commodities such as Machinery consist of 3.25%, Vehicle/Moto/bike 2.26%, Steel 0.98%, Cigarette 0.75% and Steam Coal 0.58% of the total amount of imported cargoes.



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 650.000 TEUs after additionally installed 02 units of QCs. 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 2019 to 2021, PAS is in the process of installing 1 units of QCs, 2 units of RTGs, and 4 additional units of Empty Reach stackers. After these installments above, PAS's container handling capacity will reach 800,000 TEUs per year from 2021.

Summary of the Project	
Project Period	From 2019-2020
Project Purpose	Enhance PAS's container yard handling capacity
Expected Outcomes	Enhance container handling capacity up to 800,000 TEUs in 1 year starting from 2021
Important Inputs of the Project	<ul style="list-style-type: none"> - Installed 1 units of QCs and 2 units of RTGs and 4 units of Empty reach stackers in 2020 to enhance container handling capacity up to 800,000 TEUs in 1 year. (Completed) - To construct Full container yard of 2.8 hectares in Port, and Empty container yard of 4.0 hectares in Special Economic Zone to enhance container handling capacity up to 800,000 TEUs in 1 year. (Completed in February 2021)
Project Operating Agent	PAS is the operating agent
Financial Source	PAS's own fund and earnings from PAS's IPO shares
Estimated Cost	USD 14,550,000.00

❖ Renovation project of New Wharf (Constructed in 1969, 350m long) to Container Terminal with 243m long

The volume of containers throughput in PAS has increased significantly, reaching 639,211 TEUs in 2019. 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 (700,000 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 long) to become additional container terminal with 243m long, which currently has only two terminals.

Summary of the Project	
Project Period	From 2020-2024
Project Purpose	Enhance PAS's container yard handling capacity
Expected Outcomes	Enhance container handling capacity up to 800,000 TEUs in 1 year starting from 2021
Important Inputs of the Project	<ul style="list-style-type: none"> • Renovating of the new wharf (constructed in 1969, 350m long) to container terminal with 243m long. • Drilling foundations road for container loading equipment at port (QC) • Paving work for RTG (Warehouse No.5 area excluding from RTG yard) and drain 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 long by 14.5m depth

From 2020 to 2023, the New Container Terminal Project (First step) with 350m long 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 in middle of 2022 and expected to be completed in the middle of 2025.

Summary of the Project	
Project Period	From 2020 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 long by 14.5m depth and develop other facilities in order to allow larger container vessels in region calling to PAS which will address the water depth constraints for the port 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 Outcomes	Container handling capacity will reach 1,150,000 TEUs in 1 year when this new container terminal is launched for operation in the upcoming year of 2025.
Important Inputs of the Project	<ul style="list-style-type: none"> - Construction of a new Container Terminal with 350m long by 14.5m depth, container yard and port facilities and dredging of vessel basin and navigation channel with 4km long by 13.5m depth. - Installation 3 units of QCs, 9 units of RTGs, 2 units of Empty Reach Stackers, and 16 units of container trucks, 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 Agent	PAS is the project operating agent and the Ministry of Economy and Finance 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 Implementation	<p>Stage 1: Pre-qualification study and financial preparation (2016-2017)</p> <ul style="list-style-type: none"> - 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. <p>Stage 2: Selection of project consultants (2018-2019)</p> <ul style="list-style-type: none"> - 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

	<p>construction and procurement of heavy container handling equipment, and monitoring work upon the completion of the project.</p> <ul style="list-style-type: none"> - Nippon-Koei & Oriental Consultants Global JV (Japanese Company) have signed the contract with PAS in August 2019. <p>Stage 3: Preparation for engineering detailed design, assistance for bidding, selection of construction company/contractor, and heavy container handling equipment procurement company (2019-2020)</p> <ul style="list-style-type: none"> - 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 adjusted in accordance to the trade agreement, as well as due to the global impact of COVID-19 that causing the project to delay. - 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. <p>Stage 4: Construction stage of a new container terminal and procurement of heavy container handling equipment (2021-2024)</p> <ul style="list-style-type: none"> - 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 (2021-2023): the procurement of heavy container handling equipment shall be commenced in 2022 and completed in 2024 (28 months). <p>Stage 5: Maintenance and repair period (LDP) (2025 to 2026)</p>
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	<p>The maintenance and repair period of the project shall last for 1 year:</p> <ul style="list-style-type: none"> - New container terminal construction work (2025-2026) - Procurement of heavy container handling equipment (2024-2025).
Progress of the Project	<ul style="list-style-type: none"> - The loan Agreement was signed on 7th August 2017. - The loan Agreement was effective on 7th November 2017. - The loan Agreement expire on 7th 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 adjustment of engineering detailed design in accordance to the trade agreement.

❖ **New container terminal construction project, New Deep-Phase 2 (410m long by 16m depth) and Phase 3 (430m long by 17.5m depth) together**

Over the next 10 years (2021-2030), it's expected that almost all container vessels will be able to directly calling to Sihanoukville Autonomous Port to/from Asia-Pacific, US and Europe without transfer at other ports.

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, which is an option study by the JICA Survey Team:

1- New container terminal (Phase 2) 410m long by 16m depth

(Capacity of vessel with 100,000DWT, average containers of 12,000TEUs)

And install heavy container handling equipment as well as other necessary Container terminal operating system, TOS.

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

(Capacity of vessel with 140,000DWT, average containers of 15,000TEUs)

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
Purpose of the Project	<p>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.</p> <p>To meet the Cambodia Industrial Development Policy 2015-2025, PAS need to develop and built a new container terminal –Phase 2 (410m long by 16m depth) and Phase 3 (430m long by 17.5m depth). Over the next 10 years (2021-2030), it's expected that almost all container vessels will be able to directly calling to Sihanoukville Autonomous Port to/from Asia-Pacific, US and Europe without transfer at other ports. 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.</p>
Expected Outcomes	Container handling capacity will increase up to 2,230,000 TEUs in 1 year when this new container terminal Phase 2 and Phase 3 is launched for operation in the upcoming 2029.
Important Inputs of the Project	<p>1-New container terminal (Phase 2) 410m long by 16m depth (Capacity of vessel with 100,000DWT, average containers of 12,000TEUs) and install heavy container handling equipment as well as other necessary Container terminal operating system, TOS.</p> <p>2-New container terminal (Phase 3) 430m long by 17.5m depth (Capacity of vessel with 140,000DWT, average containers of 15,000TEUs) and install heavy container handling equipment as well as other necessary Container terminal operating system, TOS.</p>
Location of the Project	To be connected from the 350m long container terminal on the surface of the sea water adjacent to the breakwater with the distance approximately 650m long 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 the employer.

Financial Source	Expected From the project development partners JICA
Estimated Cost	In Process of study from JICA survey team
Stages of the Project	<p>Stage 1: Pre-qualification study and financial preparation (2021-2022)</p> <ul style="list-style-type: none"> - 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. <p>Stage 2: Selection of project consultants (2022-2023)</p> <p>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.</p> <p>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 (2024-2025).</p> <ul style="list-style-type: none"> - First step (2024-2025): Preparation of engineering detailed designs for (1) civil construction (Packag-1) and (2) heavy container handling equipment (Packag-2) - Second step (2025-2026): (1) Selection of a construction company of the new container terminal Phase 2 and 3 (Packag-1) and (2) the selection of a procurement company of heavy container handling equipment Phase 2 and Phase 3 (Package-2). 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). <p>Stage 4: Construction stage of the new container terminal – Phase 2 and 3, and the procurement of modern heavy container handling equipment (2025-2028)</p>

	<ul style="list-style-type: none"> - First step (2025 to 2028) (36 months): the construction of a new container terminal Phase 2 (410m long by 16m depth), and Phase 3 (430m long by 17.5m depth) together. - Second step (2025-2028): the procurement of modern heavy container handling equipment for both Phase2 and 3 together expect to be completed and start the operation in 2029 (28 months). <p>Stage 5: Maintenance and repair period (LDP) (2028 to 2029) The maintenance and repair guarantee period shall last for 1 year.</p>
Progress of the Project	In January 2021, JICA has appointed JICA survey team to conduct study on pre-qualification of new container terminal development project Phase 2 and Phase 3 together.

H. Risk Factors

In this 2020, PAS did not analyze about risk factors.



PART: 2

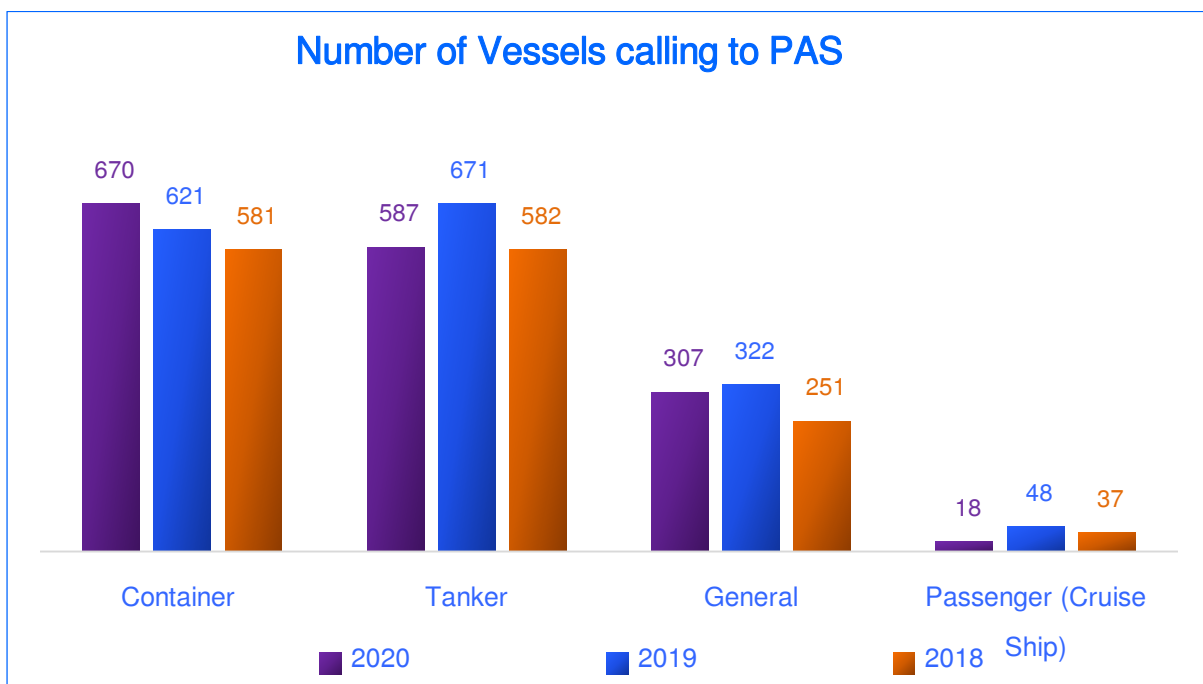
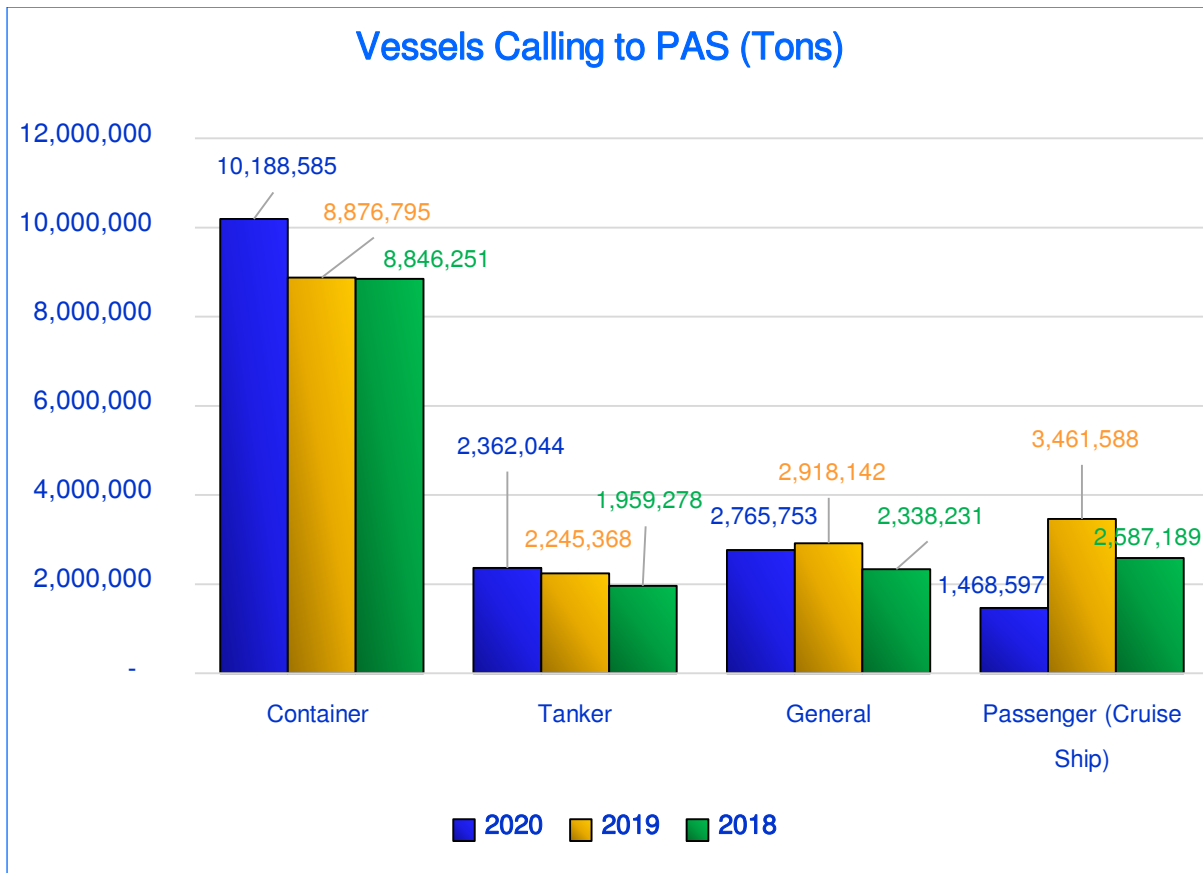
Information on Business Operation Performance



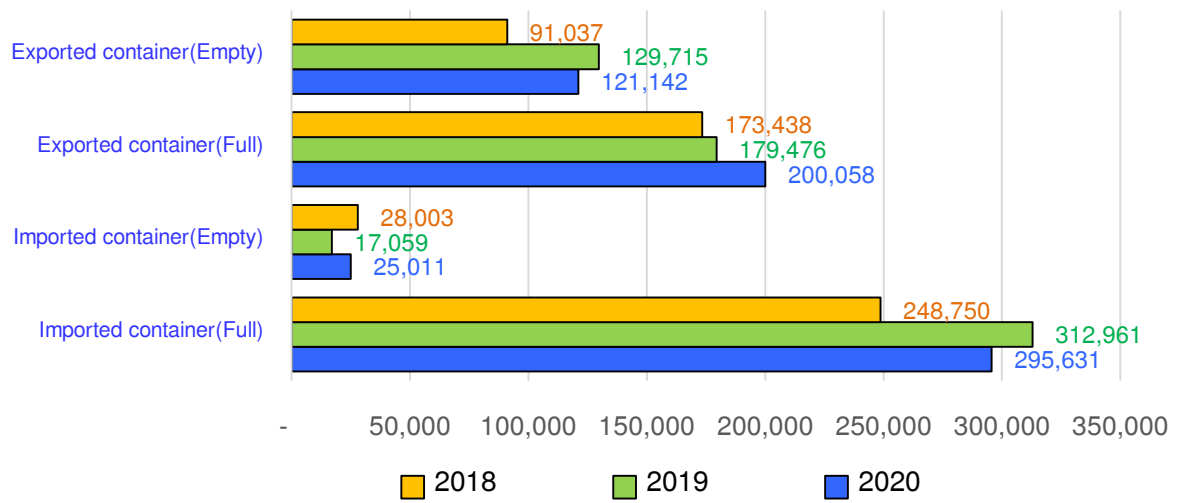
A. Business Operation Performance including business segments information

Items		Planning	2020	2019	2018	Comparison		
		1	2	3	4	(2-1)/1	(2-3)/3	(2-4)/4
Gross Throughput	Tons	7,187,000	6,601,804	6,547,756	5,328,348	-8.14%	0.83%	23.90%
Container Cargo	—	-	4,363,909	4,148,729	3,388,923		5.19%	28.77%
General Cargo	—	-	349,820	520,683	356,776		-32.82%	-1.95%
Fuel	—	-	1,888,074	1,878,344	1,582,649		0.52%	19.30%
Imported Cargo	—	5,701,000	4,887,684	5,121,713	3,916,958	-14.27%	-4.57%	24.78%
Container	—	-	2,670,770	2,775,386	2,052,001		-3.77%	30.15%
General	—	-	2,216,914	2,346,327	1,864,957		-5.52%	18.87%
Exported Cargo	—	1,486,000	1,714,120	1,426,043	1,411,390	15.35%	20.20%	21.45%
Container	—	-	1,693,140	1,373,343	1,336,922		23.29%	26.64%
General	—	-	20,980	52,700	74,468		-60.19%	-71.83%
Cargo Handling	—	9,313,000	8,954,317	8,660,526	7,192,453	-3.85%	3.39%	24.50%
Direct Transfer	—	536,000	208,329	464,435	278,759		-55.14%	-25.27%
Container Yard	—	8,777,000	8,745,988	8,196,091	6,913,694		6.71%	26.50%
Container	TEUs	684,000	641,842	639,211	541,228	-6.16%	0.41%	18.59%
Imported Container	—	357,000	320,642	330,020	276,753	-10.18%	-2.84%	15.86%
Full Container	—	-	295,631	312,961	248,750		-5.54%	18.85%
Empty Container	—	-	25,011	17,059	28,003		46.61%	-10.68%

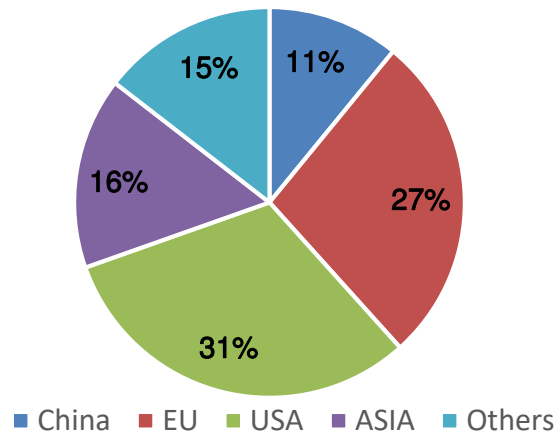
Exported Container	—	327,000	321,200	309,191	264,475	-1.77%	3.88%	21.45%
Full Container	—	-	200,058	179,476	173,438		11.47%	15.35%
Empty Container	—	-	121,142	129,715	91,037		-6.61%	33.07%
Calling Vessels	Units	1,711	1,582	1,662	1,451	-7.54%	-4.81%	9.03%
	Tons	18,232,481	16,784,979	17,501,893	15,730,949	0.00%	-4.10%	6.70%
Container	Units	-	670	621	581		7.89%	15.32%
	Tons	-	10,188,585	8,876,795	8,846,251		14.78%	15.17%
Tanker	Units	-	587	671	582		-12.52%	0.86%
	Tons	-	2,362,044	2,245,368	1,959,278		5.20%	20.56%
General	Units	-	307	322	251		-4.66%	22.31%
	Tons	-	2,765,753	2,918,142	2,338,231		-5.22%	18.28%
Passenger (Cruise Ship)	Units	-	18	48	37		-62.50%	-51.35%
	Tons	-	1,468,597	3,461,588	2,587,189		-57.57%	-43.24%
	Person	-	17,789	51,479	40,598		-65.44%	-56.18%



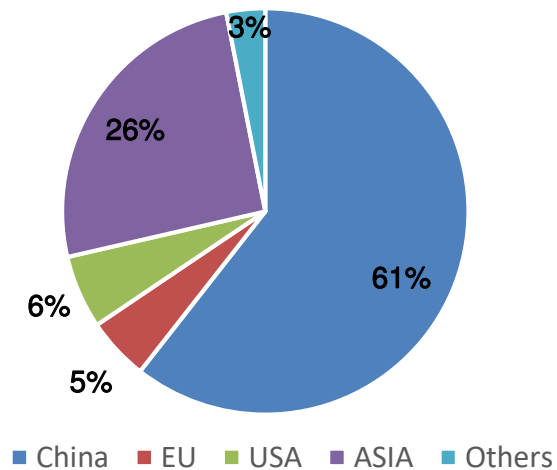
Container Throughput (TEUs)



Destination Country of Export Containers 2020



Origin Country of Import Containers 2020



B. Revenue structure

Description	2020		2018		2019	
	'000 riels	Percentage of total income	'000 riels	Percentage of total income	'000 riels	Percentage of total income
Stevedoring Charge	144,838,339	46.45%	151,153,717	45.27%	127,087,538	46.12%
LOLO Charge	83,821,775	26.88%	90,877,076	27.22%	75,138,978	27.27%
Port Charge for Vessel Services	67,583,985	21.67%	65,719,452	19.68%	57,694,034	20.94%
Storage (Warehouse and Yard)	11,377,785	3.65%	21,248,122	6.36%	10,181,102	3.69%
Transportation	64,813	0.02%	102,081	0.03%	680,000	0.25%
Passenger vessel	265,645	0.09%	823,547	0.25%	640,507	0.23%
Special Economic Zone	2,407,722	0.77%	2,751,494	0.82%	3,016,365	1.09%
Rental fee	1,140,831	0.37%	914,070	0.27%	761,677	0.28%
Other revenues	312,874	0.10%	323,818	0.10%	375,444	0.14%
Total Revenue	311,813,769	100.00%	333,913,377	100.00%	275,575,645	100.00%



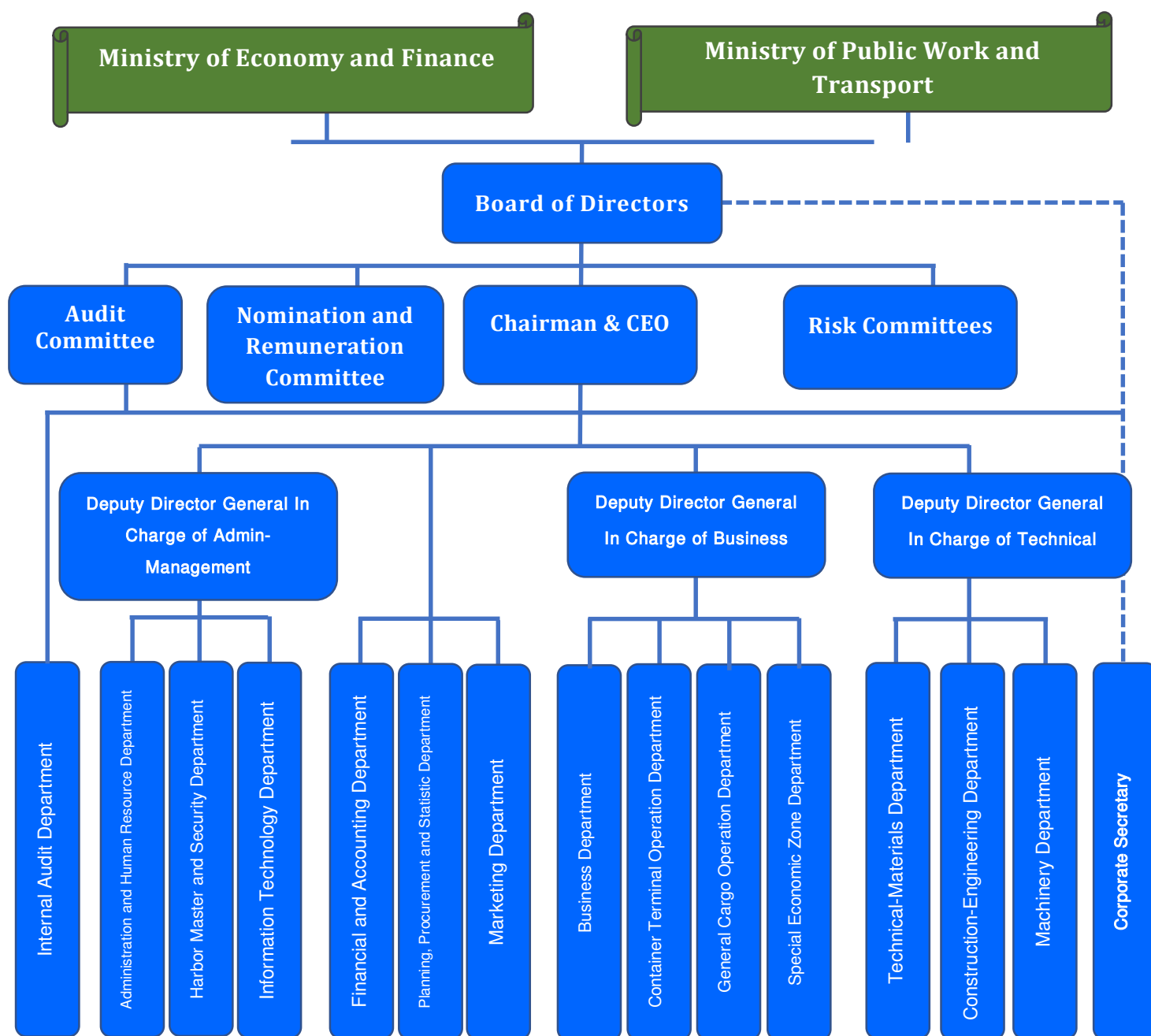
PART 3:

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	25 June 2018	24 June 2021
2	H.E. Suy San	Director	25 June 2018	24 June 2021
3	H.E. Phan Phalla	Director	25 June 2018	24 June 2021
4	H.E. Sok Sopheak	Director	25 June 2018	24 June 2021
5	Mr. Hun Monivann	Director	25 June 2018	24 June 2021
6	Mr. Hidetoshi KUME	Director	25 June 2018	24 June 2021
7	Mr. Lou Lykheng	Director	25 June 2018	24 June 2021

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. Chhun Hong	Male	Deputy Director General of Administration
5	Mr. Chea Yuthdika	Male	Deputy Director General of Technique
6	Mr. Roth Sela	Male	Director of Administration and Human Resource Department
7	Mr. Pat Seth	Male	Director of Financial and Accounting Department
8	Mr. So Seang	Male	Director of Planning, Procurement and Statistic Department
9	Mr. Ty Sakun	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. Pith Prakath	Male	Director of Business Department
13	Mr. Srey Narin	Male	Director of Container Terminal Operation Department
14	Mr. Lou LyKheng	Male	Director of General Cargo Operation Department
15	Mr. Thong Viro	Male	Director of Harbor Master and Security Department
16	Mr. Nak Sophieyan	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 (ក.ស.ស)**
- 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 Properties		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Trading Price (Riels)	Maximum	19,500	19,600	14,700	17,540	16,480	16,300	15,900	15,000	14,700	14,180	14,000	14,200
	Minimum	18,040	14,760	12,500	12,840	15,580	15,500	14,940	14,500	13,980	13,820	13,500	13,620
	Average	19,154	17,292	13,439	14,300	16,201	15,929	15,450	14,814	14,240	13,988	13,754	13,980
Trading Volume	Maximum	3,591	12,178	2,683	5,025	4,042	14,336	5,555	6,750	11,561	7,356	4,387	5,743
	Minimum	11	17	77	101	28	21	59	238	21	112	112	35
	Average	1,059	1,965	1,254	1,327	1,430	2,500	1,790	2,462	3,556	1,680	1,213	1,136

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	2019	2018	2017
Net Profit	43,463,500,000	45,165,772,000	25,139,316,000
Total Cash Dividend	12,174,649,276	15,191,525,776	8,641,525,776
Total Share Dividend	N/A	N/A	N/A
Other Dividend	N/A	N/A	N/A
Dividend Payout	31.12%	33.33%	34.37%
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



Part A: Executive Summary

1. Background

The Department of Internal Audit of Sihanoukville Autonomous Port performed an audit on the activities of management, operation, disposition and internal controls processed by the Department of Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery for the fiscal year of 2020 as part of 2019 audit action plan of the 3-year internal audit program 2019-2021 of the Department of Internal Audit.

The performance of an audit for this 2020 consists of findings of the audit works on the implementation, internal controls of Quarter 1, Quarter 2, Quarter 3 and Quarter 4 of 2020 and recommendations as well as measures and approvals 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 the laws and regulations in force.

Individually, the performance of 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 loss of law disposition, regulation and procedure in force;
- The possibility of impact on financial management system;
- 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 the Department of Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology,

Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery. 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 and Controls

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 the efficiency of management, utilization and maintenance of PAS's fire fighting system;
- Strengthening of disposition and efficiency of financial management;

- Strengthening of the efficiency of implementation and environmental management of PAS;
- Strengthening of the utilization of tools/means of PAS;
- Strengthening of the efficiency of fuel consumption standard for container platforms;
- Strengthening of the implementation efficiency of fuel consumption standard for generators;
- Strengthening of disposition and the effectiveness of implementation/provision of public services;
- Strengthening of the volume of cargo throughput management and the efficiency of annual plan preparation;
- Strengthening of work effectiveness, disposition and hygienic safety;
- Strengthening of the management and clean water productivity in the SEZ;
- Strengthening of state property management and machinery operational effectiveness.

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. List of daily work attendance of the Department of Admin-Human Resource;
2. Fire fighting system of Sihanoukville Autonomous Port;
3. Debt owed by PAS's customers;
4. PAS's operational systems;
5. List of operating income of the 1st quarter of 2020 compared to the 1st quarter of 2019;
6. Agreement between Sihanoukville Autonomous Port and Mr. **Tov Cheu Huong**;
7. List of daily work attendance of the Department of Harbor Master and Security;

8. Engine replacement, management, operation and maintenance of means of equipment, materials and tools of Koh Tang tug boat;
9. Oil spill protective boom and skimmer;
10. Report on work attendance for quarter 2 of 2020 of the Department of Container Terminal Operation;
11. Use of personal protective equipment in the Department of Container Terminal Operation;
12. Operation of weighbridge in gate No. 3;
13. Fuel consumption standard for container platforms;
14. Location and status of warehouses No. 1.2.3 and 5;
15. Use of personal protective equipment in the Department of General Cargo Terminal Operation;
16. Fuel expense report for crane LHM 250;
17. Electrical protective system in PAS's garage;
18. Generator fuel consumption standard;
19. Technical conditions and management of generators;
20. Status of technical materials, tools and spare parts shed;
21. List of daily work attendance in quarter 3 of 2020 in the Department of Construction and Engineering;
22. Status of empty container yard in the Special Economic Zone;
23. Technical condition and order arrangement of empty container yard construction in the Special Economic Zone;
24. Report on the study, observation and improvement of PAS's services;
25. Report on meeting with the customers and port users;
26. Master network in the server room;
27. Anti-virus program for the operational system and computers using in the experienced departments subject to PAS;
28. Procurement plans of Sihanoukville Autonomous Port of 2020;
29. Summary report of 2020 operating output;
30. Promotional system of the Department of Special Economic Zone;
31. Clean water filter system in PAS's Special Economic Zone;
32. Status of water wells in PAS's Special Economic Zone;
33. Statistic of machinery record and repair in 2020 fiscal year;

34. Status of machinery HMC No. 301.

7. Conclusion

Based on the audit findings in the Department of Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery for 2020 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. 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.

9. Acknowledgements

The internal audit work team led by **Mr. Men Chann** would like to express sincere thanks to the directors of the Department of Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery and colleagues for their contribution towards

providing the information, documents and valuable opinions to encourage this audit assignment to be performed 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 of Internal Audit	Team Leader
- Mr. Chiv Chansopheap	Deputy Director	Deputy Team Leader
- Mr. Hor Sothy	Deputy Director	Deputy Team Leader
- 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	January 18, 2021
➤ The audit was completed on	January 21, 2021
➤ Last responses of auditees management	January 25, 2021
➤ Final report	January 29, 2021

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-duty of the Department of Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery.

4. Information about the Auditees

Department of Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology, Department of Planning-Procurement & Statistics, Department of Special Economic Zone and Department of Machinery are subject to the management of Sihanoukville Autonomous 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-duty for the respective departments subject to PAS's management dated January 27, 2016 and the decision for modification of structure and supplement of task and duty dated January 31, 2020.

4.1 Department of Admin-Human Resource

There is one organization structure with 10 (Ten) offices as mentioned below:

- (1) Office of Administration and General Affairs,

- (2) Office of Maintenance and Repair,
- (3) Office of Management of Administrative Warehouse-Materials
- (4) Office of Protocol,
- (5) Office of Health Care,
- (6) Office of Information Technology,
- (7) Office of Human Resource and Research-Development,
- (8) Office of Transport Means & Petroleum Management,
- (9) Office of Environment and Sanitation,
- (10) Office of Order and Documentation.

The Department of Admin-Human Resource is led by 01 Director and 04 Deputy Directors, together with 10 Chiefs of Offices as assistants and 150 officials and staffs, including 40 women and 49 hired workers.

4.2 Department of Accounting-Finance

There is one organization structure with 07 (Seven) offices as mentioned below:

- (1) Cashier (Equivalent to Chief of Office),
- (2) Office of Accounting,
- (3) Office of Asset,
- (4) Office of Stock Market,
- (5) Office of Finance,
- (6) Office of Debt Management,
- (7) Office of Payment.

The Department of Accounting-Finance is led by 01 Director and 02 Deputy Directors, together with 07 Chiefs of Offices as assistant and 15 officials and staffs, including 04 women.

4.3 Department of Business

There is one organization structure with 05 (Six) offices as mentioned below:

- (1) Office of Operation and Contract,
- (2) Office of Business and Report Recapitulation,
- (3) Office of Relation and Transport Management,
- (4) Office of Information Technology System,
- (5) Office of Research and Development,
- (6) Office of PAS's Representative based in Phnom Penh.

The Department of Business is led by 01 Director and 01 Deputy Director, together with 06 Chiefs of Offices as assistants and have 17 personnel, including 03 women and 01 contracted staff.

4.4 Department of Harbor Master and Security

There is one organization structure with 09 (nine) offices as mentioned below:

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

The Department of Harbor Master and Security is led by 01 director, together with 05 deputy directors, 09 chiefs of offices as assistants and 94 total officials and staffs, including 03 women and 11 contracted workers.

4.5 Department of Container Terminal Operation

There is one organization structure with 08 (eight) offices as mentioned below:

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

The Department of Container Terminal Operation is led by 01 director, together with 02 deputy directors, 08 chiefs of offices as assistants and 471 total officials and staffs, including 03 women, 43 contracted workers and 125 volunteers.

4.6 Department of General Cargo Operation

There is one organization structure with 06 (six) offices as mentioned below:

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

The Department of General Cargo Operation is led by 01 director, together with 03 deputy directors, 06 chiefs of offices as assistants and 239 total officials and staffs, including 08 women and 60 contracted workers.

4.7 Department of Technique-Material

There is one organization structure with 11 (elevent) offices as mentioned below:

- (1) Office of Technical Material-Spare Part
- (2) Office of Procurement Document Management
- (3) Office of Technical Material-Spare Part Shed
- (4) Office of Fuel-Lubricate
- (5) Office of Research and Development
- (6) Office of Information and Technology
- (7) Office of Machinery-Electrical Network Repair-Maintenance
- (8) Office of Generator Management
- (9) Office of Machanical-Machinery Repair-Maintenance
- (10) Office of Garage, and
- (11) Office of Ship-Tugboat Machinery.

The Department of Technique-Materialis led by 01 director, together with 05 deputy directors, 11 chiefs of offices as assistants and 126 total officials and staffs, including 04 women and 32 contracted workers.

4.8 Department of Construction-Engineering

There is one organization structure with 12 (twelve) offices as mentioned below:

- (1) Office of Construction Repair & Maintenance

- (2) Office of Electricity
- (3) Office of Architect & Project Study
- (4) Office of Shed for Construction Material
- (5) Office of Construction Procurement Document 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 Shipyard, and
- (12) Office of Navigation Buoy.

The Department of Construction-Engineering is led by 01 director, together with 05 deputy directors, 12 chiefs of offices as assistants and 115 total officials and staffs, including 01 woman, 22 contracted workers.

4.9 Department of Marketing

There is one organization structure with (four) offices as mentioned below:

- (1) Office of Marketing Research & Service Quality Development,
- (2) Office of Information & Technology,
- (3) Office of Customer Relation, and
- (4) Office of Coordination.

The Department of Marketing is led by 01 director, together with 04 chiefs of offices as assistants and 08 total officials and staffs, including 03 women.

4.10 Department of Information Technology

There is one organization structure with (three) offices as mentioned below:

- (1) Office of Research-Development & Promotion,
- (2) Office of Network Management, and
- (3) Office of Information-Technology System.

The Department of Information Technology is led by 01 director, together with 01 deputy directors, 03 chiefs of offices as assistants and 15 total officials and staffs, including 01 woman and 06 contracted workers.

4.11 Department of Planning-Procurement and Statistics

There is one organization structure with 04 (four) offices as mentioned below:

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

The Department of Planning-Procurement and Statistics is led by 01 (one) director, together with 02 (two) deputy directors and 04 (four) chiefs of offices as assistance and 14 officials and staffs in total including 06 (six) women and 02 (two) contracted workers.

4.12 Department of Special Economic Zone

There is one organization structure with 04 (four) offices as mentioned below:

- (1) Office of Administration and Accounting
- (2) Office of Marketing-Promotion and Sales
- (3) Office of Customer Relation and Logistics
- (4) Office of Maintenance and Repair.

The Department of Special Economic Zone is led by 01 (one) director, together with 03 (three) deputy directors and 03 (three) chiefs of offices as assistance and 10 (ten) officials and staffs in total including 01 (one) contracted workers.

4.13 Department of Machinery

There is one organization structure with 03 (three) offices as mentioned below:

- (1) Office of Research and Standard
- (2) Office of Statistics and Control
- (3) Office of Maintenance and Repair.

The Department of Machinery is led by 01 (one) director, together with 03 (three) chiefs of offices as assistance and 05 (five) officials and staffs in total including 01 (one) woman.

5. 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 Admin-Human Resource, Department of Accounting-Finance, Department of Business, 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 Information Technology, Department of Planning-Procurement and Statistics, Department of Special Economic Zone and Department of Machinery together with the relevant offices and units have been carrying out their works according to the task-duty 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 Admin-Human Resource

5.3.1.1 List of Daily Work Attendance

With reference to the list of daily work attendance received from the auditee in the 1st quarter of 2020, the auditor identified that the officials and staff in the framework of the auditee are all present. Individually, according to the observation in some relevant sections which are under the control of the auditee, the auditor identified that a small number of staffs did not come to work regularly.

The above article is not complied with the principles which were stipulated in Chapter V. defining the discipline, punishment, admiration, scoring and disciplinary council, and in Chapter VII, Article 43 of the personnel statute of Sihanoukville Autonomous Port dated April 04, 2003 defining the request for work leave.

The reason why the above staffs did not come to work regularly may be resulted from the latter's own problem or the officials in charge of personnel have not controlled and directly communicated with them in order to report to the auditee management for education and instruction before reporting to the management of PAS for implementation principle.

This factor caused an impact to the internal control, operational efficiency, disciplinary procedures, and internal regulation as well as the personnel statute of PAS.

In order to improve the internal control and operational efficiency and to promote disciplinary procedures and dignity of the entity, the auditor observed that the auditee management should further educate and instruct the above staffs in order to avoid inactivity and obstruction in the core work of the entity.

The Department of Admin-Human Resource will strive its efforts to appropriately strengthen the disciplinary principle and PAS's internal regulation.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.1.2 Fire Fighting System of Sihanoukville Autonomous Port

According to the inspection of fire fighting system of Sihanoukville Autonomous Port (PAS), the auditor identified that Sihanoukville Autonomos Port has installed fire extinguishers and fire fighting water system for using in Sihanoukville Autonomous Port with the total number of 412 sets, including 400 sets of fire extinguishers and 12 boxes of fire fighting water system. The above fire extinguishers and fire fighting water system installed in each of the following departments are:

Departments Already Installed	ABC	BC	CO ₂	Water Boxes
Department of Admin-Human Resource	11	42	04	06
Department of Technique-Material	09	36	05	02
Department of Container Terminal Operation	16	60	06	N.A

Department of General Cargo Operation	19	80	09	04
Department of Harbor Master and Security	18	68	08	N.A
Department of Machinery	07	01	01	N.A

Individually, according to the observation in the actual locations, the auditor identified that the following important targets and locations were not installed with fire extinguishers and fire fighting water system yet, the said targets and location are: tugboat basin, gas station (has not installed fire emergency siren), premises outside the general cargo administration building, warehouses No. 1, 2, 5, location of reefer container storage, container platform station (has not yet installed fire extinguishers in the working rooms), container platform trucks (a number of trucks was not yet installed with fire extinguishers) and the electrical house adjacent to gate No. 2 (have not yet installed smoke absorber, heat and fire emergency siren).

The above article is not complied with Sub-decree of the Royal Government of Cambodia No. 131 ANKr.BK dated August 18, 2017 defining the conditions and various measures, deining the prevention and fire fighting in Chapter 3, Article 9, target management, production and creation places and/or storage of inflammable substances, and sources of fire and heat must comply with the conditions and rules containing smoke absorbers and heat,

automatic fire fighting machines, all types of fire extinguishers, automatic fire fighting water system, water supply post for fire trucks, and lightning protective system, together with rescue and evacuation plans by complying with Sub-decree No. 167 ANKr.BK dated October 17, 2008 defining the public evacuation formality from the places where the accident may happen.

The above reason may have happened since the official directly responsible for the task have not conducted a study and search for various measures involving fire prevention and fire fighting according to the principle as stipulated in article 9 of Sub-decree No. 131 ANKr.BK of the Royal Government of Cambodia.

This event is easily caught on fire or victimized and may affect the lives of the officials, employees, and workers working in the framework of PAS and damage the properties and safety of port users.

In order to guarantee the implementation efficiency of fire prevention and fire fighting with the aim at minimizing the risk of fire hazard and damages of properties by fire hazard, the auditor observed that the auditee and relevant units should investigate the status in the above targets and locations to study about the shortcomings and actual demands and prepare the action plan for installing equipment in the important targets to submit for implementation principle from the PAS management.

At the same time, the auditee should prepare to conduct a training on evacuation, prevention and fire fighting techniques and instruct how to use the above fire fighting tools/equipment, including fire fighting water system to PAS's officials, staffs and employees to be the basis of contribution to the prevention and protection of safety, lives and properties of the entity from fire hazard.

The Department of Admin-Human Resource has hereby accepted the recommendation of the auditor and will prepare to install enough tools and arrange a training course on fire prevention and extinguisher to relevant personnel.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.2 Department of Accounting-Finance

5.3.2.1 Debt Owed by PAS's Customers

Owing to the detailed list of account No. 410 (minor customers) received from the auditee counting from March 31, 2020, the auditor identified that 30 minor customers have owed the debt to PAS with the total amount of 7,872,560.29 US dollars equivalent to 32,041,320,380.30 Riels.

Among the 30 minor customers, there is a number of Shipping Lines owed the debt to PAS with the total amount as below mentioned:

- Maersk/MCC : 2,362,497.34 US dollars with the remaining debt of 2019 equivalent to 1,058,445.20 US dollars
- Arrow Shipping : 667,918.32 US dollars with the remaining debt of 2019 equivalent to 1,058,445.20 US dollars

- SITC Container : 585,451.30 US dollars with the remaining debt of 2019 equivalent to 473.00 US dollars
- Danaka Logistics Co., Ltd : 1,142,500.38 US dollars, while the debt of 2019 was paid up to PAS already.

Individually, Toll Royal Railway (Cambodia) has owed the debt to PAS with the total amount of 857,211.80 US dollars therefrom 2018-2019 to the first quarter of 2020 the latter has not paid up PAS yet.

The above article is not conformed to the terms and conditions of the Agreement between Sihanoukville Autonomous Port (PAS) and Shipping Line dated January 01, 2019 wherein article 7 stipulated that the Line must inspect and sign the invoices within 5 days after having completed container offloading-loading operation and shall pay within 21 days after signing all the invoices. If the Line does not pay port charges within 25 days after signing the invoices, the Operator (PAS) shall be eligible to suspend the Line's vessel's activities or the containers to be released until the Line has paid up the debt. Individually, for Toll Royal Railway (Cambodia), it is not conformed to the terms of payment stipulated in item 6.2 of article 6 of the Agreement between Sihanoukville Autonomous Port (PAS) and Toll Royal Railway (Cambodia) on the lease of location and means of container handling equipment of Sihanoukville Autonomous Port dated May 30, 2013.

The reason that caused the above companies to owe debts to PAS up to this first quarter of 2020 may be because of their mother companies have not transferred cash to remunerate PAS on timely basis or may have transferred cash to firstly remunerate various ports other than PAS and/or may have an intention to delay payment to PAS based on the spread and impact on their business by COVID-19.

This factor may affect the PAS's operation income, business process and confidence in the implementation of Agreement between PAS and customer, port user as well as the operation process and cash management principle of PAS.

In order to avoid the loss of PAS's operation income, the auditor observed that the official responsible for debt affairs should prepare action plan and norms in accordance with the terms and conditions and principle of the Agreement between PAS and the above companies and submit to the auditee management for review

and modification and request PAS's management for approval in order to continue claiming for debt and/or to fine the companies who have intended to delay debt payment to PAS without specific reason.

When I go to claim for debt from various Shipping Line, each of the respective companies always request for forgiveness from PAS because sometimes their companies have not transferred cash to reimburse PAS on timely basis due to the fact that their customers have owed money to them for a long time and it is rather difficult in claiming for money. On the other hand, because of the widespread of COVID-19, it causes an impact to cash transfer from outside to Cambodia and their companies' business process, while a number of vessels' schedules/voyages was temporarily suspended and their staffs have taken turn to work at home.

*For the total debt of the **Royal Railway** up to March 31, 2020 is equivalent to 857,211.80 US dollars. I have written letters with signatures of PAS management to claim for such debts for several times but this company still not reimburse PAS. The PAS management has then issued the letters to H.E Deputy Prime Minister-Minister of Economy and Finance for intervention and actions.*

After that, the Ministry of Economy and Finance issued a letter No. 2770 MEF to Royal Railway Company and after having received a letter from the Ministry of Economy and Finance, this company reimbursed debt with the equivalent amount of 90,491.50 US dollars on April 21, 2020 for debt payment of 2018. Individually, 04 Shipping Lines had also reimbursed a number of debts for 2019.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.2.2 PAS's Operational Systems

In order to contribute to trade facilitation and improve PAS's operation and service quality to meet the requirements of customers and port users on timely basis, Sihanoukville Autonomous Port has installed CTMS "Container Terminal Management System" and VTMS "Vessel Traffic Management System" to manage the cargo/container offloading-loading operation and transport as well as the maritime

traffic of vessel coming into and going out through the gateway of Sihanoukville Autonomous Port. Individually, in order to strengthen the operation efficiency and accountancy with transparency and accountability, Sihanoukville Autonomous Port has additionally installed the Single Window System and Microsoft Dynamic NAV System to manage the operation income and expenditure, including the expenditure on taxation and VAT in the framework of the Department of Accounting-Finance and experienced departments involving in the process of PAS's business and service operation.

However, according to the actual inspection, the Single Window and Microsoft Dynamic NAV Systems were not systematically connected for use within the PAS's whole operation yet and currently the two systems have been used by the Department of Business and Department of Accounting-Finance to manage the operation income and expenditure record, including the expenditure on tax payment and VAT. In order to connect to the above systems, the auditor observed that the Department of Accounting-Finance use 13 sets of computers, including two additional CPUs to be changed for use among the Single Window System and Microsoft Dynamic NAV System and 04 sets of the 13 computers were connected to the network of the Single Window System to

check invoices, amount of money and name of company that paid cash through the Department of Business and to record tax payment and VAT. Individually, the other 09 sets of computers were connected to the network of the Microsoft Dynamic NAV System for accountancy record and storing PAS's important documents and data.

In this sense, the auditor observed that the above operation systems are not yet appropriate as the fully whole operation systems for PAS, particularly the Single Window System and Microsoft Dynamic NAV System which were not yet connected for use in the PAS's whole operation. On the other hand, the 13 sets of computers connected to the Single Window System and Microsoft Dynamic NAV System also may not ensure a long time using efficiency because all computers were found using Cracking MS Office or Cracking Software and a number of computers were not used with a Stand Alone Anti -Virus for virus protection.

This factor is presumably not yet responded to PAS's actual using demands and not yet appropriate to the information technology since the auditee does not use Licensed MS Office/ Licensed Software to protect the risks of its important documents and data.

This reason may cause by the officials who are directly responsible for the system related works have not yet conducted a study and/or added using demands to be updated in the above system on timely basis or have not reported to the auditee management to be aware of and request for the Licensed MS Office/ Licensed Software for use in the department framework in order to avoid virus infections which may cause the risks to the important documents and data and affect the record of PAS's daily accountancy.

In order to contribute to the improvement of the quality of PAS's business and service operation, the auditor observed that the Department of Accounting-Finance should conduct a study on using demands, make a communication with the experienced departmnets involving with the business and service operaion and make a detailed work communication with the Department of IT before requesting PAS's management to purchase the Licensed MS Office/ Licensed Software and Stand Alone Anti-Virus, together with the other important instruments for use within the framework of the Department of Accounting-Finance.

With regard to the connection of a Single Window "SWSS" and Microft Dynamic NAV, Blue and NiDA have, after meeting with the Department of Accounting-Finace and Department of IT, been preparing the File XML format in order to connect the two systems. By understanding that this method is a speedy ones and easy to modify the two systems to well merch together, but due to a long period of time, the expert considered that there may be a need to modify the system in large scale so that the connection of the two systems is more convenient and can decrease the error of the two systems.

With regard to the Licensed MS Office/Licensed Software, the Department of Accounting and Finance also wants to use MS Office and Software with license, but because of being aware tha the license is expensive and the use of Cracking MS Office is being used normally, the Department of Accounting-Finance has not requested to purchase such licensed products yet.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.3 Department of Business

5.3.3.1 List of Operating Income of the First Quarter of 2020 Compared to the First Quarter of 2019

Owing to the list of income of the first quarter 2020 compared to the first quarter 2019 as shown below, the auditor observed some minor increases and decreases due to the widespread and impact by COVID-19.

	1 st Quarter of 2020	1 st Quarter of 2019	Remark
January	\$7,169,358.08	\$5,844,468.22	
February	\$5,670,570.11	\$5,973,467.63	
March	\$6,103,255.31	\$6,798,492.96	
	\$18,943,183.50	\$18,616,428.81	
1st Quarterly Income of 2020			
	Jan-20	Feb-20	Mar-20
Handling	\$4,493,736.37	\$3,358,296.17	3,970,410.53
Storage	\$603,756.01	\$523,831.66	\$331,248.73
Port Dues	\$1,555,067.74	\$1,396,496.77	\$1,369,171.37
Transportation	\$1,262.00	\$364.00	\$720.00
VAT 10%	\$515,535.96	\$391,581.51	\$431,704.68
Total:	\$7,169,358.08	\$5,670,570.11	\$6,103,255.31
Storage	Decreased-compared to Jan-20	\$79,924.35	\$192,582.93
Port Dues	-	\$158,570.97	\$27,325.40

The auditor identified that the auditee has been using the SWSS "Single Window Service System" to issue invoices to the customers and print reports

automatically, but the auditor observed that the auditee still uses the terms: DO KAMSAB in DO Column of the income report to be printed from the SWSS.

The above event is not complied with Sub-decree No. 31 ANKr.BK dated 5th February 2019 of the Royal Government of Cambodia defining the dissolve of the Public Enterprise -Kampuchea Shipping Agency (KAMSAB) in article 1 stipulated that: having terminated the mission and dissolved the Public Enterprise characterized as a State Owned Company (KAMSAB) from 28th February 2019 onward.

This reason might cause by the official who is responsible for the management of the system related work has not yet modified the above terms according to the changed situation after the government dissolved KAMSAB because when KAMSAB was not yet dissolved PAS received DO from KAMSAB and when KAMSAB was dissolved, PAS received DO (Delivery Order)/RO (Release Order) from the Shipping Line.

This factor can cause the customers and port users confuse and may affect the implementation efficiency of Sub-decree No. 31 ANKr.BK dated 5th February 2019 of the Royal Government of Cambodia defining the dissolve of the Public Enterprise-Kampuchea Shipping Agency (KAMSAB).

In order to avoid confusion and impact on the implementation efficiency of Sub-decree of the Royal Government of Cambodia as mentioned above, the auditee should report to PAS's management and request for deletion and using a new term on behalf of DO KAMSAB with the new terms "DO" Shipping Lines or "RO" Shipping Lines.

Agreed and accepted the auditor's proposal and the auditee will hereby cooperate with the Department of IT in modifying the terms from: DO KAMSAB to the new terms "DO" Shipping Lines or "RO" Shipping Lines.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.3.2 Agreement between Sihanoukville Autonomous Port and Mr. Tov Cheu Huong

Owing to the Agreement between Sihanoukville Autonomous Port and Mr. Tov Cheu Huong dated September 27, 2001 and the contract on additional validity for the "Land Lease Contract" between Sihanoukville Autonomous Port and Mr. Tov Cheu Huong (The Owner of New Beach Hotel and Restaurant), the auditor identified that in each article there are no specification on the size of the land leased, no stipulation on the construction and/or expansion of guest serving areas into the sea water in the future in the Agreement between Sihanoukville Autonomous Port and Mr. Tov Cheu Huong dated September 27, 2001 and the Contract on additional validity of the "Land Lease Contract" between Sihanoukville Autonomous Port and Mr. **Tov Cheu Huong** (Owner of New Beach Hotel and Restaurant) dated April 11, 2019.

The above article is not complied with the principle of lease contract that entailed PAS to make contract in its management area by precisely demarcated the land size, make business plan, development plan, together with architectural design as well as the construction plan.

This case was occurred because the official who is responsible for contracting affairs has not cooperated with the relevant departments to measure the land area in the name as the owner of the land leased location.

This factor can cause an impact on the efficiency of carrying out of the Agreement or Contract that has been renewed for a long period of validity since the owner of the leased location has not precisely measured the land size and not stipulated about the shore border that can be used to construct and/or expand the guest serving areas in the future.

In order to carry out the Agreement and/or Contract with efficiency and accountability, the auditor observed that the auditee should cooperate with the experienced departments and experienced authority to measure the size of the land leased area and specify the border and scope of using the shore border which is adjacent to the leased area in accordance with the administrative procedures and other norms in order to be convenient for implementation and for file and chronicle.

Agreed and accepted the auditor's proposal by which case the leased area is surrounded with a fence and demarcated border already but PAS cannot demarcate the size because it is related with the offshore coordinate and at the same time the auditee has hereby cooperated with the Department of Construction-Engineering to measure and demarcate the offshore border already before signing the contract with Mr. Tov Cheu Huong and prepared a letter of request for Asset Ownership Certification from the Department of Land Title, Urbanization and Construction of Preah Sihanouk province already but until now the said Asset Ownership Certification has not been received yet.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.4 Department of Harbor Master and Security

5.3.4.1 Control of a List of Daily Work Attendance

Owing to the list of daily work attendance obtained from the auditee and relevant units, the auditor identified that in the second quarter of this 2020 a number of officials and staffs had not come to work regularly without specifying the reasons.

The above factor is not complied with the general ordinances of PAS's Personnel Statute dated April 04, 2003 and item No. III of PAS's Internal Regulation No.001. BBPK/PAS/RB.B dated June 12, 2007.

This factor was occurred because the personnel in charge of the auditee's administration had not controlled and observed the officials, staffs and workers and/or the auditee management had not provided them the education, instruction and promotion about the disciplinary principle and general ordinances stipulated in the PAS's Personnel Statute and Internal Regulation.

This factor may cause an impact on the auditee governance, efficiency of PAS's business and service operation and disciplinary principle of PAS's Personnel Statute and Internal Regulation.

In order to contribute to the improvement of governance quality and enhance the efficiency of PAS's business and service operation, the auditor realized that the

auditee management should continue to provide additional education, instruction and strengthen the disciplinary principle within the auditee's framework.

I realize that the absent of the officials, staffs and workers of the flotilla unit had resulted by the negligence of a number of tugboats' captains and some staffs and workers really stopped working without asking for permission, but the officials, staffs and workers under our department have performed their works 24h/24h even on Saturdays and Sundays.

The audit work team has seen the response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.4.2 Control of Engine Replacement, Management, Operation and Maintenance of Means of Equipment, Materials and Tools of Koh Tang Tugboat

The auditor identified that Koh Tang tugboat had been overhauled replacing the old 800hp engine which is out of order with the 1320hp capacity engine. During testing operation, the PAS's fuel standard commission has temporarily changed the fuel ration from 138.6L/hrs to 156L/hrs pending for technical inspection by the engine supplying company and the official decision by PAS's fuel standard commission.

With regard to the management, operation, maintenance of means of equipment, materials and tools of **Koh Tang** tugboat, the auditor observed that there are no life buoys, life jackets, propeller chain, wheel protective chain and resin like material attached to the cabin are out of order.

The above factor is not yet complied with the operational and safeguarding principle of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, 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.

This case was occurred because the tug captain and/or the official in charge of the office of flotilla management have not prepared formality to request for the above materials and tools on timely basis.

This factor may affect the safety of staffs and workers of the said tugboat, the efficiency of business and service operation and cause the PAS's Internal Regulation lack of implementation efficiency.

In order to contribute to the management, operation, maintenance of means of equipment, materials and tools of **Koh Tang** tugboat, the auditor realized that the auditee management should provide an education and instruction to the offices and units subject to his management to carry out their works in accordance with the task-duty defined by PAS and pay due attention to the maintenance of PAS's common equipment, materials and tools.

*For **Koh Tang** tugboat, which has just been changed a big engine and performed a major overhaul, has not had enough materials as demands yet and some spare parts are difficult to find, cannot purchase as demands or need to spend long time.*

The audit work team has seen the response of the auditee management by emphasizing technical conditions and difficulties in purchasing tugboat's materials/tools at present and continue to observe the implementation of the audit recommendation.

5.3.4.3 Control of Oil Spill Protective Boom and Skimmer

Owing to the inspection of oil spill protective boom and skimmer under the management of navigation office of the department of harbor master and security, the auditor identified a number of oil spill protective boom and skimmer such as a 25m long boom: 01 (one) unit, skimmer: 01 (one) unit and generator: 01 (one) unit and other tools are stored in the engine oil shed which is not appropriate to technical condition and far from the coastal area.

The above factor is not yet complied with the operational and safeguarding principle of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, 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.

This article was occurred because the official holding directly responsible for the work has not reported to the auditee management in order to request for storage location/ keeping the above tools to be appropriate to technical condition and close

to the coastal area to be convenient in the management and operation in case of necessary requirement.

This case may affect the quality and implementation efficiency of tools, materials, means of equipment of PAS.

In order to contribute to the improvement of quality and promotion of implementation efficiency of tools, materials, means of equipment of PAS, the auditor realized that the auditee management should request for an appropriate location to store the above tools with carefulness, cleanliness and be able to operate on timely basis in case of necessary requirement.

In the maintenance of oil spill protective boom and skimmer, the auditee has an idea to request for one unit of container in order to keep such materials nearby the quayside. With regard to staff, we lack staffs because each of them has their own tasks.

The audit work team has seen the response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.5 Department of Container Terminal Operation

5.3.5.1 Control of the Report of Work Attendance for Quarter 2 of 2020

Owing to the report on work attendance for quarter 2 of 2020 obtained from the office of personnel management of the department of container terminal operation, the auditor identified a number of employees and workers in the Reach Stacker and Ship Planning Units had requested for a long time work leave and another had been absent for several times and did not come to work regularly.

The above factor is not complied with the general ordinances stipulated in article IV, item No. 3 of PAS's Personnel Statute dated April 04, 2003 and PAS's Internal Regulation No.001. BBPK/PAS/RB.B dated June 12, 2007.

This factor was occurred because the personnel in charge of the auditee's administration within the personnel office had not controlled and observed the officials, staffs and workers or had not provided them the education, instruction and

promotion about the disciplinary principle and general ordinances stipulated in PAS's Personnel Statute and Internal Regulation.

This factor may cause an impact on the efficiency of PAS's business and service operation and disciplinary principle which is stipulated in the PAS's Personnel Statute and Internal Regulation.

In order to contribute to the promotion of the efficiency of PAS's business and service operation, the auditor realized that the auditee management should continue to provide further education, instruction and strengthen the work discipline within the auditee's framework.

This finding is mainly focused on a number of staffs who have lost their physical fitness and suffered by traffic accidents that have not been removed from the department.

The audit work team has seen the response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.5.2 Control of the Use of Personal Protective Equipment

Owing to the control of the container offloading-loading site, the auditor identified that a number of operators have not used the personal protective equipment such as reflective jackets, safety helmets and safety shoes during the operation and kept their own means of transport such as motorbikes and cars in the operational premises.

The above factor is not yet complied with the principle on labor safety, work order and safeguarding of tools and working materials as stipulated in article V. of PAS's Internal Regulation No. 001.BBPK/PAS/RB.B dated June 12, 2007.

The above reason may stem from the fact that the operational gang bosses in each work shift did not pay due attention to control the use of personal protective equipment and did not allocate adequate safety area for the employees and workers under their control to keep the materials and park their own means of transport in accordance with the PAS's internal regulation.

This factor affected the efficiency of PAS's Internal Regulation and may cause occupational accident and damage to the properties of the employees and workers.

The auditor realized that the auditee management must continue to provide an education and instruction about the safety principle which is stipulated in the PAS's Personnel Statute and internal regulation and encourage the operational gang bosses in each work shift to control the use of personal protective equipment during the operation in order to avoid the occupational accident and damages to the properties of the employees and workers.

The auditee has taken a strict measure to a number of staffs who have not used the uniform/personal protective equipment, but the uniform/personal protective equipment are presumably inadequate and the procurement is not on timely basis yet.

The audit work team has remarked the response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.5.3 Control of the Operation of Weighbridge in Gate No. 3

Owing to the control of weighbridge in gate No. 3, the auditor identified that the weighbridge unit had not filed documents on maintenance and repair yet.

The above factor is not yet complied with the operational and safeguarding principle of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, and sound storage as stipulated in item No. 3 of article V. of the PAS's Internal Regulation No. 001.BBPK/PAS/RB.B dated June 12, 2007.

The above reason may stem from the fact that the official in charge/chief of weighbridge unit had been negligent in not preparing the maintenance/repair plan according to technical condition to be ready to serve the PAS's business operation.

This factor may affect the quality of weighbridge and PAS's business and service operation, especially in the urgent requirement.

The auditor realized that the official in charge/chief of weighbridge unit should prepare the maintenance and repair plan pursuant to technical condition

(manual) attached thereto in order to avoid an abnormal status or extensive out of order which may obstruct the PAS's business operation.

The implementation has so far been errors and the auditee has requested the department of technique-Material for repair. The auditee has requested for maintenance/ repair in every two-month time.

The audit work team has remarked that the auditee management has paid due attention to the maintenance/repair of the said weighbridge and continue to observe the implementation of the audit recommendation.

5.3.5.4 Control of Fuel Consumption Standard for Container Platform

According to the control of a table of machinery statistic (Container Platform Unit), the auditor identified that 16 (sixteen) units of ISUZU container trucks in the range of 35-44 and 45-50 plate numbers which were respectively produced in 2016 and 2019 have not had a fuel consumption standard yet and they are presently using a temporary ration of fuel with 2.09L/Box.

The above factor is not yet complied with the definition of fuel standard for all types of machinery and other means of equipment issued by the PAS's fuel standard commission.

This reason may have resulted because the chief of unit of container trucks had not prepared formality to request for fuel standard from the PAS's fuel standard commission.

This factor may affect the implementation efficiency of the definition of fuel standard which is issued by the PAS's fuel standard commission.

The auditor realized that the auditee management should prepare formality to request for an appropriate inspection, evaluation and definition of fuel standard for the 16 (sixteen) units of ISUZU container trucks from the PAS's fuel standard commission.

I would like to emphasize that 16 (sixteen) units of ISUZU container trucks have just been purchased. We use the fuel consumption standard as same as that

of KAMAS trucks 2.09L/Box. The container terminal operation department is going to request PAS's management to have the fuel standard fixed soon.

The audit work team has seen the elucidation with responsibility of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.6 Department of General Cargo Operation

5.3.6.1 Control of Locations and Status of Warehouses No. 1.2.3 and 5

According to the control of the locations and status of PAS's warehouses, the auditor identified the water seeps from the roofs of warehouses No. 1.2.3.5, poor environmental conditions, warehouses' doors are extremely difficult to close/open, moderate electric lights and a number of lamps were cut. In addition, the surface of warehouse No. 3 from A-1 to A-4 area was not paved yet.

The above factor is not yet complied with the operational and safeguarding principle of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, 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 reason may stem from the failure of each of the respective chiefs of warehouses in reporting to the auditee management to be well aware and request the PAS's management to assign the experienced department to repair, install electric lights and pave warehouse No. 3 from A-1 to A-4 area in order to prepare for cargo storage with appropriate technical condition and pursuant to the customers' demands.

This factor may cause the deficiency of cargo storage area, affect cargo quality and safety and health of workers and employees.

The auditor observed that the auditee management should control the status directly, issue a request to PAS's management for inspection and assign the experienced department to repair, install electric lights and pave warehouse No. 3 in an appropriate technical condition and/or in accordance with the PAS's demands.

The auditee is going to request the management to pave the floor area of warehouses No. 1.2 and the remaining area of warehouse No. 3 which has just been paved around 1,200m², repair the roofs of warehouses No. 1.3.5 which are in poorly old conditions with water leaking/seeping, repair the walls of warehouses No. 1.2.3.5 together with the doors of warehouses No. 1.2.5 and request to install electric lights in warehouses No. 3.5 which are presently lighting approximately 70% only.

The audit work team has remarked the elucidation with precision in the governance of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.6.2 Control of the Use of Personal Protective Equipment

According to the control of the general cargo offloading-loading work sites, the auditor observed that a number of employees and workers had not used the personal protective equipment such as reflective jackets, safety helmets and safety shoes during cargo offloading-loading operation in warehouses, yard, quayside area and parked their own motorbikes and cars nearby heavy machinery during the operation.

The above article is not yet complied with the principle defining that each of the employees and workers must persistently maintain their labor safety and implement/use the personal

protective equipment in order to avoid occupational accidents as stipulated in item No. 2 of article V. of the PAS's Internal Regulation No. 001.BBPK/PAS/RB.B dated June 12, 2007.

This reason may stem from the fact that the operational gang bosses in each of the respective work shift did not pay due attention to control the use of personal protective equipment and did not allocate adequate safety area for the employees and workers under their control to keep the materials and park their own means of transport in accordance with the PAS's Internal Regulation.

This factor affected the efficiency of PAS's Internal Regulation and may cause occupational accidents and damages to the properties of the employees and workers.

The auditor realized that the auditee management must continue to provide an education and instruction about the safety principle which is stipulated in the PAS's Personnel Statute and internal regulation and encourage the operational gang bosses in each work shift to control the use of the personal protective equipment during the operation in order to avoid occupational accidents and damages to the properties of the employees and workers.

At present, PAS has 3 (three) categories of workers and operators: 1. privilege worker, 2. contracted worker, and 3. hired worker. PAS has provided the personal protective equipment to the workers in the first and second categories with ration and the hired workers are provided with some personal protective equipment only.

The department of general cargo operation will strengthen and encourage the operators and workers to carry out in accordance with the safety code and propose the department of administration and human resource to procure adequate personal protective equipment and on timely basis.

The audit work team has remarked the elucidation with precision in the governance of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.6.3 Control of Fuel Expense Report for Crane LHM 250

According to the control of fuel expense report for crane LHM 250, plate number 302 and the updated ration of DO (Diesel) fuel expense for crane LHM 250, the auditor identified the ration of DO fuel expense as follows:

- | | |
|---------------------------------------|----------|
| - Driving to-from work site | 57L/trip |
| - Loading-offloading operation | 80L/hrs |
| - Driving test-maintenance and repair | 53L/hrs |

The above factor is not complied with the table of appendix 5 on fuel supplying standard for machinery dated November 8, 2009, which defines fuel expenses for crane LHM 250 as follows:

- | | |
|--------------------------------|----------|
| - Driving to-from work site | 57L/trip |
| - Loading-offloading operation | 08L/box |
| - Opening ship hold's cover | 12L/pcs |

The above reason was occurred because the official in charge had not verified with the table of the ration of fuel standard for cranes as stipulated in the table of appendix 5 dated November 8, 2009.

This factor may affect the implementation efficiency of the ration of fuel standard which is issued by the PAS's fuel standard commission.

The auditor observed that the auditee management should control fuel expenses for the above crane in accordance with the table of appendix 5 defining the ration of fuel supplying standard for machinery dated November 8, 2009.

The event that H.M.C 302 fails to comply with the appendix 5 is resulted by the following cases: 1. The automatic electric system of RAM's hook is out of order and we are presently using a normal RAM's hook which has resulted the offloading and loading performance only from 9-12 containers per hour, 2. the operation of H.M.C 302 is only for certain containers which are difficult to be offloaded and loaded, mainly at the upper part and inside the vessel where QC is difficult to be operated, 3. this H.M.C 302 is mainly operated for offloading-loading the abnormal cargo (OCG) on deck of a general cargo vessel. With reference to the above, the department of general cargo operation is going to request the PAS's management to have a fuel ration fixed according to the actual operation.

The audit work team has remarked a response with technical conditions and actual demands of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.7 Department of Technique-Material

5.3.7.1 Control of Electrical Protective System in PAS's Garage

Owing to the control of electrical protective system in the PAS's garage, the auditor identified 01 (one) red box of fire hose reel in broken glass frame (usable), 01 (one) empty box without fire extinguisher and 02 (two) empty pieces of fire

extinguishers. Other than the above fire extinguishing tools, the auditor identified no warning placards or other signs related to fire protection were installed for use within the garage premises.

The above factor is not yet complied with the sub-decree of the Royal Government of Cambodia No. 131 ANKr.BK dated August 18, 2017 defining the conditions and rules, prevention and putting out fire in article 9 of chapter 3, target management, production and creation places and/or storage of combustible substances, sources of fire and heat must comply with the conditions and rules comprising smoke and heat absorbent tools, automatic water fire fighting machine, all types of fire extinguishers, automatic water system for putting out fire, and water hydrant for fire tankers shall have a thunder protective system and not allow to put other things which may react and burst into fire and heat adjacent to the inflammable and combustible targets.

This event was occurred since the officials who are holding directly responsible for the work have not controlled and requested for fire protective tools to be installed appropriately to the demand of consumption.

This factor can cause an impact to the efficiency of fire management which may occur incidentally, damage PAS's property, easily expose to the risk and/or loss of lives of the officials, employees and workers working in the garage as well as in the common framework of PAS.

In order to ensure the efficiency of implementation of fire preventive and putting out rules with the aim to reduce risk and property destruction by fire, the auditor realizes that the auditee should urge/treat with caution, prepare safety signs and request for fire extinguishing tools to be installed appropriately to the size and demand of necessary consumption.

With regard to fire protective measures, the auditee will review and request for additional tools/fire extinguishers. For placards, we have placed them on the wall and other areas of the garage, including warning signs on fire incidents, but we will install additional tools according to necessary demands.

The audit work team has noted a response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.7.2 Control of Generator Fuel Consumption Standard

Owing to the control of a list of generators, the auditor identified that the new HIMOINSA generator sets from numbers 310 to 313 do not have a fuel consumption standard yet and are presently using 0.316 L/KVA ration of fuel. Individually, 01 (one) unit of IVECO generator with 200 KVA and 02 (two) units of IVECO generators with 300 KVA capacity being used in the Special Economic Zone also have no tested documents to be requested for fuel consumption standard.

The above factor is not yet complied with the fuel supplying standard for generators issued by the fuel standard commission of PAS.

This reason may have resulted since the office of generator management has not prepared formality to request for fuel standard from the fuel standard commission of PAS.

This factor may affect the efficiency of implementation of fuel consumption standard issued by the fuel standard commission of PAS.

The auditor realizes that the auditee management should prepare formality to request for inspection and evaluation and to have the fuel standard fixed for the above generators by the fuel standard commission of PAS in an appropriate technical condition.

The auditee acknowledges that there are no fuel consumption standards fixed for those generators yet and fuel consumption in between this period is in accordance with the instruction and approval of the fuel standard commission and the management in charge. The auditee will coordinate the fuel standard commission for inspection and fix the fuel consumption standard in an appropriate time.

The audit work team has noted a response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.7.3 Control of Technical Conditions and Management of Generators

Owing to the control of a Generator Grand Station No. III under the management of the office of machinery management of the Department of Technique-Material, the auditor identified 04 (four) drums of engine oil stored adjacent to the generators which are being operated and there are no tools or fire extinguishers, warnings or prohibitory notices in the garage premises.

The above factor is not yet complied with the sub-decree of the Royal Government of Cambodia No. 131 ANKr.BK dated August 18, 2017 defining the conditions and rules, prevention and putting out fire in article 9 of chapter 3, target management, production and creation places and/or storage of combustible substances, sources of fire and heat must comply with the conditions and rules comprising smoke and heat absorbent tools, automatic water fire fighting machine, all types of fire extinguishers, automatic water system for putting out fire, and post of water hydrant for fire tankers shall have a thunder protective system and not allow to put other things which may react and burst into fire and heat adjacent to the inflammable and combustible targets.

This event was resulted since the officials in charge within the auditee framework, especially the office of generator management has not paid attention to conduct a study/research for measures related to the prevention and putting out fire in accordance with the principles stipulated in article 9 of sub-decree No. 131 ANKr.BK of the Royal Government of Cambodia.

This factor can cause an impact to the efficiency of fire management which may occur incidentally, damage PAS's property, easily expose to the risk and/or loss of lives of the officials, employees and workers working in the garage as well as in the common framework of PAS.

In order to ensure the efficiency of implementation of fire preventive and putting out rules with the aim to reduce risk and property destruction by fire, the auditor realizes that the auditee should urge/treat with caution, allocate an appropriate area to store the above oil drums, prepare safety signs and request for fire extinguishing tools to be installed appropriately to the demand of necessary consumption.

We have 02 sets of 35 kgs mobile fire extinguishers in the generator station and 08 sets of 08 Kgs powder type fire extinguishers for an emergency event. The engine oil is not as inflammable as fuel but we will take them away as instruction. With regard to placards and other warnings, we would like to ask the internal audit for instruction and samples on what types of warnings to be placed in accordance with the definition of the standard.

The audit work team has noted a response of the auditee management and continue to observe the implementation of the audit recommendation and conduct a study/search for placards to deliver to the auditee as requested.

5.3.7.4 Control of the Status of Technical Materials, Tools and Spare Parts Shed

According to the control of cargo storage status in the technical material, tools and spare parts shed under the management of the office of technical materials, tools and spare parts shed, the auditor identified that the cargoes are stored together without allocating a row and bay/lot for storage of materials, spare parts and vehicle wheels in line with weight types and size to be convenient in managing and bringing in-releasing for use in an appropriate technical condition.

The above factor is not yet complied with the utilization and safeguarding principles of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, 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.

This event was resulted since the official in charge within the framework of the office of technical materials, tools and spare parts shed has not conducted a study and prepared an appropriate storage plan to store materials, spare parts and vehicle wheels in good order and suitable to technical condition.

This factor may cause an impact to the management efficiency, order, environment and slow down the process of bringing in-releasing materials, spare parts and vehicle wheels.

In order to jointly improve the efficiency of PAS's business and service operation further, the auditor realizes that the office of technical materials, tools and spare parts shed should design a storage plan or layout of warehouse storage

design in an appropriate technical condition to ensure that the implementation efficiency is pursuant to the principles stipulated in item 3 of article V. of PAS's Internal Regulation.

The arrangement for materials and spare parts storage in blocks and types of spare parts-materials is ongoing, i.e. following the preparation for the appointment of officials of the office of technical materials and spare parts shed by the end of April 2020. On the other hand, this technical materials and spare parts shed was formerly not well prepared with narrow status and was not built to be a technical materials and spare part storage shed, but it was the former office of the port construction company for which we must facilitate step by step. The auditee is going to organize and re-arrange in an indispensable time.

The audit work team has noted a response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.8 Department of Construction-Engineering

5.3.8.1 Control of a List of Daily Work Attendance in Quarter 3 of 2020

Owing to the list of daily work attendance obtained from the auditee, the auditor identified that 02 (two) staffs had not come to work regularly with at least 15-day absent from work each month and did not emphasize any precise reasons.

The above factor is not complied with the principles on weekly work leave, work leave on national festival days, request for work leave permission and other work leaves as stipulated in article IV. of PAS's Internal Regulation No. 001.BBPK/PAS/RB.B dated June 12, 2017.

This factor was resulted since the official in charge of the auditee's administrative affairs has not controlled, observed work present of the officials, staffs, workers and/or the auditee management has not provided further education, instruction and spread out the disciplinary procedures and general regulations as stipulated in the PAS's Personnel Statute and Internal Regulation.

This factor may affect the auditee good governance, PAS's business and service operational efficiency and the implementation of disciplinary procedures as stipulated in the PAS's Personnel Statute and Internal Regulation.

In order to jointly invigorate the auditee good governance, PAS's business and service operational efficiency and the implementation of disciplinary procedures of the PAS's Personnel Statute and Internal Regulation, the auditor realizes that the auditee management should provide education, instruction and strengthen work disciplines in the auditee's framework further.

According to the identification of work present of the 02 staffs, we found that they have been absent from work many times due to health problem during July and August 2020. The department of construction-engineering has hereby acknowledged the recommendation of the department of internal audit.

The audit work team has noted a response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.8.2 Control of the Status of Empty Container Yard in the Special Economic Zone

According to the control of the status of empty container yard in the PAS's special economic zone, the auditor identified some land subsidence and much water accumulation in the SC area with approximately 2000m² size causing the yard plan unit of the department of container terminal operation unable to prepare plan for empty container storage in an appropriate technical condition.

The above factor is not yet fully complied with the utilization and safeguarding principles of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, 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.

This reason may have resulted since the contractor and/or the construction site engineer has not controlled land compaction and mixed-stone layers in the SC area in accordance with technical condition and has not allocated enough small ditch system to ease the rain flow and swiftly clear water out of the container yard.

This factor may affect the construction quality and efficiency of empty container storage within the SC area and cause land subsidence, water accumulation and/or damages to the other empty container storage bay/row incidentally.

In order to jointly invigorate the construction quality and efficiency of PAS's business operation, the auditor realizes that the auditee management should control the status of empty container yard in the SC area as well as the other areas and assign the experienced engineer to repair such damaged area to ensure the safety and empty container storage capacity in accordance with technical condition and PAS's urgent demands.

The electricity work team is, during this period, managing the network and installing the yard lighting tools and therefore the excavated points had damaged some certain areas of the container yard. For this case, the department of construction-engineering will conduct a physical control and repair and has acknowledged the recommendation of the department of internal audit.

The audit work team has noted a response of the auditee management related to the yard status and continue to observe the implementation of the audit recommendation.

5.3.8.3 Control of Technical Condition and Order Arrangement of the Empty

Container Yard Construction Site in the Special Economic Zone

According to the control of technical condition and order in the SC area of the empty container yard in the PAS's special economic zone, the auditor found some holes dug around the foundation of some electrical posts to arrange the underground electrical networks without surrounding barriers and/or safety net, and the rain water flows with the erosion of soil and mixed stones which were paved the yard surface into the ditch system/water channel nearby without placing protective barriers.

The above factor is not yet fully complied with the utilization and safeguarding principles of PAS's property, materials, means of equipment or tools with economical, carefulness, cleanliness, and sound storage as stipulated in item No. 3 of article V of the PAS's Internal Regulation No. 001.BBPK/PAS/RB.B dated June 12, 2007.

This reason may have resulted since the unit in charge of the arrangement of the underground electrical network failed to place protective barriers and/or safety net around the holes which were dug therein to connect electrical networks or the contractor and construction site engineer have not controlled the rain water flowing with the erosion of soil and mixed stones in the SC area into the nearby ditch system/water channel.

This factor may affect the efficiency and/or cause accident to the arrangement of the underground electrical network, land subsidence/water accumulation, block the ditch system/water channel and/or may erode the other areas.

The auditor realizes that the auditee management should cooperate with relevant departments to control certain holes digging to connect the underground electrical network, status of rain water flowing with the erosion of soil and mixed stones paved/ compacted to reclaim the yard surface and assign the experienced engineer to control the yard status in SC area, place rain water protective barriers, repair and re-arrange according to technical condition and can guarantee the safety and efficiency of empty container storage.

The department of construction-engineering has in this case acknowledged the instruction of the department of internal audit, thereby conducting a physical control and assigning the experienced personnel to instruct the contractor to place the work site with protective barriers and clean the soil/mixed stones flowing into the water channel not to block the water and safeguard the factory workers working at night time.

The audit work team has noted a response with precision and responsibility of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.9 Department of Marketing

5.3.9.1 Control of a Report on the Study, Observation, Improvement of PAS's

Service Quality and Continuing Target

According to the control of a report on the study, observation, improvement of PAS's service quality and continuing target, the auditor identified a study on competitor and market segmentation comparing the increase and decrease of container throughputs and the income status between Sihanoukville Autonomous Port "PAS" and Phnom Penh Autonomous Port "PPAP" in 7-month period of early 2020 and 7-month period of early 2019 and the improvement of PAS's service quality, utilization of information technology, challenges and a number of PAS related risks, etc. but the auditee has not yet submitted for approval and instruction for implementation from the PAS's management.

The above factor is not yet complied with the PAS's Internal Regulation No. 001 BBPK/PAS/RB.B dated June 12, 2017 in item VII. defining the working order and item No. 2: the department and each office shall carry out a reporting regime to the superior on regular and timely basis.

This event may have resulted since the official in charge within the framework of the office of marketing research and development of service quality has not yet completed his/her work or has not obtained an inspection, full approval and signature from the auditee management.

The above factor may lose time frame, auditee's resource, affect the implementation efficiency of PAS's Internal Regulation, including the works and task-duty defined by PAS through decision No. 227 SSR/PAS/TPS dated April 29, 2020.

In order to ensure the work efficiency and implementation of task-duty pursuant to the principles stipulated in item VII. of PAS's Internal Regulation No.001 BBPK/PAS/RB.B dated June 12, 2007 and decision No. 227 SSR/PAS/TPS dated April 29, 2020, and contribute to improve the quality of the study and observation, improvement of PAS's service quality as well as the continuing target, the auditor realizes that other than the above competitor (Phnom Penh Autonomous Port "PPAP") the auditee should conduct a study on market segmentation/import-export through various main local ports, including those in the region, especially the major hub ports related to cargo/ container import-export via the gateway of PAS and

submit to PAS's management for approval and instruction for implementation within the PAS's framework.

The auditee has hereby acknowledged the recommendation of the auditor and will try to improve this point of issue further. The reason of failure and lateness is a result that the auditee has just prepared the new organization structure and its working system has been kept studying, introduced on a trial basis and gradually improved. The other reason is that the auditee lacks qualitative human resources to carry out the task-duty with smoothness.

The audit work team has noted a response of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.9.2 Control of a Report on Meeting with the Customers and Port Users

According to a report on the meeting with customers and port users dated September 13, 2020, the auditor observed that the auditee had conducted a meeting and discussion

about cargo/container handling, offloading-loading and transport services mainly focused on deficiencies, demands and settlement, etc. with representatives of a number of Shipping Lines of Sihanoukville Branch who have contracted with PAS such as CMA/CGM, SITC, RCL, Freight Forwarder, SSEZ & Fine Flooring Cambodia Co.,Ltd and MAERSK/ SEALAND, but the auditee has until now not yet submitted the said report to PAS's management for information and instruction for implementation.

The above factor is not yet complied with PAS's Internal Regulation No. 001 BBPK/ PAS/RB.B dated June 12, 2017 in item VII. defining work order and item No. 2: the department and each office shall carry out a reporting regime to the superior on regular and timely basis.

This event may have resulted since the official in charge within the framework of the office of customer relation has not yet completed the work or obtained full inspection, approval and signature from the auditee management.

The above factor may lose time frame, the auditee's resource, affect the implementation efficiency of PAS's Internal Regulation, including the works and task-duty defined by PAS through the decision No. 227 SSR/PAS/TPS dated April 29, 2020.

In order to ensure the work efficiency and implementation of task-duty pursuant to the principles stipulated in item VII. of PAS's Internal Regulation No.001 BBPK/ PAS/RB.B dated June 12, 2007 and decision No. 227 SSR/PAS/TPS dated April 29, 2020, the auditor observes that the auditee should continue meeting with the shipping lines/ other customers in order to attract and foresee difficulties, deficiencies as well as strength-weakness and threat with the aim at improving, stimulating the quality and efficiency of PAS's business and service operation and can respond to the demands of the customers and port users in all circumstances.

The auditee has hereby agreed with the opinion-recommendation of the auditor and will try to improve the next reports further.

The audit work team has noted a response with responsibility of the auditee management and continue to observe the implementation of the audit recommendation.

5.3.10 Department of Information Technology

5.3.10.1 Control of Master Network in the Server Room

According to the control of a master network for connecting to the Container Terminal Management System "CTMS", Single Window Service System "SWSS", Internet, CCTV Camera, Vessel Traffic Management System "VTMS" and Microsoft Dynamic NAV in the Server Room, the auditor observed that network boxes for connecting to each system were arranged on separate basis and in accordance with technical condition, but the network wires arrangement from the front and rear boxes still have some remarkable points causing by inappropriately placing or piling up too many network wires on one another.

The above article is not yet fully complied with PAS's Internal Regulation No.001. BBPK/PAS/RB.B dated June 12, 2007 in item V. defining the protection of labor safety, work order and maintenance of working tools and materials.

This event may have resulted since the IT experienced official or staff directly in charge is busy in network connection and has not yet re-arranged the network wires in each box in good order and appropriate to technical condition.

This factor may affect the efficiency of management and demands in controlling/ searching for network wires connecting to each system such as CTMS, SWSS, Internet, CCTV Camera, VTMS and Microsoft Dynamic NAV. which are being used to serve PAS's business and service operation.

In order to contribute to the improvement of quality and efficiency of the server room management and master network to guarantee the system continuity and serve PAS's business and service operation with smoothness, the auditor observes that the auditee management should re-arrange master network wires from each box according to technical condition, avoid placing or piling up too many network wires on one another causing confusion, time delay, affect order, management and work efficiency of the auditee.

The root cause is not resulted by the experienced staff busy working in network connection. The problem is resulted by changing locations of the relevant departments, together with the requests for additional computers for work accomplishment from one another and therefore the IT has not yet identified the network system.

The audit work team has noted a response of the auditee management, thereby emphasizing the locations changed and computer using demands in the experienced departments and continue to observe the implementation of the audit recommendation.

5.3.10.2 Control of Anti-Virus Program for the Operational Management System

and Computers Using in the Experienced Departments Subject to PAS

According to the control of the anti-virus program for the operational management systems and computers being used in the experienced departments under the management of PAS, the auditor observed that the Trend Macro Anti-Virus program is used for all PAS's operational management systems, but individually a large number of computers which are connected to the internet and being used in some departments have not applied an appropriate anti-virus yet.

The above factor is not yet fully complied with the PAS's Internal Regulation No.001.BBPK/PAS/RB.B dated June 12, 2007 in item V. defining the protection of labour safety, work order and maintenance of working tools and materials.

This event may have resulted since the auditee is busy in network connection and has not yet selected computer statistics which are being used in the experienced departments under the management of PAS to report to the management for inspection and approval in order to insert the purchase order of anti-virus for computers with specific demands in the PAS's operational management systems and other main services in its annual plan.

The above factor may cause an interruption, affect work safety, lose documents, damage computer systems using the internet network and threatened by various types of viruses, including the cyber crime, etc. that hackers may use to steal/spoil important documents and/or steal money in the bank account.

In order to contribute to the improvement of quality and efficiency of PAS's business and service operation and protect the safety of computer systems from the above viruses and threat, the auditor observes that the auditee management should issue notification to the experienced departments under the management of PAS to use a report on the activity and output of July-August 2020 in item No. II. daily network maintenance report in the frame work of PAS and issue a report on compulsory demands to the management for inspection and approval in order to purchase the anti-virus program in case of necessity or to insert in its annual plan.

The event of not installing Anti-Virus in the PC using the internet system is that the purchased PC have already had the Anti-Virus named Window Defender in all PC that are using Window 10.

The audit work team has noted a response of the auditee management, thereby emphasizing the existing Anti-Virus named Window Defender in Window 10, but at present PAS uses PC with Window 7-8 only and therefore the work team will continue to observe the audit recommendation.

5.3.11 Department of Planning-Procurement and Statistics

5.3.11.1 Control of Sihanoukville Autonomous Port's Procurement Plans for 2020

According to the control of procurement plans to serve the activities of cargo handling operation in 2020 fiscal year, the auditor has identified 51 (fifty one) procurement plans with the total sum of 119,059,000,000 R (One hundred nineteen billions and zero hundred fifty nine millions) Riels had been divided into three procurement categories comprising cargo, construction and service procurements, but owing to the report on the implementation of public procurement regarding cargo, construction and service for 2020, the auditee had implemented only 29 (twenty nine) cargo procurement projects and 02 (two) service procurement projects with which there were 31 (thirty one) projects in total.

The above factor was resulted because the auditee had implemented the important projects to serve the activities of PAS's main cargo handling operation in advance and contributed to reduce the expenditures pursuant to the circular of the Ministry of Economy and Finance No. 001. SHV.OT on the rationalization and strengthening of the effectiveness of expenditures for the implementation of law on finance for 2020 governance dated March 06, 2020.

This event was resulted because PAS had taken measure to resist the COVID-19 pandemic and the decrease of the volume of cargo/container throughputs.

The auditor realized that the above factor had not caused an impact to PAS's cargo handling operation activities yet.

The auditor observed that the auditee management should select and implement prioritized projects according to the actual status so as to avoid the obstruction of PAS's cargo handling operation activities.

In the resistant phase against the COVID-19 pandemic, the decrease of the volume of cargo/container throughputs and the contribution to reduce the expenditures pursuant to the circular of the Royal Government, the auditee will try to economize and implement only the procurement projects with compulsory demands in advance.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.11.2 Control of Summary Report of 2020 Operating Output

Owing to the summary report of 2020 operating output which was obtained from the Department of Planning-Procurement and Statistics, the auditor has observed that the volume of cargo throughput increased 0.83%, summary of handling tons increased 3.39%, and container throughput increased 0.41% compared to that of 2019. Individually, the total number of vessels berthing alongside decreased 4.81% and the summary of operating income decreased by 7.28%.

According to the actual performance, the above factor is partial to the annual plan of 2020 and decreased remarkably if compared to the performance in 2019.

This event was resulted because most Shipping Lines have reduced small vessels and brought bigger ships that can load more quantity of cargo/containers than before, the decrease of passenger ships and import cargoes due to the widespread of COVID-19 pandemic, including the reduction of 10% handling charges for the customers and releasing cargo/ container prior to storage period pursuant to the request for cargo release by the customers.

According to the stability of import-export cargo/container and the status of current operation, the above factor has not caused an adverse impact to the activities of PAS's cargo handling operation and operating income yet.

Nonetheless, in this 2020 the volume of PAS's cargo throughput had a growth rate only 0.41%, therefore the auditee should report to the management for instruction and taking various measures to resist the decrease of the operating income.

The auditee will continue to observe and report to the management for instruction regarding the decrease of PAS's operating income.

The audit work team has remarked a response with responsibility of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.12 Department of Special Economic Zone

5.3.12.1 Control of Promotional System of the Department of SEZ

According to the audit performance at the Department of Special Economic Zone, the auditor found that in this Quarter 4 of 2020 the auditee had not yet prepared the leaflet to promote on market potential, sales, competition excellence, terms and conditions and benefits of investment within the PAS's Special Economic Zone, which is a zone located close to the sole international deep sea port of the Kingdom of Cambodia.

This factor is not yet complied with the definition No. 009 SKN/PAS/RB.B.HR dated January 27, 2016 defining the structure and task of the Department of Special Economic Zone of Sihanoukville Autonomous Port in item 2 of article 2: the office of marketing-promotion and sale is entitled to promote about the Special Economic Zone according to the demands and market status in order to gain success from the investment.

This factor was occurred because the official in charge within the framework of the office of marketing-promotion and sale had not conducted additional study about the important points related to market evolution, pricing flexibility, geographical condition and so on and the location status that can offer the convenience in importing-exporting cargo, production and raw materials through PAS's gateway using short time and spend less transport cost to attract new customers and potential investors.

This event may affect working efficiency in the framework of the office of marketing promotion and sale as well as the advertisement of information on the investment process and business within the Special Economic Zone of Sihanoukville Autonomous Port.

In order to jointly improve the efficiency of business operation, services and encourage the investment process to be succeeded, the auditor realizes that the SEZ should continue to promote/advertise on market potential, competitive excellence as well as terms and conditions and benefits of investment in the Special Economic Zone according to the evolution of market demands, growing status of national economy and the development in the Kingdom of Cambodia.

The auditee agrees with the above recommendation and would like to inform that the Department of SEZ is conducting a study on land plots for business, including Free Port Concept and prepare for advertisement on sales according to the demands and investment conditions within the SEZ.

The audit work team has remarked a precise response of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.12.2 Control of a Clean Water Filter System in PAS's Special Economic Zone

Owing to the control of a clean water filter system in the Special Economic Zone of PAS, the auditor has identified that the water well chlorinated filter system consisting of 02 (two) chlorinated drums and other automatic systems were completely out of order/not working.

The above event is not complied 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 event may have happened by using for a long period of time, wear and tear or with no regular control and maintenance pursuant to technical condition.

This factor may spoil water quality, affect public health and hygienic safety.

The auditor realizes that the auditee should request PAS's management for repair of the existing chlorinated system and other automatic systems or installing a new chlorinated system as soon as possible in order to guarantee water quality, hygienic safety, avoid an impact on public health and PAS's consumption demands as well as customers and investors who are investing in the Special Economic Zone of PAS.

Since the old chlorinated system was out of order and there are no local spare parts for replacement, PAS's management has agreed to construct a building and

purchase the new chlorinated system already and expected to be installed for utilization in the first quarter or early second quarter of 2021.

The audit work team has remarked a precise response of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.12.3 Control of the Status of Water Wells in PAS's Special Economic Zone

According to the control of the status of water wells in PAS's Special Economic Zone, the auditor has identified 04 (four) deep wells constructed in 2012 with 200m depth, current water pump capacity: approximately 10^{m3}/1 hour/1 well and numbered from No. 1.2.3 to No. 4. Among the 04 wells, 02 of them are out of order: well No. 1 can not be used for pumping the water, while well No. 4 can be used in a discontinuous condition and always causes a strong heat within 25 or 30 minutes of water pumping period.

This factor is not yet fully complied 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 event may have been caused by breaking down of water pump device which was installed at the well bottom or by the problem of water source and without regular maintenance.

This factor may affect the working efficiency of water management unit in the SEZ and lack of water supply for the customers, investors in the SEZ and for PAS's consumption.

With reference to PAS's internal regulation and the demand of water consumption of the entity, the auditor realizes that the auditee should report to PAS's management and request for repair of the 02 (two) wells in order to guarantee the continuity of water supply as soon as possible.

The Department of Special Economic Zone has been contacting the private company in order to swiftly repair the two wells.

The audit work team has remarked a precise response of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.13 Department of Machinery

5.3.13.1 Control of a Statistic of Machinery Record and Repair in 2020 Fiscal Year

Owing to the statistic of machinery record and repair in October and November 2020, the auditor observed that the auditee has not had machinery manual and/or technical specification.

The above factor is not yet complied with the definition defining the structure and tasks of the Department of Machinery of Sihanoukville Autonomous Port No. 010.SKN/ PAS/RB.HR dated January 27, 2016 in article 2: tasks of the offices and units of the Department of Machinery and item 2: the office of statistic and control shall strictly manage the means of machinery using to serve the business operation and handling equipment by making individual statistic, filing a record/detailed book and shall regularly observe and control the instruction manual on operational technic, maintenance-repair of each means of machinery.

This event was resulted because the official in charge or the auditee management have not communicated with the experienced departments in order to ask for the manual and/or technical specification to fulfil the work pursuant to his/her task-duty.

This event may affect the auditee's working efficiency and lack of machinery maintenance-repair documents and cargo handling equipment of PAS.

In order to ensure working efficiency according to the task-duty defined by PAS, the auditor realizes that the auditee management should request for manual and important technical specifications from the experienced departments concerned in order to cooperate, manage and schedule for maintenance-repair of the means of machinery which are being used to serve the PAS's business operation with continuity.

The Department of Machinery will cooperate/request for manual or important technical specifications from the experienced departments concerned in order to implement according to its task-duty.

The audit work team has remarked the response of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

5.3.13.2 Control of the Status of Machinery HMC No. 301

Owing to the statistic of machinery record and repair in October and November 2020, the auditor observed that machinery-HMC (Harbor Mobile Crane) No. 301, which was produced in 2000 and operated in March 2001, was broken down and the repair is not finished yet.

The above factor is not yet fully complied 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 event may have been resulted by wear and tear of parts which were used for a long period of time or without regular maintenance-repair in an appropriate technical condition.

This factor may cause an impact to the efficiency and effectiveness of PAS's business operation and damage the state's property.

The auditor realizes that in order to ensure the continuity of PAS's business and service operation and its working efficiency, the auditee should prepare daily check list for the operators to control and investigate machinery process and all types of means of cargo handling equipment, prepare weekly/monthly maintenance-repair plan on regular basis and/or consider to carry out in line with the following plans 1) Breakdown Maintenance and/or 2) Preventive Maintenance and take measure to prevent overloading, dampness, negligence and misuse.

The auditee will cooperate and continue observing the repair of machinery-HMC (Harbor Mobile Crane) No. 301.

The audit work team has remarked the response of the auditee management and is going to continue observing the implementation of the auditor's recommendations.

6. Overall Conclusion

During the period of performance of this audit, the auditor found that each of the auditees are trying to prepare the implementation process with efficiency, operational productivity and responsibility. At the same time, the audit work team identified that the management, officials and staffs of all the departments had 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

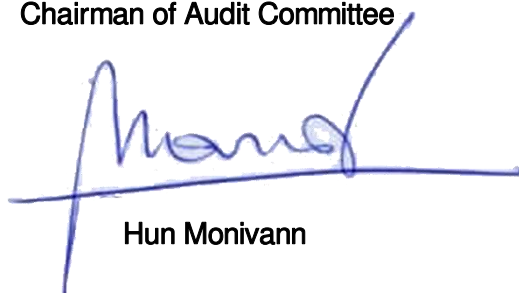
In order to ensure the efficiency of implementation and improvement pursuant to the recommendations provided by the auditor, the directors of the Department of Admin-Human Resource, Department of Accounting and Finance, Department of Business, Department of Harbor Master and Security, Department of Container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

Preah Sihanouk province, January 29, 2021

Seen and Approved

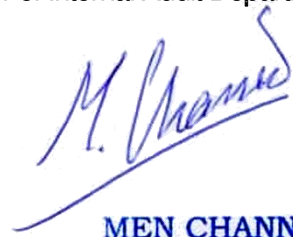
Siem Reap province, February 04, 2021

Chairman of Audit Committee



Hun Monivann

Director of Internal Audit Department



MEN CHANN



PART 6:
**Financial Statements Audited by the
External Auditor**





PORT AUTONOME DE SIHANOUKVILLE

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 2020.

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 2020 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 2020 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 2020 and its financial performance and 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

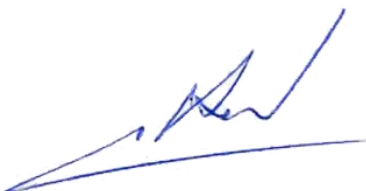
APPROVAL OF THE FINANCIAL STATEMENTS

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 2020 and the financial performance and cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standards were approved by the Board of Directors.

On behalf of the Board of Directors,



H.E. Lou Kim Chhun
Chairman and CEO
Sihanoukville, Kingdom of Cambodia



Path Seth
Director of Accounting and Finance

11 Feb 2021

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 2020 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 2020;
- 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
<p>Retirement benefit obligations</p> <p>Refer to Note 2.16.1 - 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.</p> <p>As at 31 December 2020, PAS had an outstanding balance for the retirement benefit scheme to its employees of KHR 86,482 million.</p> <p>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.</p> <p>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.</p> <p>We focused on this area due to the significant involvement of management's judgement to make the appropriate and accurate estimation.</p>	<p>Our procedures in relation to management's estimation of the liability included:</p> <ul style="list-style-type: none"> • 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. <p>From these procedures, we determined that the key assumptions for this estimation were reasonable.</p>

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
19 March 2021

SIHANOUKVILLE AUTONOMOUS PORT

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 KHR'000	2019 KHR'000
ASSETS			
Non-current assets			
Property and equipment	6	915,369,015	857,178,331
Investment properties	7	273,835,467	275,880,745
Intangible assets	8	5,673,745	6,431,960
Loans to employees	9	-	1,228,019
		<u>1,194,878,227</u>	<u>1,140,719,055</u>
Current assets			
Loans to employees	9	1,228,021	2,193,112
Inventories	10	23,853,022	18,519,255
Trade and other receivables	11	34,615,253	53,429,584
Short-term bank deposits	12	104,527,103	129,615,618
Cash and cash equivalents	13	<u>30,741,075</u>	<u>27,789,597</u>
		<u>194,964,474</u>	<u>231,547,166</u>
Total assets		<u>1,389,842,701</u>	<u>1,372,266,221</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital and share premium	14	518,018,063	518,018,063
Reserves	15	29,059,072	24,712,722
Retained earnings		<u>155,284,283</u>	<u>139,794,055</u>
Total equity		<u>702,361,418</u>	<u>682,524,840</u>
LIABILITIES			
Non-current liabilities			
Borrowings	16	502,343,609	507,273,722
Retirement benefit obligations	17	78,532,967	75,125,061
Seniority payment obligations	18	983,118	1,096,701
Deferred income	19	5,406,143	5,580,713
Deferred tax liabilities	28	<u>19,676,316</u>	<u>15,784,676</u>
		<u>606,942,153</u>	<u>604,860,873</u>
Current liabilities			
Guaranteed dividend payable	14	-	5,256,340
Borrowings	16	37,602,224	36,430,502
Retirement benefit obligations	17	7,949,000	7,949,000
Seniority payment obligations	18	3,126,060	1,589,505
Deferred income	19	133,485	134,475
Trade and other payables	20	24,120,868	24,901,232
Income tax liabilities		<u>7,607,493</u>	<u>8,619,454</u>
		<u>80,539,130</u>	<u>84,880,508</u>
Total liabilities		<u>687,481,283</u>	<u>689,741,381</u>
Total equity and liabilities		<u>1,389,842,701</u>	<u>1,372,266,221</u>

The accompanying notes on pages 11 to 49 are an integral part of these financial statements.

SIHANOUKVILLE AUTONOMOUS PORT

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 KHR'000	2019 KHR'000
Continuing operations			
Revenue	21	311,813,769	333,913,377
Expenses			
Consumable supplies	22	(83,545,113)	(95,231,741)
Salaries, wages and related expenses	23	(90,127,696)	(88,128,001)
Depreciation and amortisation charges	24	(37,989,556)	(30,910,274)
Repairs and maintenances		(8,879,693)	(8,101,292)
Other expenses	25	(21,631,309)	(26,114,242)
Other losses – net	26	(144,097)	(4,057,693)
		<u>(242,317,464)</u>	<u>(252,543,243)</u>
Operating profit		<u>69,496,305</u>	<u>81,370,134</u>
Finance income		4,507,124	4,175,586
Finance costs		<u>(31,863,208)</u>	<u>(20,360,292)</u>
Finance costs – net	27	<u>(27,356,084)</u>	<u>(16,184,706)</u>
Profit before income tax		<u>42,140,221</u>	<u>65,185,428</u>
Income tax expense	28	<u>(15,532,627)</u>	<u>(21,721,928)</u>
Profit for the year		<u>26,607,594</u>	<u>43,463,500</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefit obligations		-	(661,000)
Total comprehensive income for the year		<u>-</u>	<u>(661,000)</u>
Profit attributable to shareholders		<u>26,607,594</u>	<u>43,463,500</u>
Total comprehensive income attributable to shareholders		<u>26,607,594</u>	<u>42,802,500</u>
The earnings per share attributable to shareholders of PAS for the year ended are as follows:			
Basic/diluted earnings per share (KHR)	29	<u>310.21</u>	<u>506.73</u>

The accompanying notes on pages 11 to 49 are an integral part of these financial statements.

SIHANOUKVILLE AUTONOMOUS PORT

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Attributable to shareholders			
	Share capital and share premium KHR'000	Reserves KHR'000	Retained earnings KHR'000	Total KHR'000
Balance at 1 January 2019	518,018,063	20,155,846	111,336,325	649,510,234
Profit for the year	-	-	43,463,500	43,463,500
Other comprehensive income - net of tax	-	-	(661,000)	(661,000)
Total comprehensive income for the year	-	-	42,802,500	42,802,500
Transfer to reserves (note 15)	-	4,556,876	(4,556,876)	-
Dividend paid (note 3.2.1)	-	-	(9,787,894)	(9,787,894)
Balance at 31 December 2019	<u>518,018,063</u>	<u>24,712,722</u>	<u>139,794,055</u>	<u>682,524,840</u>
Balance at 1 January 2020	518,018,063	24,712,722	139,794,055	682,524,840
Profit for the year	-	-	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	<u>518,018,063</u>	<u>29,059,072</u>	<u>155,284,283</u>	<u>702,361,418</u>

The accompanying notes on pages 11 to 49 are an integral part of these financial statements.

SIHANOUKVILLE AUTONOMOUS PORT

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 KHR'000	2019 KHR'000
Cash flows from operating activities			
Cash generated from operations	30	123,292,356	100,261,462
Income tax paid		(12,652,948)	(7,001,645)
Net cash inflow from operating activities		110,639,408	93,259,817
Cash flows from investing activities			
Purchases of property and equipment	6	(87,318,738)	(33,919,992)
Purchases of investment properties	7	(4,216,838)	(2,594,579)
Purchases of intangible assets	8	(312,800)	-
Withdrawals/(placements) of short-term bank deposits		25,088,515	(54,742,379)
Proceeds from sale of property and equipment		-	77,864
Receipts of repayment of loans to employees		2,566,726	2,566,726
Interest received		4,251,129	2,929,205
Net cash outflow from investing activities		(59,942,006)	(85,683,155)
Cash flows from financing activities			
Dividends paid	3.2.1	(12,174,649)	(15,191,527)
Proceeds from borrowings		11,224,092	4,480,389
Repayments of borrowings		(32,413,412)	(21,873,754)
Interest paid		(14,381,955)	(9,393,698)
Net cash outflow from financing activities		(47,745,924)	(41,978,590)
Net increase/(decrease) in cash and cash equivalents		2,951,478	(34,401,928)
Cash and cash equivalents at beginning of the year		27,789,597	62,191,525
Cash and cash equivalents at end of the year	13	30,741,075	27,789,597

The accompanying notes on pages 11 to 49 are an integral part of these financial statements.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020 were approved for issue by the Board of Directors on 11 February 2021.

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.

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:

- Definition of Material – amendments to CIAS 1 and CIAS 8
- Revised Conceptual Framework for Financial Reporting

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 2020 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:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property and equipment (continued)

	Years
Land improvement	7, 30, 50
Buildings	7, 20, 25, 30, 35, 50
Technical equipment	5 – 30
Furniture and fittings	3 – 10
Computer and office equipment	3 – 5
Motor vehicles	
- 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 are depreciated using the straight-line method over its estimated useful life of 50 years.

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.

Loans to employees, 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.

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.

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 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.

2.13 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.

2.14 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 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.

2.16 Employee benefits

2.16.1 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Employee benefits** (continued)**2.16.1 Retirement benefit** (continued)**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:

<u>Years of service</u>	<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.

- (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:

<u>Years of service</u>	<u>Benefit</u>
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:

<u>Years of service</u>	<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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Employee benefits (continued)****2.16.1 Retirement benefit (continued)****i) Retirement benefit obligations (continued)****(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:

<u>Years of service</u>	<u>Work-related death</u>	<u>Non-work-related death</u>
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:

<u>Years of services</u>	<u>Work related disability</u>	<u>Non-work-related disability</u>
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

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:

<u>Years of service</u>	<u>Benefit rate</u>
Up to 25 years	75% of their latest month's basic salary at retirement age.
26 to 40 years	75% 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 years	90% 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Employee benefits (continued)

2.16.1 Retirement benefit (continued)

ii). Gratuity payments (continued)

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.

2.16.2 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.

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.

2.17 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Provision and contingent liability (continued)

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.

2.18 Revenue recognition

Under CIFRS 15, 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.

2.19 Interest income

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

2.20 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 2.18 for the recognition of rental income.

2.21 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 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.

2.23 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.

2.24 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.

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 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 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 3.0% and 0.9% movement in the Japanese yen and US dollar rates, respectively, is a reasonable benchmark.

If the Japanese yen had weakened or strengthened by 3.0% (average fluctuation for the last three years) against the Khmer Riel, post-tax profit for the year would have been KHR 10,424 million 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 0.9% (average fluctuation for the last three years) against the Khmer Riel, the post-tax profit for the year would have been KHR 304 million higher or lower mainly due to foreign exchange gains/losses on the translation of short-term bank deposits denominated in US dollars.

The table below summarises PAS's exposure to foreign currency exchange rate risk at 31 December 2020 and 31 December 2019. Included in the table are the financial instruments at carrying amount by currency in KHR'000 equivalent.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

a. Market risk (continued)

a.2 Foreign exchange risk (continued)

	In equivalent KHR'000			
	JPY	US\$	KHR	Total
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	-	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)
Year ended 31 December 2019				
Financial assets				
Trade and other receivables	-	36,552,661	14,682,105	51,234,766
Loans to employees	-	-	3,421,131	3,421,131
Short-term bank deposits	-	124,594,659	5,020,959	129,615,618
Cash and cash equivalents	-	27,257,513	532,084	27,789,597
	-	188,404,833	23,656,279	212,061,112
Financial liabilities				
Borrowings	(402,088,453)	(141,615,771)	-	(543,704,224)
Guaranteed dividend payables	-	-	(5,256,340)	(5,256,340)
Trade and other payables	-	(6,163,970)	(4,465,876)	(10,629,846)
	(402,088,453)	(147,779,741)	(9,722,216)	(559,590,410)
Net position	(402,088,453)	40,625,092	13,934,063	(347,529,298)

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, loans to employees, 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.

Loans to employees are granted to a limited number of employees according to the staff grade, length of service and salary level. Repayments are deducted monthly directly from the employees' salaries. Credit risk is low as PAS's individual employee has pension benefit higher than the loan request to buy shares. Also, shares will be returned to PAS should the employees leave PAS.

For short-term bank deposits, 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 only financial assets (mainly trade receivables) that are subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of CIFRS 9, the identified impairment loss was immaterial.

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.

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)

PAS's trade receivables generally consist of receivables ranging from 31 to 41 debtors from year 2014 to 2020. Based on PAS's historical credit loss experience for trade receivables, there were no cases of default in the past 7 years. All invoices were paid within one year. Based on ageing provided as at 31 December 2020, most balances aged more than 120 days have been subsequently settled in January 2021.

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 2020 and 31 December 2019 was determined as follows for trade receivables:

As at 31 December 2020	Expected loss rate %	Gross carrying amount KHR'000	Loss allowance KHR'000
Current	0%	22,560,138	-
More than 30 days past due	0%	4,420,142	-
More than 60 days past due	0%	711,936	-
More than 90 days past due	0%	212,103	-
More than 120 days past due	97.20%	2,732,039	2,655,478
Total		30,636,358	2,655,478
As at 31 December 2019	Expected loss rate %	Gross carrying amount KHR'000	Loss allowance KHR'000
Current	0%	24,646,472	-
More than 30 days past due	0%	5,660,283	-
More than 60 days past due	0%	369,375	-
More than 90 days past due	0%	1,297,876	-
More than 120 days past due	20.97%	5,793,904	1,215,248
Total		37,767,910	1,215,248

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:

	2020 KHR'000	2019 KHR'000
Opening loss allowance at 1 January	1,215,248	624,315
Increase in loss allowance recognised in profit or loss during the year	1,474,765	877,216
Receivables written off during the year as uncollectible	<u>(34,535)</u>	<u>(286,283)</u>
Closing loss allowance at 31 December	<u><u>2,655,478</u></u>	<u><u>1,215,248</u></u>

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:

	2020 KHR'000	2019 KHR'000
Fixed rate		
Expiring beyond one year	<u>907,253,954</u>	<u>880,131,969</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020						
Borrowings	52,702,859	47,562,131	136,767,634	439,852,611	676,885,235	539,945,833
Trade and other payables	7,122,256	-	-	-	7,122,256	7,122,256
	<u>59,825,115</u>	<u>47,562,131</u>	<u>136,767,634</u>	<u>439,852,611</u>	<u>684,007,491</u>	<u>547,068,089</u>
At 31 December 2019						
Borrowings	51,935,871	46,925,455	135,025,005	454,960,076	688,846,407	543,704,224
Guaranteed dividend payables	5,403,634	-	-	-	5,403,634	5,256,340
Trade and other payables	10,629,846	-	-	-	10,629,846	10,629,846
	<u>67,969,351</u>	<u>46,925,455</u>	<u>135,025,005</u>	<u>454,960,076</u>	<u>704,879,887</u>	<u>559,590,410</u>

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 5 June 2020, the Board of Directors approved to distribute the dividends in respect of profit of the financial year ended 31 December 2019 as follows:

	2020 KHR'000	2019 KHR'000
Dividends paid to Class B shares	3,533,122	6,550,000
Dividends paid to Class C shares	<u>8,641,527</u>	<u>8,641,527</u>
Total dividends paid (*)	<u>12,174,649</u>	<u>15,191,527</u>

(*) The total dividends paid amounting to KHR 12,174,649 thousand included the guaranteed dividends amounting to KHR 5,403,633 thousand (note 14) (2019: KHR 5,403,633 thousand). The remaining of KHR 6,771,016 thousand (2019: KHR 9,787,894 thousand) have been debited from retained earnings.

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) *Loans to employees* – The carrying amount of current portion of loans to employees is considered to be the same as their fair value due to the short-term nature of the loans to employees.
- (d) *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.
- (e) *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).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**
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 2020, 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 8% per annum with maturity of 2 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.

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 2020 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)	86,482	82,031	91,388	97,192	78,652
Impact (million KHR)		(4,451)	4,906	10,710	(7,830)
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 at early stage (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 107,684,747 thousand represents 35% of total revenue was generated from three major customers during the year.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. PROPERTY AND EQUIPMENT

	Land Land improvement KHR'000	Land 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 2019											
Opening net book amount	250,929,909	25,931,080	149,895,574	4,970,759	395,852	2,311,364	23,720,402	186,517,910	200,816,981	172,140	845,661,971
Additions (*)	-	86,357	357,639	2,659,600	328,876	1,171,025	6,319,209	11,712,778	12,540,845	-	35,176,329
Disposal – net	-	-	-	-	-	-	(8,580)	-	-	-	(8,580)
Transfers	-	5,788,559	180,122,903	22,411,467	-	-	-	-	(208,322,929)	-	-
Depreciation charges	-	(1,191,559)	(6,145,444)	(1,820,213)	(224,600)	(1,473,079)	(2,554,655)	(10,117,767)	-	(124,072)	(23,651,389)
Closing net book amount	<u>250,929,909</u>	<u>30,614,437</u>	<u>324,230,672</u>	<u>28,221,613</u>	<u>500,128</u>	<u>2,009,310</u>	<u>27,476,376</u>	<u>188,112,921</u>	<u>5,034,897</u>	<u>48,068</u>	<u>857,178,331</u>
At 31 December 2019											
Cost	250,929,909	34,922,391	344,917,322	34,318,979	1,471,385	6,926,818	33,896,552	221,813,668	5,034,897	932,976	935,164,897
Accumulated depreciation	-	(4,307,954)	(20,686,650)	(6,097,366)	(971,257)	(4,917,508)	(6,420,176)	(33,700,747)	-	(884,908)	(77,986,566)
Net book amount	<u>250,929,909</u>	<u>30,614,437</u>	<u>324,230,672</u>	<u>28,221,613</u>	<u>500,128</u>	<u>2,009,310</u>	<u>27,476,376</u>	<u>188,112,921</u>	<u>5,034,897</u>	<u>48,068</u>	<u>857,178,331</u>
At 31 December 2020											
Opening net book amount	250,929,909	30,614,437	324,230,672	28,221,613	500,128	2,009,310	27,476,376	188,112,921	5,034,897	48,068	857,178,331
Additions (*)	-	3,199,247	1,776,613	1,509,355	664,961	2,111,928	7,999,103	10,274,687	61,221,430	89,785	88,847,109
Depreciation charges	-	(1,442,587)	(9,592,013)	(3,713,819)	(358,449)	(1,409,681)	(3,218,281)	(10,833,998)	-	(87,597)	(30,656,425)
Closing net book amount	<u>250,929,909</u>	<u>32,371,097</u>	<u>316,415,272</u>	<u>26,017,149</u>	<u>806,640</u>	<u>2,711,557</u>	<u>32,257,198</u>	<u>187,553,610</u>	<u>66,256,327</u>	<u>50,256</u>	<u>915,369,015</u>
At 31 December 2020											
Cost	250,929,909	38,121,638	346,693,935	35,828,334	2,136,346	9,038,746	41,895,655	232,088,355	66,256,327	1,022,761	1,024,012,006
Accumulated depreciation	-	(5,750,541)	(30,278,663)	(9,811,185)	(1,329,706)	(6,327,189)	(9,638,457)	(44,534,745)	-	(972,505)	(108,642,991)
Net book amount	<u>250,929,909</u>	<u>32,371,097</u>	<u>316,415,272</u>	<u>26,017,149</u>	<u>806,640</u>	<u>2,711,557</u>	<u>32,257,198</u>	<u>187,553,610</u>	<u>66,256,327</u>	<u>50,256</u>	<u>915,369,015</u>



SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

6. PROPERTY AND EQUIPMENT (continued)

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

	2020 KHR'000	2019 KHR'000
Purchases (cash and non-cash) during the year	88,847,109	35,176,329
Payable to a supplier (non-cash)	(1,528,371)	(1,256,337)
Cash paid during the year	87,318,738	33,919,992

The interest cost that was capitalised on qualifying assets as at 31 December 2020 was KHR 205,720 thousand which interest rate at 1.26% per annum from MoEF – (JICA) – Loan No. CP-P21 (note 16).

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

	2020 KHR'000	2019 KHR'000
Land with legal title deeds	735,000	735,000
Land with no title deeds	250,194,909	250,194,909
	250,929,909	250,929,909

7. INVESTMENT PROPERTIES

	Land KHR'000	Buildings KHR'000	Construction in progress KHR'000	Total KHR'000
At 31 December 2019				
Opening net book amount	134,325,883	145,156,297	-	279,482,180
Additions	-	2,594,579	-	2,594,579
Depreciation charges	-	(6,196,014)	-	(6,196,014)
Closing net book amount	134,325,883	141,554,862	-	275,880,745
At 31 December 2019				
Cost	134,325,883	165,987,593	-	300,313,476
Accumulated depreciation	-	(24,432,731)	-	(24,432,731)
Net book amount	134,325,883	141,554,862	-	275,880,745
At 31 December 2020				
Opening net book amount	134,325,883	141,554,862	-	275,880,745
Additions	-	2,152,556	2,064,282	4,216,838
Transfers	1,705,002	-	(1,705,002)	-
Depreciation charges	-	(6,262,116)	-	(6,262,116)
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)	-	(30,694,847)
Net book amount	136,030,885	137,445,302	359,280	273,835,467

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

7. INVESTMENT PROPERTIES (continued)

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.

	2020 KHR'000	2019 KHR'000
Land at fair value	3,113,318,384	3,136,408,508
Buildings at fair value	136,688,640	137,702,400
	<u>3,250,007,024</u>	<u>3,274,110,908</u>

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

	2020 KHR'000	2019 KHR'000
Land with legal title deeds – Special Economic Zone (*)	85,212,370	85,212,370
Land with legal title deeds – Others	3,286,724	3,286,724
Land with no legal title deeds	46,416,060	44,711,058
Land with legal title deeds but occupied by households (reclassified from the property and equipment)	1,115,731	1,115,731
	<u>136,030,885</u>	<u>134,325,883</u>

(*) This represents the land value of 41 hectares which was handed over to PAS through the inter-ministry 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:

	2020 KHR'000	2019 KHR'000
Rental revenue	2,407,722	2,751,494
Amortisation expenses	(6,262,116)	(6,196,014)
Direct operating expenses arising from investment properties that generate rental revenue	(2,389,248)	(2,777,847)

Special Economic Zone (SEZ) is still at an initial stage of its business operations.

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7. INVESTMENT PROPERTIES (continued)

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

	2020 KHR'000	2019 KHR'000
Within 1 year	68,765	69,275
Between 1 and 2 years	72,810	69,275
Between 2 and 3 years	558,210	73,350
Between 3 and 4 years	1,529,010	73,350
Between 4 and 5 years	1,529,010	73,350
Later than 5 years	41,230,895	757,950
	<u>44,988,700</u>	<u>1,116,550</u>

8. INTANGIBLE ASSETS

	Software KHR'000
At 31 December 2019	
Opening net book amount	7,494,831
Amortisation charges	<u>(1,062,871)</u>
Closing net book amount	<u>6,431,960</u>
At 31 December 2019	
Cost	10,608,352
Accumulated amortisation	<u>(4,176,392)</u>
Net book amount	<u>6,431,960</u>
At 31 December 2020	
Opening net book amount	6,431,960
Additions	312,800
Amortisation charges	<u>(1,071,015)</u>
Closing net book amount	<u>5,673,745</u>
At 31 December 2020	
Cost	10,921,152
Accumulated amortisation	<u>(5,247,407)</u>
Net book amount	<u>5,673,745</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9. LOANS TO EMPLOYEES

	2020 KHR'000	2019 KHR'000
Current	1,228,021	2,193,112
Non-Current	-	1,228,019
	<u>1,228,021</u>	<u>3,421,131</u>

On 8 February 2017, PAS approved to provide interest-free loans of KHR 10,266,904 thousand, with a term of four years, to its employees including retired staff to purchase its floating class C shares upon initial public offering (IPO).

The fair value adjustment to the loan balance of KHR 2,621,824 thousand was initially recognised as other assets in the statement of financial position and amortised to profit or loss as salaries, wages and related expenses throughout a period of four years. This was because the fair value of the loans has been reduced through a preferential rate (interest free) and a benefit was provided to the employees.

The initial fair values of the loans to employees were based on cash flows discounted using a weighted average interest rate of 15.27% per annum and subsequently recognised at amortised cost. Management assessed that the 15.27% interest rate was a reasonable rate, being equivalent to the rate at which the employees could obtain unsecured loans from commercial banks in Khmer Riel currency for a period of four years.

The movement of loans to employees is as follows:

	2020 KHR'000	2019 KHR'000
Opening balance	3,421,131	5,305,113
Add: Interest expense from unwinding of discount rate	373,616	682,744
Less: Repayment of loans	(2,566,726)	(2,566,726)
Closing balance	<u>1,228,021</u>	<u>3,421,131</u>

10. INVENTORIES

	2020 KHR'000	2019 KHR'000
Consumable supplies	22,418,103	17,247,539
Oil and lubricant	1,400,544	1,272,840
Combustible materials	777,369	741,870
Provision for consumable supplies (*)	(742,994)	(742,994)
	<u>23,853,022</u>	<u>18,519,255</u>

(*) 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 during the year ended 31 December 2020 amounted to KHR 78,422 million (31 December 2019: KHR 90,641 million).

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

11. TRADE AND OTHER RECEIVABLES

	2020 KHR'000	2019 KHR'000
Trade receivables	30,636,358	37,767,910
Loss allowance	(2,655,478)	(1,215,248)
Trade receivables, net	27,980,880	36,552,662
Advances to MoPWT (*)	4,754,425	14,287,547
Advances	668,510	1,377,742
Withholding tax credit	1,125,797	1,125,797
Prepayments	85,641	85,836
	<u>34,615,253</u>	<u>53,429,584</u>

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

(*) 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.

	2020 KHR'000	2019 KHR'000
Opening balance	14,287,547	9,771,300
Addition during the year	-	13,066,245
Repayment during the year	(6,000,000)	(2,000,000)
Settled through dividends distribution	(3,533,122)	(6,549,998)
Closing balance	<u>4,754,425</u>	<u>14,287,547</u>

12. 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 3.00% to 4.50% (2019: 3.00% to 4.75%) per annum.

13. CASH AND CASH EQUIVALENTS

	2020 KHR'000	2019 KHR'000
Cash on hand	1,256,114	2,316,038
Cash at banks:		
Current accounts	29,484,961	25,473,559
	<u>30,741,075</u>	<u>27,789,597</u>

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 2020**

14. SHARE CAPITAL AND SHARE PREMIUM

	Class A share (*)		Class B share (**)		Class C share (***)		Share premium	Total
	Number	KHR'000	Number	KHR'000	Number	KHR'000	KHR'000	KHR'000
At 31 December 2019	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 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

- (*) 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 2020**

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	75%	64,328,975	64,328,975
Class C shares:			
Kamigumi	13%	11,150,324	11,150,324
Employee share option scheme	2%	2,144,299	2,144,299
Other investors	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.

(***) Guaranteed dividend payable to all class C shares

As an incentive to public investors, class C shareholders (all carried voting rights) are entitled to receive a minimum guaranteed dividend yield of 5% per annum for 3 years (either in cash or in share in which the choice of settlement is made by PAS only) of the total class C shares multiplied by the offering price from the IPO listing date in June 2017. The guaranteed dividend payables were fully paid in June 2020.

The government, shareholder of class B voting shares and class A non-voting shares, is not entitled to receive the minimum guaranteed dividend.

The movement of guaranteed dividend payables is as follows:

	2020 KHR'000	2019 KHR'000
Opening balance	5,256,340	10,168,805
Interest expenses from winding up (note 27)	147,293	491,168
Dividend paid	(5,403,633)	(5,403,633)
Closing balance	-	5,256,340

15. RESERVES

	2020 KHR'000	2019 KHR'000
Opening balance	24,712,722	20,155,846
Add: General reserve	2,173,175	2,278,438
Add: Legal reserve	2,173,175	2,278,438
Closing balance	29,059,072	24,712,722

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 8 May 2020, the Board of Directors approved to transfer the profit for the year ended 31 December 2019 to general reserve of KHR 2,173,175 thousand and legal reserve of KHR 2,173,175 thousand.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

16. BORROWINGS

	2020 KHR'000	2019 KHR'000
Borrowings from:		
MoEF – (JBIC) – Loan No. CP-P3	71,044,164	75,074,820
MoEF – (JBIC) – Loan No. CP-P4	104,844,848	113,162,087
MoEF – (JBIC) – Loan No. CP-P6	7,802,673	7,959,883
MoEF – (JBIC) – Loan No. CP-P8	123,998,084	123,100,221
MoEF – (JICA) – Loan No. CP-P10	216,371,064	220,393,009
MoEF – (JICA) – Loan No. CP-P21	15,885,000	4,014,204
	<u>539,945,833</u>	<u>543,704,224</u>

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

The maturity dates of these borrowings are as follows:

	2020 KHR'000	2019 KHR'000
Current		
Not later than one year	<u>37,602,224</u>	<u>36,430,502</u>
Non-current		
Later than one year but not later than two years	33,453,523	32,413,412
Later than two year but not later than five years	100,360,569	97,240,236
Later than five years	<u>368,529,517</u>	<u>377,620,074</u>
	<u>502,343,609</u>	<u>507,273,722</u>
	<u>539,945,833</u>	<u>543,704,224</u>

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

	2020 KHR'000	2019 KHR'000
Carrying value		
Current portion	37,602,224	36,430,502
Non-current portion	<u>502,343,609</u>	<u>507,273,722</u>
	<u>539,945,833</u>	<u>543,704,224</u>
Fair value		
Current portion	32,951,135	31,921,394
Non-current portion	<u>379,276,903</u>	<u>380,591,586</u>
	<u>412,228,038</u>	<u>412,512,980</u>

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

16. BORROWINGS (continued)

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

	2020 KHR'000	2019 KHR'000
JPY	430,518,335	402,088,453
US\$	109,427,498	141,615,771
	539,945,833	543,704,224

The term of all borrowings is 30 years and the interest rate per annum for each borrowing is as follow:

	2020	2019
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	2.65%	2.65%
MoEF – (JICA) – Loan No. CP-P21	1.26%	1.26%

17. RETIREMENT BENEFIT OBLIGATIONS

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

	2020 KHR'000	2019 KHR'000
Present value of defined benefit obligations	86,481,967	83,074,061
Unfunded status	86,481,967	83,074,061
Net liability recognised in the statement of financial position	86,481,967	83,074,061

The movement in the defined benefit obligations over the year was as follows:

	2020 KHR'000	2019 KHR'000
Beginning balance	83,074,061	79,537,976
Current service cost	1,720,000	1,938,000
Interest expense	4,564,000	4,591,000
Curtailments	-	(637,000)
Benefits paid	(2,876,094)	(3,016,915)
Remeasurement losses	-	661,000
Closing balance	86,481,967	83,074,061

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

17. RETIREMENT BENEFIT OBLIGATIONS (continued)

	2020 KHR'000	2019 KHR'000
Current portion	7,949,000	7,949,000
Non-current portion	78,532,967	75,125,061
	<u>86,481,967</u>	<u>83,074,061</u>

The retirement benefit costs recognised within salaries, wages and related expenses and remeasurement of retirement benefit obligations in the statement of profit or loss and other comprehensive income were as follows:

	2020 KHR'000	2019 KHR'000
Current service cost	1,720,000	1,938,000
Interest expense	4,564,000	4,591,000
Curtailements	-	(637,000)
Total amount recognised in profit or loss	<u>6,284,000</u>	<u>5,892,000</u>

The principal actuarial assumptions were as follows:

	2020	2019
Discount rate per annum	6%	6%
Salary increase rate per annum	5%	5%
Turnover rate per annum	0.5%	0.5%

Mortality rates

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 2020.

18. SENIORITY PAYMENT OBLIGATIONS

	2020 KHR'000	2019 KHR'000
Current		
Annual service	3,012,477	1,589,505
Past seniority liability	113,583	-
	<u>3,126,060</u>	<u>1,589,505</u>
Non-current		
Past seniority liability	983,118	1,096,701
	<u>4,109,178</u>	<u>2,686,206</u>

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

	2020	2019
Discount rate per annum	6%	6%
Turnover rate per annum	0.5%	0.5%

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

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.

	2020 KHR'000	2019 KHR'000
Current	133,485	134,475
Non-current	5,406,143	5,580,713
	<u>5,539,628</u>	<u>5,715,188</u>

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

	2020 KHR'000	2019 KHR'000
Beginning balance	5,715,188	5,886,772
Additions	327,001	232,688
Credited to the statement of profit or loss	(463,966)	(488,185)
Foreign currency differences	(38,595)	83,913
	<u>5,539,628</u>	<u>5,715,188</u>
Closing balance	<u>5,539,628</u>	<u>5,715,188</u>

20. TRADE AND OTHER PAYABLES

	2020 KHR'000	2019 KHR'000
Trade payables	4,047,136	5,926,142
Accrued bonuses	12,180,323	11,116,926
Deposits from customers	3,423,415	1,727,009
Value added tax payable	1,261,680	1,045,317
Salary tax payable	378,418	382,136
Accrual social fund contribution	1,287,141	4,101,154
Other liabilities	1,542,755	602,548
	<u>24,120,868</u>	<u>24,901,232</u>

21. REVENUE

	2020 KHR'000	2019 KHR'000
Stevedoring charges	144,838,339	151,153,717
Lift-On Lift-Off (LO-LO)	83,821,775	90,877,076
Port due/charge services	67,583,985	65,719,452
Container storage	11,377,785	21,248,122
Rental income from SEZ	2,407,722	2,751,494
Other revenue	1,784,163	2,163,516
	<u>311,813,769</u>	<u>333,913,377</u>

SIHANOUKVILLE AUTONOMOUS PORT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21. REVENUE (continued)

Timing of revenue recognition

At a point in time	296,887,430	309,913,761
Over time	14,926,339	23,999,616
	<u>311,813,769</u>	<u>333,913,377</u>

22. CONSUMABLE SUPPLIES

	2020 KHR'000	2019 KHR'000
Combustible expenses	33,030,171	44,165,427
Spare parts	34,949,073	35,759,829
Warehouse supplies	6,886,462	6,657,015
Oil and lubricant	3,556,673	4,059,159
Office supplies	3,265,477	2,691,691
Other consumables	1,857,257	1,898,620
	<u>83,545,113</u>	<u>95,231,741</u>

23. SALARIES, WAGES AND RELATED EXPENSES

	2020 KHR'000	2019 KHR'000
Employee salaries	61,180,691	61,403,700
Bonuses	12,179,023	11,116,926
Accrued seniority payments	3,012,477	2,249,433
Retirement benefit costs (note 17)	6,284,000	5,892,000
Directors' remuneration	1,372,100	1,224,000
Social security expenses	831,961	760,803
Wages for contractors	292,300	284,100
Other employee-related expenses	4,975,144	5,197,039
	<u>90,127,696</u>	<u>88,128,001</u>

24. DEPRECIATION AND AMORTISATION CHARGES

	2020 KHR'000	2019 KHR'000
Property and equipment (note 6)	30,656,425	23,651,389
Investment properties (note 7)	6,262,116	6,196,014
Intangible assets (note 8)	1,071,015	1,062,871
	<u>37,989,556</u>	<u>30,910,274</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

25. OTHER EXPENSES

	2020	2019
	KHR'000	KHR'000
Contributions and donations	6,563,768	9,068,936
Reception and hospitality	3,820,977	4,513,262
Special Economic Zone (SEZ) operating expense	2,389,248	2,777,847
Administrative expenses	1,781,749	2,448,309
Expected credit losses	1,474,765	877,216
Missions	1,189,277	1,536,523
Publications	1,139,192	1,086,992
Professional and related costs	762,341	701,768
Utilities	619,825	199,491
Training, workshops and seminars	514,574	1,560,502
Post services	475,671	444,346
Health-care supplies	185,880	176,626
Equipment rental	111,038	104,060
Other taxes	163,452	84,933
Other expenses	439,552	533,431
	<u>21,631,309</u>	<u>26,114,242</u>

26. OTHER LOSSES – NET

	2020	2019
	KHR'000	KHR'000
Foreign exchange losses - net	(144,097)	(4,126,977)
Gain on sale of non-current assets	-	69,284
	<u>(144,097)</u>	<u>(4,057,693)</u>

27. FINANCE COSTS – NET

	2020	2019
	KHR'000	KHR'000
Finance income:		
Interest income on bank deposits (a)	4,133,508	3,492,842
Interest income from unwinding of discount of loans to employees	373,616	682,744
	<u>4,507,124</u>	<u>4,175,586</u>
Financial costs:		
Interest expenses on borrowings (b)	(13,624,810)	(12,150,547)
Net exchange losses on foreign currency borrowings (c)	(18,091,105)	(7,718,577)
Interest expenses from winding up guaranteed dividend payables	(147,293)	(491,168)
	<u>(31,863,208)</u>	<u>(20,360,292)</u>
Finance cost – net	<u>(27,356,084)</u>	<u>(16,184,706)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

27. FINANCE COSTS – NET (continued)

- (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 losses/gains 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.

	2020	2019	2018
JPY/KHR	39.275	37.620	36.590
US\$/KHR	4,045	4,075	4,018

28. INCOME TAX EXPENSE

(a) Income tax expense

	2020 KHR'000	2019 KHR'000
Current income tax	10,748,713	8,624,336
Deferred tax	3,891,640	13,097,592
Adjustments for current tax of prior periods	892,274	-
Income tax expense	<u>15,532,627</u>	<u>21,721,928</u>

(b) Reconciliation of income tax and accounting profit

	2020 KHR'000	2019 KHR'000
Accounting profit before income tax	42,140,221	65,185,428
Income tax expenses (*)	8,428,044	6,518,543
Tax effect in respect of non-deductible expenses	<u>6,212,309</u>	<u>2,105,793</u>
	14,640,353	8,624,336
Income tax reassessment by GDT	892,274	2,612,700
Unused tax losses for SEZ which has been written off	-	7,097,677
Temporary different in tax rate incentive which deferred tax liability have been recognised	<u>-</u>	<u>3,387,215</u>
Income tax expense	<u>15,532,627</u>	<u>21,721,928</u>

- (*) Under the Cambodian tax regulations, PAS has obligation to pay income tax at rate of 20%. According to ANUKRET No.01 ANKR.TT dated 8 January 2015, the listed entities are entitled to a three-year tax incentive given by the Securities and Exchange Regulator of Cambodia. On 16 May 2018, GDT approved the incentive as 50% reduction of income tax rate (20%) and accordingly PAS is subject to 10% income tax rate from 2017 to 2019. From 1 January 2020, PAS is required to pay income tax at rate of 20%.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

28. INCOME TAX EXPENSE (continued)

(c) Deferred tax balances

	2020 KHR'000	2019 KHR'000
Deferred tax assets	22,354,118	20,922,330
Deferred tax liabilities	(42,030,434)	(36,707,006)
Deferred tax liabilities – net	<u>(19,676,316)</u>	<u>(15,784,676)</u>

The movement of deferred tax balances:

	2020 KHR'000	2019 KHR'000
At 1 January	(15,784,676)	(2,687,084)
(Charged)/credited to profit or loss	<u>(3,891,640)</u>	<u>(13,097,592)</u>
At 31 December	<u><u>(19,676,316)</u></u>	<u><u>(15,784,676)</u></u>

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	Taxable loss carried forward from SEZ KHR'000	Total KHR'000
At 1 January 2019	15,907,595	2,028,767	285,666	1,177,354	367,944	7,097,677	26,865,003
Credited/(Charged) to profit or loss	<u>707,218</u>	<u>194,618</u>	<u>118,187</u>	<u>(34,316)</u>	<u>169,297</u>	<u>(7,097,677)</u>	<u>(5,942,673)</u>
At 31 December 2019	<u><u>16,614,813</u></u>	<u><u>2,223,385</u></u>	<u><u>403,853</u></u>	<u><u>1,143,038</u></u>	<u><u>537,241</u></u>	<u><u>-</u></u>	<u><u>20,922,330</u></u>
At 1 January 2020	16,614,813	2,223,385	403,853	1,143,038	537,241	-	20,922,330
Credited/(Charged) to profit or loss	<u>681,580</u>	<u>212,680</u>	<u>288,045</u>	<u>(35,112)</u>	<u>284,595</u>	<u>-</u>	<u>1,431,788</u>
At 31 December 2020	<u><u>17,296,393</u></u>	<u><u>2,436,065</u></u>	<u><u>691,898</u></u>	<u><u>1,107,926</u></u>	<u><u>821,836</u></u>	<u><u>-</u></u>	<u><u>22,354,118</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

28. INCOME TAX EXPENSE (continued)**(c) Deferred tax balances** (continued)

ii. Deferred tax liabilities

	Accelerated depreciation and amortisation KHR'000
At 1 January 2019	(29,552,087)
Charged to profit or loss	(7,154,919)
At 31 December 2019	(36,707,006)
At 1 January 2020	(36,707,006)
Charged to profit or loss	(5,323,428)
At 31 December 2020	(42,030,434)

(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.

The latest comprehensive tax audit report issued by General Department of Taxation was for the years ended 2017 and 2018, and all tax liabilities were settled in March 2020.

29. 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.

	2020	2019
Profit attributable to shareholders (KHR'000)	26,607,594	43,463,500
Weighted average number of shares	85,771,967	85,771,967
Basic earnings per share (KHR)	310.21	506.73

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

30. CASH GENERATED FROM OPERATIONS

	Notes	2020 KHR'000	2019 KHR'000
Profit before income tax		42,140,221	65,185,428
<i>Adjustments for:</i>			
Depreciation and amortisation charges	24	37,989,556	30,910,274
Net gain on sale of property and equipment		-	(69,284)
Finance costs– net	27	27,356,084	16,184,706
Retirement benefit obligation		6,284,000	5,892,000
Seniority payment obligations		3,012,477	2,249,433
Other employees related expenses from loans to employees		655,456	655,456
<i>Changes in working capital:</i>			
Inventories		(5,333,767)	(7,196,637)
Trade and other receivables		18,041,254	(11,662,392)
Trade and other payables		(2,211,766)	2,703,925
Retirement benefit obligations		(2,876,094)	(3,016,915)
Seniority payment obligations		(1,589,505)	(1,402,948)
Deferred income		(175,560)	(171,584)
Cash generated from operations		<u>123,292,356</u>	<u>100,261,462</u>

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

	2020 KHR'000	2019 KHR'000
Cash and cash equivalents	30,741,075	27,789,597
Short-term bank deposits	104,527,103	129,615,618
Borrowings	<u>(539,945,833)</u>	<u>(543,704,224)</u>
Net debt	<u>(404,677,655)</u>	<u>(386,299,009)</u>
Cash and short-term bank deposits	135,268,178	157,405,215
Gross debt – fixed interest rates	<u>(539,945,833)</u>	<u>(543,704,224)</u>
Net debt	<u>(404,677,655)</u>	<u>(386,299,009)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

30. CASH GENERATED FROM OPERATIONS (continued)

	Other assets		Liabilities from financing activities	Total KHR'000
	Cash and cash equivalents KHR'000	Short-term bank deposits KHR'000	Borrowings KHR'000	
Net debt at 1 January 2019	62,191,525	74,873,239	(550,621,229)	(413,556,465)
Cash flows	(34,401,928)	54,742,379	17,393,365	37,733,816
Foreign exchange differences	-	-	(7,718,577)	(7,718,577)
Other non-cash movements (*)	-	-	(2,757,783)	(2,757,783)
Net debt at 31 December 2019	<u>27,789,597</u>	<u>129,615,618</u>	<u>(543,704,224)</u>	<u>(386,299,009)</u>
Net debt at 1 January 2020	27,789,597	129,615,618	(543,704,224)	(386,299,009)
Cash flows	2,951,478	(25,088,515)	35,571,275	13,434,238
Foreign exchange differences	-	-	(18,091,105)	(18,091,105)
Other non-cash movements (*)	-	-	(13,721,779)	(13,721,779)
Net debt at 31 December 2020	<u>30,741,075</u>	<u>104,527,103</u>	<u>(539,945,833)</u>	<u>(404,677,655)</u>

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

31. 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

	2020 KHR'000	2019 KHR'000
Borrowings from:		
MoEF – (JICA)	232,256,064	224,407,213
MoEF – (JBIC)	307,689,769	319,297,011
	<u>539,945,833</u>	<u>543,704,224</u>

(ii) Amount due from MoPWT

	2020 KHR'000	2019 KHR'000
Advances to MoPWT	<u>4,754,425</u>	<u>14,287,547</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**31. RELATED PARTY TRANSACTIONS (continued)****(b) Related party transactions**

	2020 KHR'000	2019 KHR'000
Interest expenses on borrowings from MoEF (note 27(b))	(13,624,810)	(12,150,547)

(c) Key management compensation

Key management compensation for the year ended is as follows:

	2020 KHR'000	2019 KHR'000
Board of directors		
Fees and related expenses	1,586,400	1,428,000
Key management personnel		
Salaries and other expenses	2,397,964	2,476,818
Retirement benefit expenses (*)	230,539	201,943

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.

(d) Loans to key management

PAS provided loans to employees including key management and board of directors to buy its class C shares at the Initial Public Offering on 8 June 2017. Loan is interest free and has term of four years. Loan will be repaid on monthly basis by deducting from the monthly salaries of the key management. As at 31 December 2020, outstanding loans to key management were KHR 488 million (31 December 2019: KHR 1,463 million).

32. COMMITMENTS

As at 31 December 2020, PAS had outstanding capital expenditure commitment of KHR 918,371 million (31 December 2019: KHR 880,132 million) 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 2020, 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 2020, there wasn't any transactions with Director and Senior Office.

C. Transactions with Director and Shareholder related to buy/sell asset and service.

In 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020 report.

For this 2020, the volume of PAS's container throughput increased by 2,631 TEUs equivalent to 0.41% compared to 2019 and gross cargoes throughput increased by 0.83% equivalent to 54,048 tons. Among gross cargoes throughput, container in tons increased 5.19% equivalent to 215,180 tons and Fuels increased 0.52% equal to 9,730tons. However, general cargoes decreased 170,863 tons equivalent to 32.82%. PAS's calling vessel decreased by 4.81% equal to 80 vessels, and its gross tonnages decreased by 4.10% equal to 716,914 tons compare to 2019.

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 2020 and 2019 as shown in Part 6 of this 2020 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 2020 compared to the period ended 31st December 2019

Description	2020	2019	Changes	
	'000 riels	'000 riels	'000 riels	%
Revenue	311,813,769	333,913,377	-22,099,608	-6.62%

For this 2020, PAS's income decreased by 22,099,608,000 Riels equivalent to 6.62% decreased from 333,913,377,000 Riels in 2019 to 311,813,769,000 Riels in 2020. 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 2020 and 2019

Description	2020		2019	
	'000 riels	Percentage of total income	'000 riels	Percentage of total income
Stevedoring Charge	144,838,339	46.45%	151,153,717	45.27%
LOLO Charge	83,821,775	26.88%	90,877,076	27.22%
Port Charge for Vessel Services	67,583,985	21.67%	65,719,452	19.68%
Storage (Warehouse and Yard)	11,377,785	3.65%	21,248,122	6.36%
Transportation	64,813	0.02%	102,081	0.03%
Passenger vessel	265,645	0.09%	823,547	0.25%
Special Economic Zone	2,407,722	0.77%	2,751,494	0.82%
Rental fee	1,140,831	0.37%	914,070	0.27%
Other revenues	312,874	0.10%	323,818	0.10%
Total Revenue	311,813,769	100.00%	333,913,377	100.00%

In 2020 as well as 2019, 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 2020 compared to the period ended 31st December 2019

Description	2020	2019	Changes	
	'000 riels	'000 riels	'000 riels	%
Stevedoring Charge	144,838,339	151,153,717	-6,315,379	-4.18%
LOLO Charge	83,821,775	90,877,076	-7,055,301	-7.76%
Port Charge for Vessel Services	67,583,985	65,719,452	1,864,533	2.84%
Storage (Warehouse and Yard)	11,377,785	21,248,122	-9,870,336	-46.45%

The income from Stevedoring charge decreased approximately by 4.18% equivalent to 6,315,379,000 Riels, and LOLO charge decreased by 7.76% equivalent to 7,055,301,000 Riels comparing between 2020 and 2019. These declines were resulted by the decrease of imported full container with the volume of 17,330 TEUs equivalent to 5.54% for this 2020 and the decreased of General cargoes throughput by 32.82%, and at the same time in 2020, most general cargoes were direct transfer by the vessel crane.

The income derived from this port charge for vessel services was depended on the number of vessels and tonnage throughput of PAS. For this 2020, the number of vessels calling to PAS decreased by 80 vessels equal to 4.81%, and tonnage throughput decreased by 4.10% equal to 716,914 tons. However, the income on Port Charge for Vessel Services in 2020 is 67,583,985,000 Riels increased by 1,864,533,000 Riels equivalent to 2.84% compared to 2019 was 65,719,452,000 Riels. The increase of this income was because of container vessels, most important source of the income of PAS, its gross tonnages increased by 14.78% and number vessels increased 7.89% if compare 2020 and 2019.

The income from storage, warehouse, and yard decreased by 9,870,336,000 Riels equivalent to 46.45% compared between 2020 with the income amount of 11,377,785,000 Riels and 2019 with amount of 21,248,122,000 Riels. The reason of this decrease was caused by the container storage period in 2020 was under 5 days (Free of storage charge period within 5 days), if compare with the container storage period in 2019 was 8.5 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 2020 compared to the period ended 31st December 2019

Description	2020	2019	Changes	
	'000 riels	'000 riels	'000 riels	%
Revenue	311,813,769	333,913,377	-22,099,608	-6.62%
Consumable Supplies	(83,545,113)	(95,231,741)	-11,686,628	-12.27%
Salaries, Wages and related expenses	(90,127,696)	(88,128,001)	1,999,695	2.27%
Depreciation and Amortisation charge	(37,989,556)	(30,910,274)	7,079,282	22.90%
Repairs and Maintenances	(8,879,693)	(8,101,292)	778,401	9.61%
Other expenses	(21,631,309)	(26,114,242)	-4,482,933	-17.17%
Other gain -net	(144,097)	(4,057,693)	-3,913,596	-96.45%
Finance (Costs)/Income-net	(27,356,084)	(16,184,706)	11,171,378	69.02%
Profit before income tax	42,140,221	65,185,428	-23,045,207	-35.35%

For 2020, PAS's expenses on Consumable Supplies amounted to 83,545,113,000 Riels decreased by 11,686,628,000 Riels equivalent to 12.27% compared to 2019 with the expense amount of 95,231,741,000 Riels. The main factor that caused such decrease was resulted by the expense on combustible expense declined by 25.21% equivalent to 11,135,256,000 Riels due to the decline of average petroleum price from 0.67 dollars in 2019 to 0.50 dollars in 2020. For Spare parts expense decreased by 2.27% equivalent to 810,756,000 Riels if compared to 2019.

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 declined in this 2020. Nevertheless, the expense on Salary, wages, and other related expenses had increased approximately 2.27% equivalent to 1,999,695,000 Riels compared between 2020 with the expense amount of 90,127,696,000 Riels and 88,128,001,000 Riels in 2019. The main factors of this increasing are expense on employees' bonuses which increased approximately 9.55% equal to 1,062,097,000 Riels, and the increased of accrued seniority payment expense by 33.92% equal to 763,044,000 Riels in 2020.

The expense on depreciation and amortization included property, equipment, and intangible asset in 2020 amounted to 37,989,556,000 Riels increased by 7,079,282,000 Riels equivalent to 22.90% compared to 2019 with the expense amount of 30,910,274,000 Riels. The factor that caused such an increase was resulted from the expense on depreciation of property and equipment which increased by 7,005,036,000 Riels equivalent to 29.62% and the increased of expense on depreciation of investment property by 1.07% equivalent to 66,102,000 Riels.

The expense on repair and maintenance increased by 778,401,000 Riels equal to 9.61%, the total expense of repair and maintenance in 2020 was 8,879,693,000 Riels and 8,101,292,000 Riels in 2019.

The other expenses decreased by 17.17% equivalent to 4,482,933,000 Riels, which decreased from 26,114,242,000 Riels in 2019 to 21,631,309,000 Riels in 2020. The factor that caused such a decrease was resulted from decline in contribution and donations by 27.62% equal to 2,505,168,000 Riels, and Training, workshops and seminars expenses declined by 67.03% equal to 1,045,928,000 Riels if compare with 2019.

Other gain /(Losses)-net refers to Realized Foreign Exchange Gain-Loss which in this 2020, the losses from realized foreign exchange with the amount of 144,097,000 Riels decreased by 96,45% equivalent to 3,913,596,000 Riels compared to 2019 there was a loss up to 4,057,693,000 Riels.

Net-Finance (Costs)/gain refers to Unrealized Foreign Exchange Gain-Loss, in 2020, there was an expense of 27,356,084,000 Riels increased by 69.02% equivalent to 11,171,378,000 Riels compared to 2019 with the expense of 16,184,706,000 Riels. The main factor of this increasing Net-Finance (Costs)/gain was because of the increased of net exchange losses on foreign currency borrowings (Japanese Yen), increased by 134.38% equivalent to 10,372,528,000 Riels which amounted to 18,091,105,000 Riels in 2020 compare to 7,718,577,000 Riels in 2019.

In conclusion, PAS's profit before tax in 2020 is 42,140,221,000 Riels compared to that of 2019 with the amount of 65,185,428,000 Riels decreased approximately 35.35% equivalent to 23,045,207,000 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 this 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 2020 compared to the period ended 31st December 2019

Description	2020	2019	Changes	
	'000 riels	'000 riels	'000 riels	%
Profit before income tax (A)	42,140,221	65,185,428	-23,045,207	-35.35%
Income tax expense (B)	(15,532,627)	(21,721,928)	-6,189,301	-28.49%
Profit for the period	26,607,594	43,463,500	-16,855,906	-38.78%
Remesurement of retirement benefit obligations	-	(661,000)	-661,000	-100.00%
Total comprehensive income for the period	26,607,594	42,802,500	-16,194,906	-37.84%
Effective Tax Rate (B)/(A)	36.86%	33.32%		

PAS has a profit after tax with the equivalent amount of 26,607,594,000 Riels in 2020 and 43,463,500,000 Riels in 2019 with the decreased amount of 16,855,906,000 Riels equivalent to 38.78%. The main factors that caused the profit after tax to decrease is due to the decline of incomes and the increase of unrealized foreign exchange loss borrowings (Japanese Yen) compare 2020 and 2019.

The effective tax rate on profit increased from 33.32% in 2019 to 36.86% in 2020, due to the decreased of profit before income tax in this 2020.

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 decrease to -4.9% for year 2020 due to the Impact of the coronavirus pandemic on the global economy, while Cambodia's economy will decrease around -4.0%, according to the Asian Development Bank (ADB). This shows that the impact from Covid-19 will be affected to port business performance.

- **PAS's Ability and Work Performance Efficiency**

For this 2020, PAS has container handling capacity up to 650,000 TEUs after launching two more units of QCs since 2017. This factor has enabled the work capacity and efficiency to increase in the performance of its services.

- **Status of Domestic Transportation**

For this 2020, 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 7 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 2020, 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 decline with the expected rate of -4.0%, while the world economy decrease with the expected rate of -4.9% (IMF) for year 2020. Therefore, there will be an impact on market's demand and supply, as well as PAS business.

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 95% of the total income in 2020, 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 2020, 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 2020, there is other necessary information for the protection of investors as below:

the Board of Directors had conducted four meetings:

The 7th Meeting of the Board of Directors in its 7th Mandate on 07th February, 2020

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 6th Meeting of the Board of Directors on 8th November, 2019.
- BOD had reviewed, discussed and agreed on the report of Audit Committee and Risk Management Committee that have stated and requested PAS to prepare the Progress Report for the next meeting.
- BOD had reviewed, discussed and approved on Business Performance Report of 2019 and agreed on the principle development of PAS by developing the second and third phases of Port Terminal Development at the same time and PAS need to study in detail and report to BOD for approval before submitting to both Ministry of Economy and Finance and Ministry of Public Works and Transport.
- BOD had reviewed, discussed and approved on 4th Quarter 2019 Financial Report. As for the year end 31st December 2019 of Financial Report, BOD will wait for Final Audited Report from Independent Auditor, Price WaterHouseCoopers (Cambodia) Ltd (PWC) through Email or Telegram to review and approve. Moreover, BOD have reviewed and approved for the two-month bonuses of 2019 to PASs' employees.
- BOD had reviewed, discussed and approved on Boxville Company's Development project and other conditions for the rental land, which PAS needs to prepare the rental agreement with Boxville company and submit to the Ministry of Economy and Finance for approval.
- BOD had reviewed, discussed and agreed on the next 8th Meeting of the Board of Directors in its 7th Mandate on 08th May, 2020.

The 8th Meeting of the Board of Directors in its 7th Mandate on 08th May, 2020

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 7th Meeting of the Board of Directors. Besides, BOD requested PAS to have measure plan on Royal Railway (Cambodia) debt issue.

- BOD had reviewed, discussed and approved on Business Performance Report on 1st Quarter 2020.
- BOD had reviewed, discussed and approved on 1st Quarter 2020 Financial Report which reviewed by Independent Auditor, PWC.
- BOD had reviewed, discussed and approved on Date, Venue and Agenda of 3rd General Shareholders' Meeting as below:
 - 3rd General Shareholders' Meeting date: 5th June 2020
 - Record date: 15th May 2020
 - Venue: Sokha Beach Resort, Preah Sihanouk Province
 - Agenda:
 - Presentation of Annual Result of 2019 and Performance target 2020
 - Review and approval of dividend distribution to shareholders for year 2019
- BOD had reviewed, discussed and approved on PAS's requirement include: Dividend distribution, Record date, and Dividend payment date to shareholders' 2019 in the 3rd General shareholders' meeting.
- BOD had reviewed, discussed and approved with the support on the Phase 2 of New Container Terminal Development Project with berth length 410 meters, depth of 16. meters and the Phase 3 with 440 meters, depth of 17.5 meters together for the 10 years' development concept (2020-2030). Furthermore, the BOD meeting request **H.E. Phan Phalla** member of the BOD, representative of Ministry of Economy and Finance, help speed up application process for Japanese Loan from JICA.
- BOD had reviewed, discussed and approved on others included:
 - Write off bad debt of KAMSAB from account receivable.
 - Next 9th Meeting of the Board of Directors in its 7th Mandate on 14th August, 2020.

The 9th Meeting of the Board of Directors in its 7th Mandate on 14th August, 2020

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 8th Meeting of the Board of Directors.
- BOD had reviewed, discussed and approved on Audit Committee's report, Risk Committee's report, and Nomination and Remuneration Committee's report.

- BOD had reviewed, discussed and approved on Business Performance Report on PAS 1st Semester 2020.
- BOD had reviewed, discussed and approved on 2nd Quarter 2020 Financial Report which reviewed by Independent Auditor, PWC. Besides, BOD requested PAS to study on Cost Structure in order to reduce the unnecessary expenses to increase income.
- BOD had reviewed, discussed and approved on the preparation of PAS's Land ownership certificates.
- BOD had reviewed, discussed and approved for PAS to discuss with JICA Consultant Team in order to find the Optimum Solution for Access Road to New Container Terminal (Phase 1) of Sihanoukville Port 1
- BOD had reviewed, discussed and approved on others included:
 - PAS's organization structure and chart
 - Members of the three committees of BOD
 - Next 10th Meeting of the Board of Directors in its 7th Mandate on 6th November, 2020.

The 10th Meeting of the Board of Directors in its 7th Mandate on 6th November, 2020

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 9th Meeting of the Board of Directors.
- BOD had reviewed, discussed and approved on Audit Committee's report, Risk Committee's report, and Nomination and Remuneration Committee's report.
- BOD had reviewed, discussed and approved on 3rd Quarter 2020 Financial Report which reviewed by Independent Auditor, PWC.
- BOD had reviewed, discussed and approved on Business Performance Report on PAS's 9 months 2020.
- BOD had reviewed, discussed and approved on PAS's Business Plan (Services) Finance 2021.
- BOD had reviewed, discussed and approved on next 11th Meeting of the Board of Directors in its 7th Mandate on 5th February, 2021.

Signature of Directors of Sihanoukville Autonomous Port

Date.....

Read and Approved

Signature

Lou Kim Chhun

Chairman



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