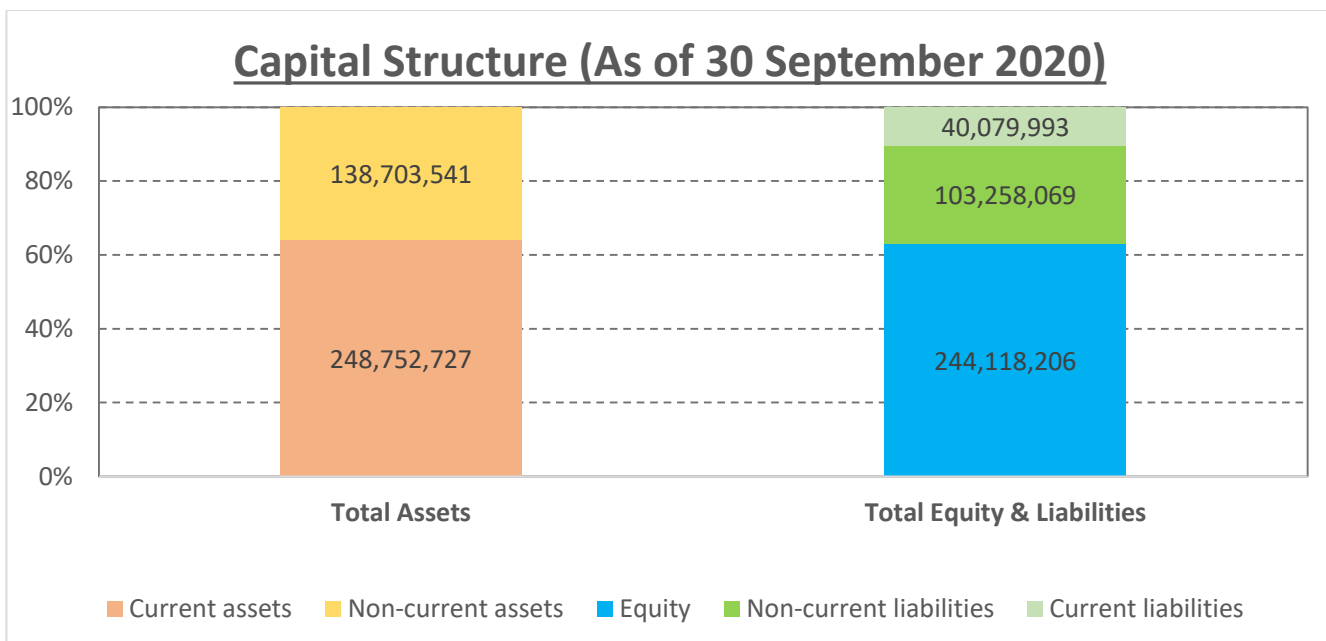
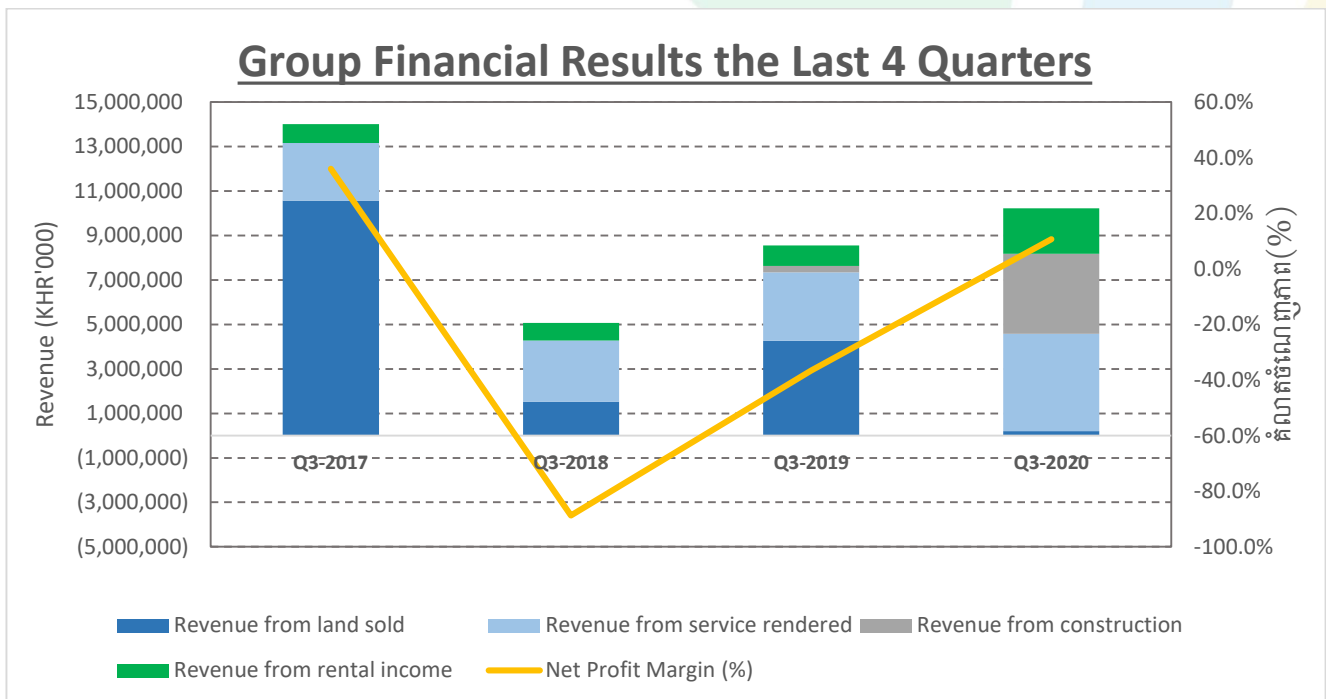


# Quarterly Report Q3 (As of 30 September, 2020) Phnom Penh SEZ, Plc.

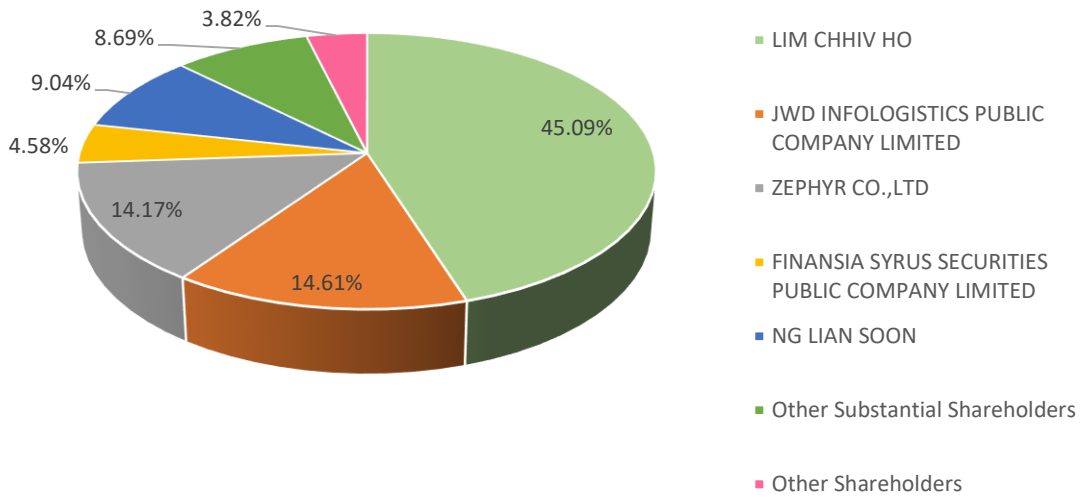
## Financial Highlights

Financial Position (KHR'000)		Q3 2020	2019	2018
Total assets		387,456,268	382,349,104	370,713,946
Total liabilities		143,338,062	141,908,700	192,085,604
Total equity		244,118,206	240,440,403	178,628,342
Financial Performance (KHR'000)		Q3 2020	Q3 2019	Q3 2018
Total revenue		10,228,877	8,557,252	5,822,744
Profit/(Loss) before tax		1,632,376	(3,708,989)	(2,164,469)
Net profit/(loss) after tax		1,088,761	(3,123,113)	(4,492,809)
Financial Ratios		Q3 2020	2019	2018
<b>Liquidity</b>				
Liquidity ratio	Current ratio	6.21	4.78	2.05
	Quick ratio	2.48	2.13	0.92
		Q3 2020	Q3 2019	Q3 2018
Profitability	Return on assets	0.28%	(0.82)%	(1.21)%
	Return on equity	0.45%	(1.30)%	(2.52)%
	Gross profit margin (%)	77.54%	30.41%	46.48%
	Net profit margin (%)	10.64%	(36.50)%	(77.16)%
	Earnings per share	15.1	(43.5)	(77.6)
Interest Ratio(Finance Cost)		2.10	(3.25)	(2.39)
Dividend paid per share (if available) (KHR'000/Share)		-	-	-

## Financial Summary Charts



**Shareholding Structure**  
**(as of 30 September 2020)**



**Remark:** Substantial Shareholders mean those who hold more than 1% of voting shares in the



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## Board of Directors

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Mr. Tan Kak Khun

Non-Executive Chairman



Mr. Hiroshi Uematsu

Executive Director



Mr. Kang Wei Geih

Independent Director



Mr. Hem Sovath

Independent Director



Mr. Hiroshi Otsubo

Non-Executive Director



Mr. Kenji Toyota

Non-Executive Director



Mr. Tanate Piriyothinkul

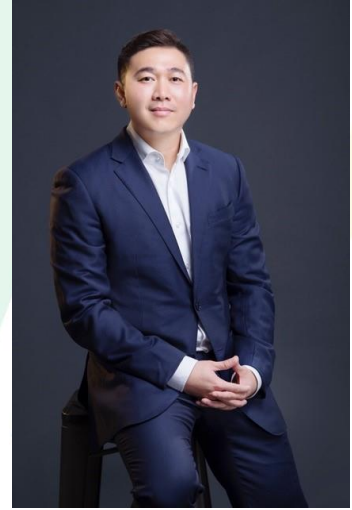
Non-Executive Director

## Statement from Chairman

Dear Fellow Shareholders

In the 3rd quarter of 2020, the Company reported total revenue of 10,228,877KHR'000, an increase of 19.53%Year-on-year compared to the amount of 8,557,252 KHR'000 in the 3rd quarter of year 2019. As a result, the Company reported the net income of 1,088,761KHR'000, compared to the net loss of (3,123,113) KHR'000 in the same quarter of year 2019.

The financial position of the Company remains strong as of 30 September 2020 with total assets amounting 387,456,268 KHR'000, comprising non-current assets of 138,703,541KHR'000 and current assets of 248,752,727 KHR'000. Total equity amounted to 244,118,206 KHR'000, an increase of 1.53% compared with 240,440,403.5 KHR'000 at the year 2019. As a result, debt-to-equity ratio was reported at 0.59X, which remains unchanged as at the year 2019.



Date: 13<sup>th</sup> November 2020



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Tan Kak Khun  
Chairman, PPSP

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## Chapter 1: Corporate Information

### 1.1 General Information

Company Name: **Phnom Penh SEZ, Plc.**

Company Code: **KH1000050000**

Company Address: **Phnom Penh Special Economic Zone, National Road No. 4, Sangkat Kantouk, Khan Posenchey, Phnom Penh, Cambodia**

Phone Number: **(+855) 23 729 798**

Fax Number: **(+855) 23 729 799**

Website: **[www.ppsez.com](http://www.ppsez.com)**

Email: **[info@ppsez.com](mailto:info@ppsez.com)**

Company registration number: **Inv. 1076KH/2006** Date: **10 May 2006**

License number: **33 ANKr. BK (Sub-decree)**

Issued by **Royal Government of Cambodia**  
Date: **19 April 2006**

Listed Exchange: **Cambodia Securities Exchange (CSX)**

Approval Date: **23 March 2016**

Company Representative: **Lok Chumteav Oknha Lim Chhiv Ho**

### 1.2 Business Overview

Phnom Penh SEZ, Plc (“PPSP”) are the developer and operator of Phnom Penh Special Economic Zone (“PPSEZ”) and Poipet PP SEZ. We are in the front-running position of SEZ developers and operators in Cambodia.

We received the approval as a developer of a multi-product SEZ from the Royal Government of Cambodia on 19 April 2006, making us the SEZ currently operating in the close proximity of Phnom Penh, the capital of Cambodia.

The SEZ designation provides considerable government incentives and benefits to SEZ developers, operators and its zone investors, including exemptions from customs tax, income tax and other taxes, resulting in reduced costs for infrastructure, utilities,

raw materials and other resources, which increases export competitiveness and benefits international trade. Our Company is principally involved in the business of operating and managing of SEZ with the main purpose of developing industrial land for sale/lease. In addition, as an operator, our Company is also involved in supplying other relevant services and facilities within PPSEZ such as supply and distribution of treated water, rental service, infrastructure maintenance, advisory service and administration support, wastewater treatment and other services. We are currently operating the PPSEZ located at National Road No. 4, Sangkat Kantouk, Khan Posenchey in Phnom Penh, Cambodia.





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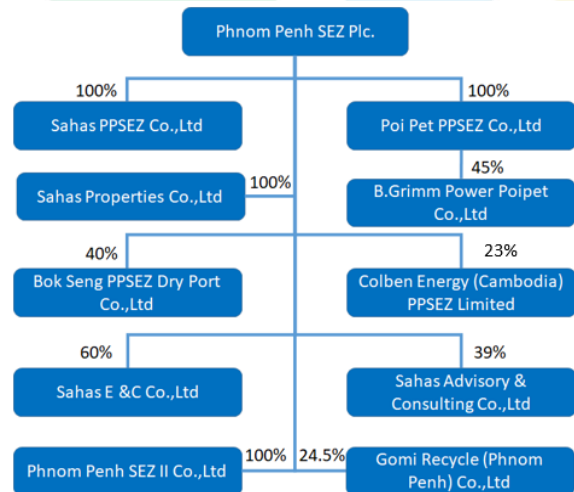
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PPSEZ is currently operating in the proximity of the capital city of Cambodia, Phnom Penh. As of 30 September 2020, it is one (1) out of seventeen (17) operating SEZs (from a total of thirty-six (36) approved SEZs) in Cambodia. In addition, as of 30 September 2020, PPSEZ is a leader in term of the number of zone investors, total investment amount, and the number of workers among all the approved SEZs in Cambodia and is one of the largest SEZs in Cambodia by land size with a land size measuring approximately 357.32 HA.

As of 30 September 2020, our company employs ninety six (96) personnel.

Through our subsidiaries and associate companies, our Group also provide security services, independent power production and distribution and dry port services to the zone tenants and zone investors of PPSEZ.

In this year, we established 3 new subsidiaries/associate including 1) PPSEZ II Co.,Ltd for new SEZ development 2) Sahas Properties Co.,Ltd as our property development flagship and 3) Gomi Recycle (Phnom Penh) Co.,Ltd, where we partner up with Japanese company for solid waste management business.

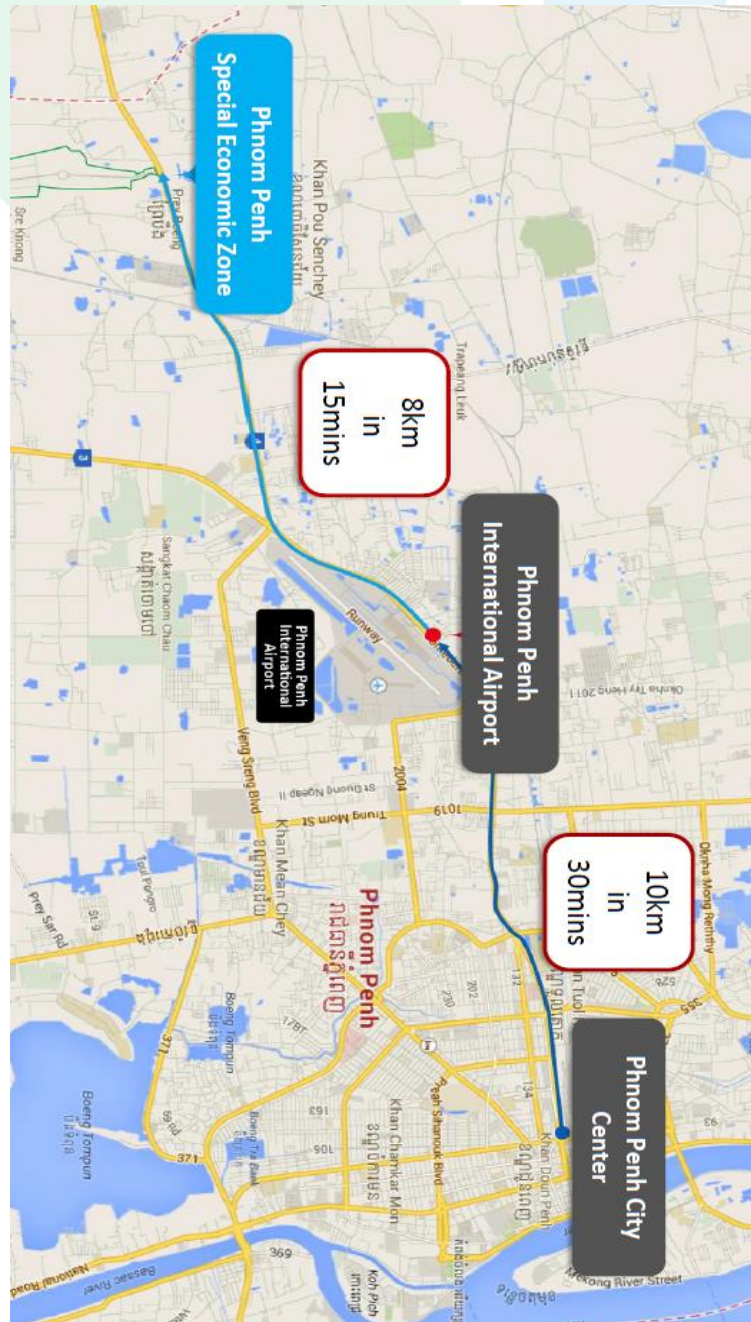


Name	Relationship	Area of Business	Incorporation date	Business location
Sahas PPSEZ	Subsidiary	Private security services	6 Nov 2013	PPSEZ, Phnom Penh City, Cambodia
PoI Pet PPSEZ	Subsidiary	SEZ development & Management	31 Dec 2014	Banteay Meanchey, Cambodia
Sahas E&C	Subsidiary	Engineering and Construction	24 Jan 2017	PPSEZ, Phnom Penh City, Cambodia
Sahas Properties	Subsidiary	Property Development	15 November 2018	PPSEZ, Phnom Penh City, Cambodia
PPSEZ II	Subsidiary	SEZ development & Management	31 October 2018	Phnom Penh City, Cambodia
Colben PPSEZ	Associate	Establishment of electricity power plant	16 June 2009	PPSEZ, Phnom Penh City, Cambodia
Bok Seng PPSEZ	Associate	Establishment of dry port	22 Jan 2008	PPSEZ, Phnom Penh City, Cambodia
Sahas Advisory & Consulting	Associate	Tax & Accounting Consulting service	14 Feb 2017	PPSEZ, Phnom Penh City, Cambodia
Gomi Recycle (Phnom Penh)	Associate	Solid Waste Management	13 November 2018	PPSEZ, Phnom Penh City, Cambodia
B.Grimm Power Poipet	Associate	Electrical Transmission and Distribution System	20 Nov 2017	Banteay Meanchey, Cambodia



We commenced our operation in PPSEZ in 2007 with the construction of Phase I of PPSEZ and by August 2008, we received our first zone investor operating in PPSEZ. Throughout the years, we have experienced rapid growth in PPSEZ as a result of the increasing interest amongst the foreign and local investors to set up their business operations inside PPSEZ. As of 30 September 2020, PPSEZ accommodates ninety-two (92) investors from fourteen (14) nations where the majority comes from Japan, Malaysia, Taiwan, China, USA, and Korea in wide-ranging industries such as automobile parts, garment, food and beverage, plastic products, electronic products, and jewelry.

We are currently operating the PPSEZ located at National Road No. 4, Khan Posenchey in Phnom Penh, Cambodia. PPSEZ is strategically located with access to rail and road network. It is situated at approximately eighteen (18) Km from the Phnom Penh City Center with easy access to the Phnom Penh Autonomous Port (an international river port in Phnom Penh City) and Phnom Penh International Airport (the largest international airport in Cambodia). Furthermore, its location along National Road No. 4 offers main and easy connection to the Sihanoukville Autonomous Port, the sole international and commercial deep-sea port of



In addition to its strategic location, PPSEZ facilitates and attracts its investors with key features as follows:

- i. Independent power plant operated by Colben PPSEZ, one of our associate companies, to provide power supplies in the event there is a power outage from the national power grid;
- ii. Independent water supply system with water purification and sewage treatment plant;



- iii. On-site dry port operated by Bok Seng PPSEZ, one of our associate companies, which provides fast and reliable loading and storage facilities to ease import/export transaction and to accommodate transportation needs;
- iv. Comprehensive telecommunication network which is able to link up with twelve (12) different internet service providers and four (4) different telephone service providers;
- v. Flood-safe dike equipped with modern drainage system providing security for smooth and dry operations for its zone investors;
- vi. In-house security services, operated by Sahas PPSEZ Co., Ltd, one of our wholly-owned subsidiaries, to oversee and maintain security in the zone
- vii. In-house construction services, operated by Sahas E&C Co.,Ltd, one of our subsidiaries; and
- viii. "On-site, one-stop" services in partnership with relevant government agencies i.e. CSEZB, Customs and Excise Department, CAMCONTROL, MOC, and MLVT to assist with custom clearance, business registration, and compliance for its zone investors.

With modern infrastructure, PPSEZ has attracted more investors to set up their operation in the zone. Our company's revenue generating activities are as follows:

### 1.2.1 Land Sales

Over the last seven (8) years from 2012 to 2020, the income generated from the sale of land in PPSEZ is the major contributor to our Group's total revenue. The revenue from the sale of land depends on the number of plots sold and size of each plot sold.

PPSEZ is located approximately eighteen (18) Km from the Phnom Penh City Center with access to National Road 4. The SEZ designation allows zone investors to apply and enjoy government incentives and benefits resulting in reduced infrastructure cost when the zone investors set-up their plants in PPSEZ.

Based on Cambodian law, only natural persons or legal entities of Cambodian nationality have the right to ownership of land in Cambodia, therefore, the land sales performed in PPSEZ

are either through an outright sale or via a long-term lease. For outright sales of land transaction, which are solely reserved for local buyers, it is based on a sale and purchase agreement in which the land title of the sold property lot(s) will be transferred to the local buyer upon completion of the agreement. On the other hand, for long-term lease, which can be leased to a local or foreign buyer, it is performed through a non-refundable fifty (50) years term lease agreement with an option to extend for another fifty (50) years on the same terms and conditions renewable by lessee.

Over the last seven (8) year from 2012 to 2020, the number of our company's outright sales/long-term lease of land transactions in PPSEZ can be categorized as follows:



Description	2020	2019	2018	2017	2016	2015	2014	2013	2012
Outright sale	0	0	0	1	0	0	1	1	3
Long-term lease	2	8	7	9	9	8	6	14	11
Total land sales transaction	2	8	7	10	9	8	7	15	14

As of 30 September 2020, PPSEZ has a total land area of approximately 357.32 HA that will be developed in three (3) phases as follows:

- i. Phase I has completed its major infrastructure and facilities development in 2009. It has a total area of approximately 137.94 HA where approximately 86.71 HA are developed to accommodate sixty-one (61) factory lots with size ranging from 0.19 HA to 10.57 HA each. Phase I also includes approximately 24.46 HA of land that was designed for commercial developments which could accommodate but not limited to shop lots, restaurants and banks. Further, approximately 1.53 HA of land were designated for worker hostel area. The remaining zone area are designed for infrastructure usage and service area including our headquarter;
- ii. Phase II, has a land size of approximately 161.59 HA, where its development is divided into Phase II-I and Phase II-II. Phase II-I has completed its major infrastructure and facilities since 2014. Phase II-I comprises approximately 87.85 HA of land area, in which 59.85 HA are developed to accommodate twenty-eight (28) factory lots with size ranging from 0.50 HA to 10.00 HA each, approximately 2.82 HA are rented as worker hostel area and the rest of the zone area are used for infrastructure purpose. Phase II-II completed its major infrastructure and facilities since early 2016. Phase II-II covers an area of approximately 73.74 HA in
- iii. Which 57.82 HA are developed to accommodate thirty-one (31) factory lots with size ranging from 0.64 HA to 9.28 HA each. The remaining zone areas were designated for infrastructure and commercial area; and
- iv. Phase III, with a land size of approximately 57.79 HA, is still under development. we, in this year, reached agreement to sell 41.3 HA to Gain Lucky Limited, a subsidiary of Shenzhou International Group, the largest manufacture of high-end knitwear in China. This transaction was considered as the largest-ever land sales transaction by the Company.

Since 2010, our company had obtained the ISO: 9001 certification as a testament for our commitment towards quality and modern infrastructures installed in PPSEZ while providing high levels of customer service to the PPSEZ’s zone investors. In addition, our company also obtained ISO: 14001 certification for our contribution in the environmental conservation.



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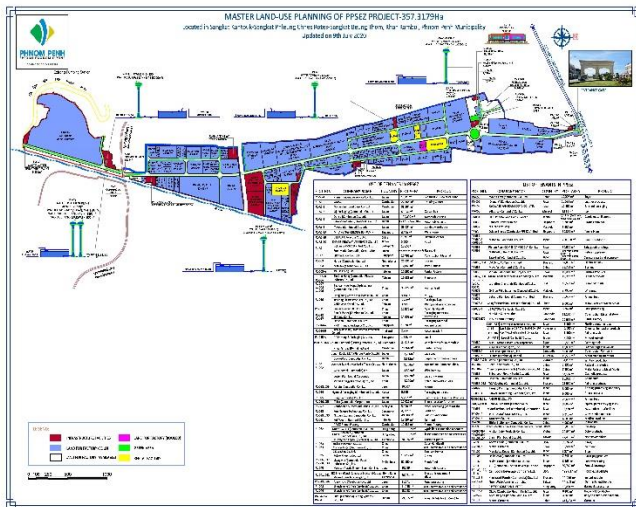
Utilities

We provide our tenants with an independent and steady supply of water. Water is supplied through the installation of a water processing plant with a capacity of producing 14,900 m3 of fresh water on a daily basis and is located within the PPSEZ where it collects water primarily from Stoeng Preak Tnot located next to PPSEZ.

water is also collected through the rain water storage pond with a capacity of 25,000 m3. The rain water storage pond also serves as temporary water supply backup system in the event that there is disruption of water supply from the river water. Prior to supplying the water to the tenants of PPSEZ, experienced engineers in water processing plant will undergo quality testing on the water with effective and modern tools and equipment in the plant's laboratory to ensure the water quality meets the industrial standards.

inside the estate in the event there is a power outage from the national electricity grid. The said power plant is built on an area of approximately 5.04 HA and has a total electric generation capacity of thirteen (13) MW via three (3) installed heavy fuel oil generators.

The pictures below show the independent power plant located in PPSEZ.



**1.1.1 Services Rendered**

Apart from the outright sale and long-term lease of land, we also provide the tenants of PPSEZ with services and infrastructure to facilitate their operations in PPSEZ, which includes the following:

Our company has also installed a total of five (5) elevated storage reservoirs and water tanks for water storage and proper water pressure for the tenants' usage.

Through our associate company, Colben PPSEZ, we are also involved in operating an industrial power generation plant in the PPSEZ, which supply electricity for the tenants and premises





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### Infrastructure Maintenance

To maintain the infrastructure and general operation cost of the PPSEZ in the common area such as roads, electricity charges for the street lights, and other maintenance cost for the infrastructures facilities inside PPSEZ, our company also collects infrastructure maintenance fee from the zone occupants in PPSEZ. The Infrastructure maintenance fee is collected based on the land area of an occupant, multiplies by a prefixed rate of maintenance fee.

### Advisory Service and Administration Support

In order to be a one-stop center for our zone investors, our company provides advisory and administration support services to our zone investors. The provision of such advisory and administration support aims to facilitate zone investors' registration activities in Cambodia. These administration support services include registration of zone investors' business operations with various authorities in Cambodia, which includes:

- QIP registration;
- Tax holiday registration;
- Preparation of master list for production;
- Factory opening declaration and certificate;
- Registration with MLVT; and
- GSP certificate (for zone investors that export their goods) for custom clearance.

### Wastewater Treatment

We also provide water treatment services for the wastewater discharged by our zone occupants using our installed independent anti-corrosion pipe system in PPSEZ. The wastewater treatment plant is using aerated lagoon system that uses aeration ponds with surface aerators, settling ponds and polishing pond to treat the toxic constituents wastewater before discharge to the outside of the estate or reused for irrigation purpose within the zone area.

The pictures below show the water filtration and sewage treatment facility in PPSEZ.



### 1.1.2 Rental Income

We also provide building rental services which include factories, dormitories, warehouse, and shop lots in PPSEZ. Such rental services are mainly on short-term leases. Generally, the leasing period ranging from three (3) to five (5) years with options to renew for another three (3) or five (5) years

### 1.1.3 Construction Business

Since 2017, we established Sahas E&C Co,Ltd to grow our new business in engineering and construction. This company initially start from doing construction work within our group and later start to get the deal from other customers.

### 1.2.5 Market Situation

As of 30 September 2020, our company has secured a total of ninety-three (93) zone investors/tenants in PPSEZ from countries such as Japan, Singapore, Malaysia, Taiwan, Korea, Philippines, China, Vietnam, Turkey, USA, Cambodia and Thailand.

We mainly target zone investors that involved in the light to medium and more labor intensive industries and have thus far, attracted investors from the following industries:

- Mechanical and electrical products destined for both the export and the local market;
- Garment, shoes, apparel and fashion industries;
- Food processing and agricultural industries for regional and local markets;

- Consumer products (pharmaceutical, packaging, etc.);
- Automobile parts;
- Assembly of pre-produced parts to final product for regional and local markets; and
- Logistic companies.

Based on the most updated information from The Council for the Development of Cambodia ('CDC'), Phnom Penh SEZ hold the 2<sup>nd</sup> largest number of Projects among the SEZs with 92 Projects but has drawn the highest investment capital of 562,689,666 USD.

The future outlook for the SEZs in Cambodia is projected to remain strong, in line with the anticipated strong economic growth in Cambodia. Cambodia relies heavily on investments to spur economic growth. As a point of fact, the SEZ scheme was introduced by the Cambodian government to spur investments, with the objectives of streamlining administrative procedures and encouraging private sector participation in all aspects of the development and operations in the SEZ. In addition, laws and policies have also been put in place to encourage and protect foreign investments to spur the domestic Cambodian economic growth. As the nation continues to strive for industrialization, robust growth is anticipated to be experienced across major industries in Cambodia, specifically the agriculture, garment manufacturing, construction subsector and tourism industry. Strong governmental support for the development of the nation has a spillover effect to the development of SEZs.

The development of SEZs in Cambodia is still in its nascent stage. Today, some of the largest foreign investors in Cambodia include China, Korea, Malaysia, the United Kingdom and the US. Out of the 36 approved SEZ, only seventeen (17) SEZs have commenced operations. Robust development and strong industry drivers are anticipated to ensure strong growth for the

remaining developing SEZs in the coming years. Cambodia has an attractive investment environment; attributed to its relatively stable political environment, geographical advantage, open economy and fairly-competitive labor cost/availability. In addition, the Cambodian government employs tax holidays, duty free import and various incentives such as the SEZs' one-stop services to attract FDI into the SEZs. Supporting infrastructure and facilities within SEZ further attract zone investors to channel their investments in SEZs, hence accelerating the development of the SEZs.

SEZ Name	Province	Est. Year	Area (Ha)	Number of Projects
Sihanoukville SEZ	Sihanoukville	2008	1,113	109
Phnom Penh SEZ	Phnom Penh	2006	357	92
Manhattan Svay Rieng SEZ	Svay Rieng	2006	157	31
Tai Seng Bavet SEZ	Svay Rieng	2007	99	27
Sanco Poi Pet SEZ	Banteay Meanchey	2013	66.5	10
Poi Pet Ou Neang SEZ	Banteay Meanchey	2006	467	5
Neang Kok Koh Kong SEZ	Koh Kong	2007	335	5
Dragon King Bavet SEZ	Svay Rieng	2012	106.5	4
Sihanoukville Port SEZ	Sihanoukville	2009	70	3
Sihanoukville SEZ #1	Sihanoukville	2006	178	3
Shandong Sunshell SEZ	Svay Reing	2013	96	2
Goldfame Paksun SEZ	Kandal	2007	80	2
Hi-Park SEZ	Svay Rieng	2013	263.13	2
H.K.T. SEZ	Sihanoukville	2012	345	1
Kerry Worldbridge SEZ	Phnom Penh	2015	63	1
Qi Lu (Jian Pu Zhai) SEZ	Svay Rieng	2017	179.12	1
Suvannaphum SEZ	Kandal	2014	200	1





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## 1.2.6 Competitive Advantage

The primary elements for our competitive advantage are as follows:

### 1.2.7 Strategic location of PPSEZ

PPSEZ is located in the Cambodian capital and is approximately eighteen (18) Km from the Phnom Penh City Center with easy access to the Phnom Penh Autonomous Port (an international river port in Phnom Penh City) and eight (8) Km away from the Phnom Penh International Airport. PPSEZ is strategically located with access to the National Road 4 that connects to the Sihanoukville Autonomous Port. PPSEZ is also accessible by various modes of transportation. In addition, PPSEZ is located adjacent to the main railway track in Cambodia. The strategic location of PPSEZ with convenient accessibility facilitates the distribution of goods produced to inner parts of the country.

Poipet PP SEZ is a new Special Economic Zone (SEZ), developed and operated under Poi Pet PPSEZ Co., Ltd., a wholly-owned subsidiary of Phnom Penh SEZ Plc. It is located in Banteay Meanchey Province, Northwestern Cambodia neighboring the Cambodia-Thai Border. It is approximately 8 Km East of the Poipet city center, with access to one of the key border crossing point with Thailand in the northwest of Cambodia. Its aforesaid strategic location is attractive to prospective investors who are looking for starting new manufacturer, warehouse, or distribution center. It is actually 250 km away from the deep sea port at Laem Chabang, Thailand.

Strategically located with direct access to National Road No. 5 (a designated part of the Asian Highway 1), Poipet PP SEZ is an important

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knot along the Hoh Chi Minh – Phnom Penh – Siem Reap – Bangkok route.

### 1.2.8 Established relationship with customers

Currently, we have been involved in the development and management of SEZ for over eleven (12) years. As of 30 September 2020, PPSEZ has Ninety-two (92) zone investors (in respect of SEZs, customers are also known as zone investors as they set up their operations within the SEZs) that have already set-up or in the process of setting up manufacturing/assembling plants in PPSEZ. Furthermore, As of 31 December 2018, PPSEZ is one of the leading SEZs in term of invested capital and number of tenants among all the thirty-six (36) approved SEZs in Cambodia.

In addition, through our Japanese shareholder and the wide business network of the management of PPSP, As of 31 December 2018, our company has successfully attracted forty-seven (47) Japanese companies invested in PPSEZ which makes PPSEZ to have the largest Japanese investor base among all the SEZs in Cambodia.

### 1.2.9 Our experienced board of directors/management team

Our company is led by a team of experienced board of directors/management team. Our Chairman has led our company since its incorporation in 2006. She has been involved in managing infrastructure development, property development and investment, trading in consumer goods, leisure and hospitality in Cambodia for over thirty (30) years. On the other hand, our CEO, Mr. Hiroshi Uematsu has been involved in business administration and



engineering related industries for over twenty (20) years.

Both our chairman and CEO, leads a team of Senior Officers comprising nine (9) personnel with diversified skills in construction, project management, engineering, customer service, marketing, accounting and finance, and investor relations management which has been instrumental in the success of our Group.

### 1.2.10 Our value added services

In addition to the development and management of PPSEZ, our Group also able to provide value added services including:

- In-house security services provided by our wholly-owned subsidiary, namely Sahas PPSEZ;
- In-house construction services, provided by Sahas E&C Co.,Ltd, our subsidiary;
- Stable backup power supply from an independent power plant located in PPSEZ that is operated by Colben PPSEZ, an associate company;
- Dry port facilities inside PPSEZ which is operated by Bok Seng PPSEZ, an associate company; and
- Other infrastructures such as independent water purification and sewage treatment plant, comprehensive telecommunication network, sufficient warehouse rental space, dormitory rental service and other services catering the diverse needs of the tenants of PPSEZ.

### 1.2.11.Future Business Plan

Moving forward, our mission is to maintain our position as the leading SEZ in Cambodia. Our future plans are as follows:

### 1.2.12 Commencement of major infrastructure and facilities works for Poipet PP SEZ

Since 2014, we start developing new SEZ in Banteay Meanchey Province of Cambodia under the name “Poipet PP SEZ”, which has been operated by our wholly-owned subsidiary, Poi Pet PPSEZ Co.,Ltd. With the total land size of 68.4 Ha., the Poipet PP SEZ is located in the proximity of Poipet city, approximately 5.60km east of the Poipet city center, where it has access to one of the border crossing check point in the northwest of Cambodia which is adjacent to the border with Thailand.

The Poipet city is located approximately 306km away from Bangkok and approximately 410km away from Phnom Penh. As of 30 September 2020, there are two (2) approved SEZs in Poipet city namely Poipet O’Neang SEZ and Sanco Poi Pet SEZ. The Poipet PP SEZ is strategically located with access to the National Road No. 5 which will constitute part of the Asian Highway 1 that provides convenient accessibility and facilitates the distribution of goods to Cambodia and also the inner parts of Thailand and other Asian countries. It is also located approximately 250km away from the Laem Chabang Port, one of the main deep-sea ports located in the eastern part of Thailand.

The preliminary concept for Poipet PP SEZ is to develop it into a SEZ that caters to the potential light industries investors whom would like to make Cambodia as its alternative manufacturing hub to Thailand. Currently, we are in the process of preparing the necessary documentation to obtain approval for Poipet PP SEZ from the relevant Cambodian authorities for the SEZ designation.

At this juncture, we are developing the Poipet PP SEZ in two (2) phases, Phase I and Phase II. The development map is as shown below:



Phase I of the Poipet PP SEZ covers an area of approximately 34.83 HA whereby approximately 21.40 HA are allocated to accommodate a total of forty (40) factory lots with the size ranging from approximately 0.40 HA to 0.90 HA each. It will also house a commercial area, a dry port, workers' accommodation, administrative office building and other facilities and infrastructure buildings.

On 10<sup>th</sup> April 2019, Sumitronics Manufacturing (Cambodia) Co.,Ltd became our first tenant in Poipet PP SEZ. They agreed to purchase 1 Ha. with option to purchase another 1 Ha. in the near future.



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In addition, Phase II of the Poipet PP SEZ will commence its major infrastructure and facilities works. It will cover an area of approximately 20.67 HA whereby approximately 15.89 HA are allocated to accommodate a total of twenty-eight (28) factory lots with size ranging from approximately 0.38 HA to 0.80 HA each and the rest of the area are designed for infrastructure and service area. After collectively acquire additional land over the last two (2) years, Poi Pet PPSEZ has owned the total area of 68.4 H.a.

### 1.2.13 Expansion of other relevant services

Albeit our current revenue stream is mainly from land sale/perpetual lease, we, however, strive to build sustainable business model for industrial estate development. We endeavor to introduce and increase revenue from more sustainable sources.

## 1.3 Significant Quarterly events of listed company

**Poipet PPSEZ Co., Ltd. (Poipet PPSEZ) made the second-time donation of One Ton of Rice and other foods to 50 families from 6 villages in Sangkat Poipet and 1 village in Sangkat Phsar Kandal, Poipet City, Banteay Meanchey Province.**

While the threat of COVID-19 still exists, many people are still in need of humanitarian

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Currently within PPSEZ, we have successfully installed an independent water supply system which consists of water reservoir cum water treatment system with the capacity to supply approximately 14,900 m<sup>3</sup> of water per day moving forward to cater the anticipated increase in the number of diversified investors. This will mitigate any potential disruption of water supply to PPSEZ and ensure that investors in PPSEZ, particularly those that are involved in the food and beverage industry which requires a constant supply of water for their operations, do not face disruption in water supply. As of 30 September 2020, the water consumption of the independent water supply system is approximately 5,300 m<sup>3</sup> per day, representing a utilization of 36%. Water consumption continue increasing from last year due to new operation of beverage companies inside the zone.

In year 2019, we successfully established 3 new subsidiaries/associates for properties development, waste management, and new SEZ development.

donations. Responding to their basic needs, the Corporate Social Responsibility (CSR) project of Poipet PPSEZ launched on July 8, 2020. In the collaboration with Poipet City hall, Poipet PPSEZ donated one ton of rice and other foodstuffs to 50 needed families from 6 villages such as Samaki Meanchey, Toul Prasat, Chankiri, Mettapheap, Kbal Spean 1, and Palilai 1 in Sangkat Poipet, and Phsar Kandal village in Sangkat Phsar Kandal, Poipet city, Banteay Meanchey Province. The same as previous donation, Mayor of Poipet City, Mr. Keat Hol

urged all villagers to continue taking care of health and staying safe by following the notification of the Ministry of Health such as cleaning hands frequently, staying at home and keeping social distance. Meanwhile, Poipet PPSEZ also took this opportunity to briefly introduce the zone; and reminded people to be aware of COVID-19.

While we keep paying close attention to this global pandemic, we believe that by helping each other and working together, we can overcome this tough situation.



### Mulberry Trees Planting in Phnom Penh Special Economic Zone (PPSEZ)

On August 8, 2020, Phnom Penh SEZ Plc. in collaboration with Dr. Mey Kalyan, Chairman of the Board of Trustees at Royal University of Phnom Penh (RUPP) and Mr. Ea Hoknym, Chairman of Aoral Silk Community located in Kompong Speu province, expanded planting over 3,500 of new mulberry trees in PPSEZ.

Providing mulberry leaves to RUPP's Khmer Silk Centre and Aoral Silk Community to feed silkworms is a great contribution for silk production in response to a high demand for

silk in Cambodia. Moreover, a lot of rural people are given job opportunities to work in silk production line in the community, and some are planting mulberry trees to supply the leaves to the community for extra income.

We believe that with the efforts of Dr. Mey Kaylan and the support of Mr. Ea Hoknym, the silk production will grow and bring benefits to Cambodia society.



### Manufacturers looking at Cambodia as their new production base

COVID-19 has been a very big concern for governments and people around the world for more than half of 2020. Borders are locked, tourist activities dramatically decline, schools and many other public facilities are closed either partially or completely. This also affects the supply chains of many manufacturing companies, resulting in drops in productions, and a decrease in employment. Meanwhile, new opportunities and chances also arose; new ways of thinking and methods of business got added.

Businesses in Phnom Penh Special Economic Zone are not left unaffected either. But fortunately, most of the investors have been able to keep going and some even expand. Looking at the benefits Cambodia provides to investors and the potential chances, two new companies decided to invest in Cambodia and in our zone. Seikawa (Cambodia) Technology

Co., Ltd. is a manufacturer of plastic parts for electrical and electronic devices from China who has invested as one of the supply chains for a well-known Japanese high tech company in Cambodia which is also located in our zone. The benefits of logistic cost reduction and lead time have been the main focus.

WCFO (CAMBODIA) CO., LTD. is another Chinese manufacturer, producing fiber optic devices, who exports to Japan and the United States. This company too is looking at Cambodia as a new production base due to the fact that the labor is young, trainable and affordable, and the preferential treatment to Cambodia from developed countries, especially

in the situation of on-going US-China trade issue.

During this hard time, we need to keep trying and having hope for the better; meanwhile, looking for or creating new opportunities is very important.



## Chapter 2: Business Operation Results

### 2.1 Business Operation Results & News

In the third quarter of 2020, our business operations were profitable while land revenue and rental income was KHR 2,247,722,000 compared to KHR 5,185,679,000 in the 3rd quarter of 2019.

### 2.2 Revenue Structure

We measure revenue at fair value of the consideration received or receivable, net of discounts and rebates. We recognize revenue to the extent that it is probable that the economic benefits associated with any transaction will flow to our company and the amount of revenue and the cost incurred or to be incurred in respect of such transaction can be reliably measured and specific recognition

criteria have been met for each of our activities as follows:

#### 2.2.1 Sale of land

Revenue from sale of land is recognized when significant risk and rewards of ownership of the land are transferred to the buyer and the amount of the revenue can be measured reliably.

#### 2.2.2 Services rendered

Revenue from services is mainly in respect of the provision of maintenance services, utilities, used of transmission lines and security services, which is recognized when the services are rendered.

### 2.2.3 Construction Revenue

We start to recognize revenue from construction business. Due to our strategic direction, we aim to expand our construction service to serve our tenants and also customer outside the zones.

### 2.2.4 Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregated cost of incentives provided to the lessee is recognized as reduction of rental income over the lease term on a straight line basis.

2.2.5 Our total revenue over the last three (3) fiscal years can be tabulated as below:

(Unit: KHR'000)

No.	Source	Q3 2020		Q3 2019		Q3 2018	
		Amount	Percentage	Amount	Percentage	Amount	Percentage
1	Sales of Land	200,880	1.96%	4,262,911	49.82%	1,533,297	30.28%
2	Service Rendered	4,373,659	42.76%	3,085,779	36.06%	2,744,467	54.20%
3	Construction Revenue	3,607,496	35.27%	285,794	3.34%	-	-
4	Rental Income	2,046,842	20.01%	922,768	10.78%	785,838	15.52%
	<b>Total</b>	<b>10,228,877</b>	<b>100.0%</b>	<b>8,557,252</b>	<b>100.0%</b>	<b>5,063,602</b>	<b>100.0%</b>



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## Chapter 3: Reviewed Financial Statements



**PHNOM PENH SEZ PLC.**  
**(00006448)**  
(Incorporated in Cambodia)

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

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**Company No. 00006448**

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**STATEMENT BY THE DIRECTORS**

In the opinion of the Directors, the accompanying condensed statements of financial position of PHNOM PENH SEZ PLC. ("the Company") and its subsidiaries ("the Group") as at 30 September 2020, and the related condensed statements of comprehensive income, changes in equity and cash flows for the quarter and nine-month period then ended, and condensed notes to the interim financial information (collectively known as "Condensed Interim Financial Information") are presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34 Interim Financial Reporting.

Signed on behalf of the Board,



.....  
**HIROSHI UEMATSU**  
Director

Phnom Penh, Kingdom of Cambodia

Date: 13 November 2020

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2020**

	Note	Group			Company		
		Unaudited		Audited	Unaudited		Audited
		30.9.2020		31.12.2019	30.9.2020		31.12.2019
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	3	13,504,361	55,367,881	17,780,328	13,981,121	57,322,596	17,111,765
Investment properties	4	9,589,590	39,317,318	3,394,493	8,207,619	33,651,238	3,394,493
Investment in subsidiaries	5	-	-	-	21,800,000	89,380,000	15,605,000
Investment in associates	6	10,736,181	44,018,342	10,212,183	10,736,181	44,018,342	9,997,262
<b>Total non-current assets</b>		<b>33,830,132</b>	<b>138,703,541</b>	<b>31,387,004</b>	<b>54,724,921</b>	<b>224,372,176</b>	<b>46,108,520</b>
<b>Current assets</b>							
Inventories	7	36,401,783	149,247,310	34,602,982	12,789,641	52,437,528	14,460,409
Trade and other receivables	8	21,811,364	89,426,592	26,496,605	25,117,310	102,980,971	34,111,343
Cash and bank balances	10	2,458,250	10,078,825	1,341,410	1,682,990	6,900,257	843,998
<b>Total current assets</b>		<b>60,671,397</b>	<b>248,752,727</b>	<b>62,440,997</b>	<b>39,589,941</b>	<b>162,318,756</b>	<b>49,415,750</b>
<b>TOTAL ASSETS</b>		<b>94,501,529</b>	<b>387,456,268</b>	<b>93,828,001</b>	<b>94,314,862</b>	<b>386,690,932</b>	<b>95,524,270</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Company</b>							
Share capital	11	35,937,500	147,343,750	35,937,500	35,937,500	147,343,750	35,937,500
Share premium	12	4,575,051	18,757,709	4,575,051	4,575,051	18,757,709	4,575,051
Retained earnings		17,855,865	73,209,047	17,659,652	20,290,370	83,190,517	20,392,994
		58,368,416	239,310,506	58,172,203	60,802,921	249,291,976	60,905,545
Non-controlling interests		1,172,610	4,807,700	831,577	-	-	-
<b>TOTAL EQUITY</b>		<b>59,541,026</b>	<b>244,118,206</b>	<b>59,003,780</b>	<b>60,802,921</b>	<b>249,291,976</b>	<b>60,905,545</b>
<b>Non-current liabilities</b>							
Loans and borrowings	13	16,279,895	66,747,569	12,452,339	14,911,142	61,135,682	11,462,078
Contract liabilities	9	8,905,000	36,510,500	9,316,000	8,905,000	36,510,500	9,316,000
<b>Total non-current liabilities</b>		<b>25,184,895</b>	<b>103,258,069</b>	<b>21,768,339</b>	<b>23,816,142</b>	<b>97,646,182</b>	<b>20,778,078</b>
<b>Current liabilities</b>							
Loans and borrowings	13	3,339,821	13,693,266	5,218,838	3,209,454	13,158,761	5,076,763
Current tax liabilities		10,913	44,743	1,460,730	-	-	1,456,262
Trade and other payables	14	5,817,316	23,850,996	5,828,314	5,938,345	24,347,213	6,759,622
Contract liabilities	9	607,558	2,490,988	548,000	548,000	2,246,800	548,000
<b>Total current liabilities</b>		<b>9,775,608</b>	<b>40,079,993</b>	<b>13,055,882</b>	<b>9,695,799</b>	<b>39,752,774</b>	<b>13,840,647</b>
<b>TOTAL LIABILITIES</b>		<b>34,960,503</b>	<b>143,338,062</b>	<b>34,824,221</b>	<b>33,511,941</b>	<b>137,398,956</b>	<b>34,618,725</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,501,529</b>	<b>387,456,268</b>	<b>93,828,001</b>	<b>94,314,862</b>	<b>386,690,932</b>	<b>95,524,270</b>

The Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Unaudited Three-month period ended					
		Group		Company			
		30.9.2020 <sup>(1)</sup>	30.9.2019 <sup>(2)</sup>	30.9.2020 <sup>(1)</sup>	30.9.2019 <sup>(2)</sup>	US\$	US\$
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
Revenue	15	2,494,848	10,228,877	2,089,683	1,166,576	4,782,962	1,897,399
Cost of sales	16	(560,283)	(2,297,161)	(1,454,119)	(371,562)	(1,523,404)	(1,348,068)
<b>Gross profit</b>		<u>1,934,565</u>	<u>7,931,716</u>	<u>635,564</u>	<u>795,014</u>	<u>3,259,558</u>	<u>549,331</u>
Other income	17	3,557	14,584	2,867	3,469	14,223	2,113
Administrative expenses	18	(1,339,390)	(5,491,501)	(1,487,480)	(874,703)	(3,586,282)	(1,178,250)
<b>Operating profit/(loss)</b>		<u>598,732</u>	<u>2,454,799</u>	<u>(849,049)</u>	<u>(76,220)</u>	<u>(312,501)</u>	<u>(626,806)</u>
Finance costs	19	(360,547)	(1,478,243)	(313,245)	(327,690)	(1,343,529)	(289,969)
Share of profit of associates		159,956	655,820	256,558	159,956	655,820	256,558
<b>Profit/(Loss) before tax</b>		<u>398,141</u>	<u>1,632,376</u>	<u>(905,736)</u>	<u>(243,954)</u>	<u>(1,000,210)</u>	<u>(660,217)</u>
Income tax expense	20	(132,589)	(543,615)	143,071	-	-	143,071
<b>Profit/(Loss) for the financial period</b>		<u>265,552</u>	<u>1,088,761</u>	<u>(762,665)</u>	<u>(243,954)</u>	<u>(1,000,210)</u>	<u>(517,146)</u>
Other comprehensive income, net of tax		-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the financial period</b>		<u>265,552</u>	<u>1,088,761</u>	<u>(762,665)</u>	<u>(243,954)</u>	<u>(1,000,210)</u>	<u>(517,146)</u>
<b>Profit/(Loss) attributable to:</b>							
Owners of the Company		(15,584)	(63,897)	(779,310)			
Non-controlling interests		281,136	1,152,658	16,645			
		<u>265,552</u>	<u>1,088,761</u>	<u>(762,665)</u>			
<b>Total comprehensive income/(loss) attributable to:</b>							
Owners of the Company		(15,584)	(63,897)	(779,310)			
Non-controlling interests		281,136	1,152,658	16,645			
		<u>265,552</u>	<u>1,088,761</u>	<u>(762,665)</u>			
<b>Loss per share</b>	21						
- Basic		(0.0002)	(0.001)	(0.011)			
- Diluted		(0.0002)	(0.001)	(0.011)			

Notes:

(1) The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) The comparative figures for the corresponding period were reviewed but not audited.

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Note	Unaudited					
		Group			Company		
		30.9.2020 <sup>(1)</sup>		30.9.2019 <sup>(2)</sup>	30.9.2020 <sup>(1)</sup>		30.9.2019 <sup>(2)</sup>
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Revenue	15	12,437,162	50,992,364	27,588,518	5,496,589	22,536,015	26,660,385
Cost of sales	16	(6,507,764)	(26,681,832)	(12,382,708)	(2,133,192)	(8,746,087)	(11,686,530)
<b>Gross profit</b>		<b>5,929,398</b>	<b>24,310,532</b>	<b>15,205,810</b>	<b>3,363,397</b>	<b>13,789,928</b>	<b>14,973,855</b>
Other income	17	29,962	122,845	309,858	29,732	121,901	307,449
Administrative expenses	18	(4,363,138)	(17,888,865)	(4,550,269)	(3,248,569)	(13,319,133)	(3,690,074)
<b>Operating profit</b>		<b>1,596,222</b>	<b>6,544,512</b>	<b>10,965,399</b>	<b>144,560</b>	<b>592,696</b>	<b>11,591,230</b>
Finance costs	19	(1,064,903)	(4,366,102)	(777,768)	(986,105)	(4,043,031)	(748,206)
Share of profit of associates		524,000	2,148,400	629,492	738,921	3,029,576	629,492
<b>Profit/(Loss) before tax</b>		<b>1,055,319</b>	<b>4,326,810</b>	<b>10,817,123</b>	<b>(102,624)</b>	<b>(420,759)</b>	<b>11,472,516</b>
Income tax expense	20	(518,073)	(2,124,099)	(2,201,275)	-	-	(2,199,147)
<b>Profit/(Loss) for the financial period</b>		<b>537,246</b>	<b>2,202,711</b>	<b>8,615,848</b>	<b>(102,624)</b>	<b>(420,759)</b>	<b>9,273,369</b>
Other comprehensive income, net of tax		-	-	-	-	-	-
<b>Total comprehensive income/(loss) for the financial period</b>		<b>537,246</b>	<b>2,202,711</b>	<b>8,615,848</b>	<b>(102,624)</b>	<b>(420,759)</b>	<b>9,273,369</b>
<b>Profit attributable to:</b>							
Owners of the Company		196,213	804,476	8,284,983			
Non-controlling interests		341,033	1,398,235	330,865			
		<b>537,246</b>	<b>2,202,711</b>	<b>8,615,848</b>			
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		196,213	804,476	8,284,983			
Non-controlling interests		341,033	1,398,235	330,865			
		<b>537,246</b>	<b>2,202,711</b>	<b>8,615,848</b>			
<b>Earnings per share</b>	21						
- Basic		0.003	0.011	0.115			
- Diluted		0.003	0.011	0.115			

Notes:

(1) The Condensed Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

(2) The comparative figures for the corresponding period were reviewed but not audited.

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
<b>Group Unaudited</b>					
<b>At 1 January 2020</b>	35,937,500	4,575,051	17,659,652	831,577	59,003,780
<b>Total comprehensive income for the financial period</b>	-	-	196,213	341,033	537,246
<b>At 30 September 2020</b>	35,937,500	4,575,051	17,855,865	1,172,610	59,541,026
<i>(KHR'000 equivalent)</i>	147,343,750	18,757,709	73,209,047	4,807,700	244,118,206
	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
<b>Group Unaudited</b>					
<b>At 1 January 2019</b>	35,937,500	4,575,051	9,500,657	467,977	50,481,185
<b>Total comprehensive income for the financial period</b>	-	-	8,284,983	330,865	8,615,848
<b>At 30 September 2019</b>	35,937,500	4,575,051	17,785,640	798,842	59,097,033

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
<b>Company Unaudited</b>				
<b>At 1 January 2020</b>	35,937,500	4,575,051	20,392,994	60,905,545
<b>Total comprehensive loss for the financial period</b>	-	-	(102,624)	(102,624)
<b>At 30 September 2020</b>	<u>35,937,500</u>	<u>4,575,051</u>	<u>20,290,370</u>	<u>60,802,921</u>
<i>(KHR'000 equivalent)</i>	<u>147,343,750</u>	<u>18,757,709</u>	<u>83,190,517</u>	<u>249,291,976</u>
	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
<b>Company Unaudited</b>				
<b>At 1 January 2019</b>	35,937,500	4,575,051	10,958,805	51,471,356
<b>Total comprehensive income for the financial period</b>	-	-	9,273,369	9,273,369
<b>At 30 September 2019</b>	<u>35,937,500</u>	<u>4,575,051</u>	<u>20,232,174</u>	<u>60,744,725</u>

The Condensed Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial report.



**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020**

	Group		Unaudited			
			Nine-month period ended			
	30.9.2020 <sup>(1)</sup>	30.9.2019 <sup>(2)</sup>	30.9.2020 <sup>(1)</sup>	30.9.2019 <sup>(2)</sup>	Company	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Cash flows from operating activities</b>						
Profit/(Loss) before tax:	1,055,319	4,326,810	10,817,123	(102,624)	(420,759)	11,472,516
Adjustments for:						
Deferred revenue	(351,442)	(1,440,912)	(411,000)	(411,000)	(1,685,100)	(411,000)
Assets transfer to investment properties	2,097,323	8,599,024	-	3,173,000	13,009,300	-
Assets transfer to property, plant and equipment	2,480,277	10,169,136	-	-	-	-
Depreciation for:						
- property, plant and equipment	940,720	3,856,952	829,623	732,085	3,001,549	758,355
- written off	1,651	6,769	-	-	-	-
- investment properties	348,226	1,427,727	160,585	299,752	1,228,983	160,585
Interest expenses	1,064,903	4,366,102	777,768	986,105	4,043,031	748,206
Interest income	(279)	(1,144)	(194)	(264)	(1,082)	(194)
Share of profit of associates	(524,000)	(2,148,400)	(629,492)	(738,921)	(3,029,576)	(629,492)
<b>Operating profit before changes in working capital</b>	<b>7,112,698</b>	<b>29,162,064</b>	<b>11,544,413</b>	<b>3,938,133</b>	<b>16,146,346</b>	<b>12,098,976</b>
<u>Changes in working capital:</u>						
Inventories	(933,819)	(3,828,658)	7,835,220	2,247,244	9,213,700	6,951,677
Trade and other receivables	4,371,100	17,921,510	(6,396,627)	4,781,780	19,605,297	4,696,770
Contract assets	-	-	29,572	-	-	-
Trade and other payables	(211,191)	(865,885)	(6,638,360)	(1,694,306)	(6,946,655)	(5,959,902)
Contract liabilities	-	-	(4,492,053)	-	-	(4,461,124)
<b>Net cash generated from operations</b>	<b>10,338,788</b>	<b>42,389,031</b>	<b>1,882,165</b>	<b>9,272,851</b>	<b>38,018,688</b>	<b>13,326,397</b>
Interest paid	(1,064,903)	(4,366,102)	(777,768)	(986,105)	(4,043,031)	(748,206)
Tax paid	(1,967,890)	(8,068,349)	(7,655)	(1,456,262)	(5,970,674)	-
<b>Net cash from operating activities</b>	<b>7,305,995</b>	<b>29,954,580</b>	<b>1,096,742</b>	<b>6,830,484</b>	<b>28,004,983</b>	<b>12,578,191</b>

**PHNOM PENH SEZ PLC.**  
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**CONDENSED STATEMENTS OF CASH FLOWS  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2020 (CONTINUED)**

	Group		Unaudited Nine-month period ended			
			Company			
	30.9.2020 <sup>(1)</sup> US\$	30.9.2020 <sup>(1)</sup> KHR'000	30.9.2019 <sup>(2)</sup> US\$	30.9.2020 <sup>(1)</sup> US\$	30.9.2020 <sup>(1)</sup> KHR'000	30.9.2019 <sup>(2)</sup> US\$
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(2,108,986)	(8,646,843)	(5,959,211)	(1,350,917)	(5,538,760)	(4,487,502)
Purchase of investment properties	(6,543,324)	(26,827,628)	-	(5,112,879)	(20,962,804)	-
Investment in associates	-	-	(245,000)	-	-	(10,245,000)
Investment in subsidiaries	-	-	-	(6,195,000)	(25,399,500)	-
Interest income	279	1,144	194	264	1,082	194
Net advances to subsidiaries	-	-	-	4,497,938	18,441,546	(1,334,189)
Net advances from/(repayments to) related parties	781,840	3,205,543	1,309,857	780,633	3,200,596	(10,367)
Net repayment from/(advances to) associates	323,807	1,327,609	(323,746)	398,023	1,631,896	111,725
Net advances to directors	(778,929)	(3,193,610)	(3,882)	(778,928)	(3,193,608)	(5,882)
Net repayment from/(advances to) shareholders	187,619	769,237	(8,830)	187,619	769,238	(5,604)
Net cash used in investing activities	(8,137,694)	(33,364,548)	(5,230,618)	(7,573,247)	(31,050,314)	(15,976,625)
<b>Cash flows from financing activities</b>						
Drawdown of bank loans	1,948,539	7,989,010	-	1,581,755	6,485,196	-
Repayment of borrowings	-	-	(1,500,610)	-	-	(1,467,289)
Proceeds from term loan	-	-	10,200,000	-	-	9,000,000
Net cash from financing activities	1,948,539	7,989,010	8,699,390	1,581,755	6,485,196	7,532,711
Net increase in cash and cash equivalents	1,116,840	4,579,042	4,565,514	838,992	3,439,865	4,134,277
<b>Cash and cash equivalents at the beginning of the financial period</b>	1,341,410	5,499,783	1,864,328	843,998	3,460,392	1,515,764
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2,458,250</b>	<b>10,078,825</b>	<b>6,429,842</b>	<b>1,682,990</b>	<b>6,900,257</b>	<b>5,650,041</b>

Notes:

- (1) The Condensed Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) The comparative figures for the corresponding period were reviewed but not audited.

**PHNOM PENH SEZ PLC.**  
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## **NOTES TO THE CONDENSED FINANCIAL INFORMATION**

### **1. CORPORATE INFORMATION**

Phnom Penh SEZ PLC. (“the Company”) is a public limited company, incorporated and domiciled in the Kingdom of Cambodia, and is listed on the Cambodia Securities Exchange. The registered office of the Company and the principal place of business are located at Phnom Penh Special Economic Zone, National Road 4, Sangkat Kantouk, Khan Kambol, Phnom Penh, Kingdom of Cambodia.

The principal activities of the Company are to establish, develop and operate the Special Economic Zone in Phnom Penh and to engage in other related commercial activities. The principal activities of the subsidiaries are set out in Note 5 to the condensed financial information. There have been no significant changes in the nature of these principal activities during the financial period.

The condensed financial information were authorised for issue by the Board of Directors on 13 November 2020.

### **2. BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

The condensed interim financial information of the Group and of the Company are unaudited and have been prepared in accordance with Cambodian International Accounting Standard 34 *Interim Financial Reporting*.

The condensed interim financial information does not include all notes of the type normally included in an annual financial statements. Accordingly, this condensed interim financial information is to be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2019 and any public announcements made by the Company during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### **2.2 New and amended standards adopted by the Group and the Company**

The Group and the Company has applied the following standards and amendments for the first time for its reporting period commencing 1 January 2020:

- Amendments to CIFRS 3 – *Definition of a Business*
- Amendments to CIFRS 7, CIFRS 9 and CIAS39 – *Interest Rate Benchmark Reform*
- Amendments to CIAS 1 and CIAS 8 – *Definition of Material*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and of the Company.

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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**2. BASIS OF PREPARATION (CONTINUED)**

**2.3 New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2020 reporting period and have not been early adopted by the Group and the Company. 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.

**3. PROPERTY, PLANT AND EQUIPMENT**

Group	Freehold land US\$	Building and infrastructure US\$	Machinery US\$	Motor vehicle, equipment and computers US\$	Construction in progress US\$	Total US\$
<b>Net carrying amount</b>						
At 1 January 2019	697,450	11,296,232	513,491	164,890	1,320,043	13,992,106
Additions	-	182,302	115,902	145,867	8,317,301	8,761,372
Movement in inventories	23,774	52,729	-	-	(3,916,585)	(3,840,082)
Depreciation	-	(875,525)	(169,247)	(88,296)	-	(1,133,068)
At 31 December 2019	721,224	10,655,738	460,146	222,461	5,720,759	17,780,328
Additions	24,198	113,797	-	34,975	1,936,016	2,108,986
Written off	(1,594)	-	-	(57)	-	(1,651)
Transfer to property, plant and equipment	-	2,039,665	-	-	(4,519,942)	(2,480,277)
Transfer to investment properties	-	-	-	-	(2,097,323)	(2,097,323)
Movement in inventories	19,500	-	-	-	(884,482)	(864,982)
Depreciation	(15,789)	(754,017)	(105,325)	(65,589)	-	(940,720)
At 30 September 2020 (unaudited)	747,539	12,055,183	354,821	191,790	155,028	13,504,361
<i>(KHR'000 equivalent)</i>	3,064,910	49,426,251	1,454,766	786,339	635,615	55,367,881

**PHNOM PENH SEZ PLC.**  
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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

Company	Freehold land US\$	Building and infrastructure US\$	Machinery US\$	Motor vehicle, equipment and computers US\$	Construction in progress US\$	Total US\$
<b>Net carrying amount</b>						
At 1 January 2019	697,450	11,231,597	297,134	79,807	526,947	12,832,935
Additions	-	-	350	39,688	5,846,612	5,886,650
Movement in inventories	23,774	52,729	-	-	(677,982)	(601,479)
Depreciation	-	(869,765)	(91,812)	(44,764)	-	(1,006,341)
At 31 December 2019	721,224	10,414,561	205,672	74,731	5,695,577	17,111,765
Additions	-	27,797	-	11,497	1,311,623	1,350,917
Transfer to property, plant and equipment	-	2,506,123	-	-	(2,506,123)	-
Transfer to investment properties	-	-	-	-	(3,173,000)	(3,173,000)
Movement in inventories	-	-	-	-	(576,476)	(576,476)
Depreciation	-	(663,836)	(47,312)	(20,937)	-	(732,085)
At 30 September 2020 (unaudited)	721,224	12,284,645	158,360	65,291	751,601	13,981,121
<i>(KHR'000 equivalent)</i>	2,957,018	50,367,045	649,276	267,693	3,081,564	57,322,596

**4. INVESTMENT PROPERTIES**

Group	Freehold land US\$	Buildings US\$	Total US\$
<b>Net carrying amount at cost</b>			
At 1 January 2019	742,778	2,865,829	3,608,607
Depreciation	-	(214,114)	(214,114)
At 31 December 2019	742,778	2,651,715	3,394,493
Additions	1,772,878	4,770,445	6,543,323
Depreciation	-	(348,226)	(348,226)
At 30 September 2020 (unaudited)	2,515,656	7,073,934	9,589,590
<i>(KHR'000 equivalent)</i>	10,314,190	29,003,128	39,317,318
<b>Fair value</b>			
At 30 September 2020 (unaudited)	5,562,490	3,426,167	8,988,657
<i>(KHR'000 equivalent)</i>	22,806,209	14,047,285	36,853,494
At 31 December 2019	5,562,490	3,426,167	8,988,657

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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**4. INVESTMENT PROPERTIES (CONTINUED)**

<b>Company</b>	<b>Freehold land US\$</b>	<b>Buildings US\$</b>	<b>Total US\$</b>
<b>Net carrying amount at cost</b>			
At 1 January 2019	742,778	2,865,829	3,608,607
Depreciation	-	(214,114)	(214,114)
At 31 December 2019	742,778	2,651,715	3,394,493
Additions	1,772,878	3,340,000	5,112,878
Depreciation	-	(299,752)	(299,752)
At 30 September 2020 (unaudited)	2,515,656	5,691,963	8,207,619
<i>(KHR'000 equivalent)</i>	10,314,191	23,337,047	33,651,238
<b>Fair value</b>			
At 30 September 2020 (unaudited)	5,562,490	3,426,167	8,988,657
<i>(KHR'000 equivalent)</i>	22,806,209	14,047,285	36,853,494
At 31 December 2019	5,562,490	3,426,167	8,988,657

**5. INVESTMENT IN SUBSIDIARIES**

	<b>Company</b>		
	<b>Unaudited 30.9.2020 US\$</b>	<b>Audited 31.12.2019 US\$</b>	
Unquoted shares, at cost	21,800,000	89,380,000	15,605,000

The details of the subsidiaries are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>		<b>Principal activities</b>
		<b>2020 %</b>	<b>2019 %</b>	
Sahas Security Co., Ltd. (formerly known as Sahas PPSEZ Co., Ltd.)	Cambodia	100	100	Security services
Poi Pet PPSEZ Co., Ltd	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas E&C Co., Ltd	Cambodia	60	60	Construction services
Phnom Penh SEZ II Co., Ltd *	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas Properties Co., Ltd *	Cambodia	100	100	Real estate activity

\* Not audited by Baker Tilly (Cambodia) Co., Ltd or Baker Tilly International member firms.

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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**6. INVESTMENT IN ASSOCIATES**

	<b>Group</b>		<b>Audited 31.12.2019 US\$</b>
	<b>Unaudited 30.9.2020 US\$</b>	<b>KHR'000</b>	
Unquoted shares, at cost	6,997,400	28,689,340	6,752,400
Additional investment	-	-	245,000
Shares of post-acquisition reserves	5,174,188	21,214,171	4,650,190
Less: Impairment losses	(1,435,407)	(5,885,169)	(1,435,407)
	10,736,181	44,018,342	10,212,183

	<b>Company</b>		<b>Audited 31.12.2019 US\$</b>
	<b>Unaudited 30.9.2020 US\$</b>	<b>KHR'000</b>	
Unquoted shares, at cost	6,997,400	28,689,340	6,751,950
Additional investment	-	-	245,000
Shares of post-acquisition reserves	5,174,188	21,214,171	4,435,719
Less: Impairment losses	(1,435,407)	(5,885,169)	(1,435,407)
	10,736,181	44,018,342	9,997,262

The details of the associates are as follows:

<b>Name</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>		<b>Principal activities</b>
		<b>2020 %</b>	<b>2019 %</b>	
<u>Associate of Phnom Penh SEZ PLC</u>				
Colben Energy (Cambodia) PPSEZ Limited *	Cambodia	51	51	Supply electricity
Bok Seng PPSEZ Dry Port Co., Ltd *	Cambodia	40	40	Dry port
Sahas Advisory & Consultant Co., Ltd *	Cambodia	39	39	Advisory and consultant services
Gomi Recycle (Phnom Penh) Co., Ltd *	Cambodia	24.5	24.5	Waste recycle factory
<u>Associate of Poi Pet PPSEZ Co., Ltd</u>				
B. Grimm Power (Poipet) Co., Ltd *	Cambodia	45	45	Supply electricity

\* Not audited by Baker Tilly (Cambodia) Co., Ltd or Baker Tilly International member firms.

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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**7. INVENTORIES**

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	30.9.2020		31.12.2019	30.9.2020		31.12.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>At lower of cost and net realizable value</b>						
Land	36,401,783	149,247,310	34,602,982	12,789,641	52,437,528	14,460,409

29.11 (2019: 68.22) hectares of saleable land with a carrying amount of US\$9,122,152 (2019: US\$15,078,630) have been pledged to First Commercial Bank, Kasikorn Bank, Phnom Penh Commercial Bank and Advanced Bank of Asia as security for borrowings (Note 13).

**8. TRADE AND OTHER RECEIVABLES**

	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	30.9.2020		31.12.2019	30.9.2020		31.12.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Current:</b>						
<b>Trade</b>						
Third parties	1,747,311	7,163,975	2,156,054	-	-	2,116,419
Shareholder	1,007	4,129	-	-	-	-
Related parties	831,248	3,408,117	784,077	771,217	3,161,990	771,217
	2,579,566	10,576,221	2,940,131	771,217	3,161,990	2,887,636
<b>Non-trade</b>						
Other receivables	349,895	1,434,570	199,677	199,932	819,721	194,394
Input value added taxes	1,186,871	4,866,171	1,214,196	373,912	1,533,039	526,538
Withholding tax credit	3,342,033	13,702,335	4,753,947	3,296,927	13,517,401	4,708,947
Subsidiaries	-	-	-	7,405,646	30,363,149	11,224,718
Associates	2,238,017	9,175,870	2,561,824	1,719,826	7,051,287	2,122,673
Related parties	627,083	2,571,040	307,372	427,083	1,751,039	107,372
Directors	-	-	321,071	-	-	321,071
Shareholders	16,855	69,105	5,832	16,855	69,105	5,832
Deposits	100,754	413,091	18,380	4,880	20,008	4,880
Prepayments	11,370,290	46,618,189	14,174,175	10,901,032	44,694,232	12,007,282
	19,231,798	78,850,371	23,556,474	24,346,093	99,818,981	31,223,707
<b>Total trade and other receivables</b>	21,811,364	89,426,592	26,496,605	25,117,310	102,980,971	34,111,343



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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**9. CONTRACT LIABILITIES**

	Group		Company				
	Unaudited		Audited		Unaudited		Audited
	30.9.2020		31.12.2019		30.9.2020		31.12.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<b>Contract liabilities</b>							
<b>Non-current</b>							
Deferred revenue	8,905,000	36,510,500	9,316,000	8,905,000	36,510,500	9,316,000	
<b>Current</b>							
Deferred revenue	607,558	2,490,988	548,000	548,000	2,246,800	548,000	
<b>Total contract liabilities</b>	<u>9,512,558</u>	<u>39,001,488</u>	<u>9,864,000</u>	<u>9,453,000</u>	<u>38,757,300</u>	<u>9,864,000</u>	

Deferred revenue amounting to US\$9,453,000 (2019: US\$9,864,000) is in respect of granting the right of use on the transmission lines of the Company to Colben Energy (Cambodia) PPSEZ Limited ("CEZ") pursuant to the transfer agreement with CEZ on 31 August 2012. The total consideration is amortised on a straight-line basis over the term of 25 years.

**10. CASH AND BANK BALANCES**

	Group		Company				
	Unaudited		Audited		Unaudited		Audited
	30.9.2020		31.12.2019		30.9.2020		31.12.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Cash in hand	5,631	23,087	4,161	2,861	11,729	1,151	
Cash at banks	<u>2,452,619</u>	<u>10,055,738</u>	<u>1,337,249</u>	<u>1,680,129</u>	<u>6,888,528</u>	<u>842,847</u>	
	<u>2,458,250</u>	<u>10,078,825</u>	<u>1,341,410</u>	<u>1,682,990</u>	<u>6,900,257</u>	<u>843,998</u>	

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and cash at banks.

**11. SHARE CAPITAL**

	Group and Company			
	Unaudited		Audited	
	30.9.2020		31.12.2019	
	Number of share of US\$ 0.50 each	US\$	Number of share of US\$ 0.50 each	US\$
<b>Ordinary shares</b>				
Authorised:				
At 1 January/30 September/ 31 December	<u>71,875,000</u>	<u>35,937,500</u>	<u>71,875,000</u>	<u>35,937,500</u>
Registered and fully issued:				
At 1 January/30 September/31 December	<u>71,875,000</u>	<u>35,937,500</u>	<u>71,875,000</u>	<u>35,937,500</u>
(KHR'000 equivalent)		<u>147,343,750</u>		

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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**11. SHARE CAPITAL (CONTINUED)**

In conjunction with the listing and quotation of the Company's shares on the Cambodia Securities Exchange on 30 May 2016, the Company issued 11,575,000 new ordinary shares of US\$0.50 each to the public, at an issue price of KHR2,860 per share. The total proceeds arising from the listing exercise amounted to US\$8,125,302 and listing expenses of US\$614,259 had been set off against share premium.

On 19 October 2018, the Company issued 14,000,000 new ordinary shares of US\$0.50 each at an issue price of approximately US\$0.70 for cash for working capital purposes. The total proceeds amounted to US\$9,851,508.

As a consequence of these share issues, the registered and issued ordinary share capital of the Company was increased to US\$35,937,500.

There were no issuance, cancellation, repurchases, resales and repayment of equity securities during the financial period.

**12. SHARE PREMIUM**

The share premium mainly represents the excess amount received by the Company over the par value of its shares pursuant to the issuance of shares, net of transaction costs directly distributable to the issuance.

**13. LOANS AND BORROWINGS**

	Group			Company		
	Unaudited 30.9.2020		Audited 31.12.2019	Unaudited 30.9.2020		Audited 31.12.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Non-current:</b>						
<b>Secured</b>						
Bank loans:						
Term loan VII	9,540,229	39,114,939	7,262,078	8,643,808	35,439,613	7,262,078
Term loan VIII	905,232	3,711,451	1,200,000	905,232	3,711,451	1,200,000
Term loan IX	3,597,032	14,747,831	3,000,000	3,124,700	12,811,270	3,000,000
Term loan X	-	-	990,261	-	-	-
Term loan XI	2,237,402	9,173,348	-	2,237,402	9,173,348	-
	<u>16,279,895</u>	<u>66,747,569</u>	<u>12,452,339</u>	<u>14,911,142</u>	<u>61,135,682</u>	<u>11,462,078</u>
<b>Current:</b>						
<b>Secured</b>						
Bank loans:						
Term loan V	-	-	75,643	-	-	75,643
Term loan VII	1,681,487	6,894,097	1,551,120	1,551,120	6,359,592	1,551,120
Term loan VIII	1,658,334	6,799,169	3,450,000	1,658,334	6,799,169	3,450,000
Term loan X	-	-	142,075	-	-	-
	<u>3,339,821</u>	<u>13,693,266</u>	<u>5,218,838</u>	<u>3,209,454</u>	<u>13,158,761</u>	<u>5,076,763</u>
<b>Total loans and borrowings</b>	<u>19,619,716</u>	<u>80,440,835</u>	<u>17,671,177</u>	<u>18,120,596</u>	<u>74,294,443</u>	<u>16,538,841</u>

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**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**14. TRADE AND OTHER PAYABLES**

	Group			Company		
	Unaudited 30.9.2020		Audited 31.12.2019	Unaudited 30.9.2020		Audited 31.12.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Trade</b>						
Third parties	96,211	394,465	843,628	-	-	606,329
Associates	-	-	639,914	-	-	639,914
	96,211	394,465	1,483,542	-	-	1,246,243
<b>Non-trade</b>						
Other payables	1,553,561	6,369,602	97,607	304,151	1,247,019	219,718
Deposits	1,944,005	7,970,421	2,195,424	1,493,352	6,122,743	2,025,848
Provision for seniority	-	-	22,094	-	-	-
Subsidiary	-	-	-	1,925,064	7,892,763	1,246,198
Associates	34,720	142,350	41,021	31,102	127,517	35,925
Related parties	1,988,209	8,151,657	886,658	1,984,066	8,134,670	883,722
Directors	-	-	1,100,000	-	-	1,100,000
Shareholders	200,610	822,501	1,968	200,610	822,501	1,968
	5,721,105	23,456,531	4,344,772	5,938,345	24,347,213	5,513,379
<b>Total trade and other payables</b>	<b>5,817,316</b>	<b>23,850,996</b>	<b>5,828,314</b>	<b>5,938,345</b>	<b>24,347,213</b>	<b>6,759,622</b>

**15. REVENUE**

	Unaudited Three-month period ended					
	Group			Company		
	30.9.2020		30.9.2019	30.9.2020		30.9.2019
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<b>Revenue from contract customers:</b>						
Construction contracts	879,877	3,607,496	69,791	-	-	-
<b>Revenue from other sources:</b>						
Sale of land	48,995	200,880	1,041,004	48,995	200,880	1,041,004
Services rendered	1,066,746	4,373,659	753,548	646,723	2,651,564	630,455
Rental income	499,230	2,046,842	225,340	470,858	1,930,518	225,940
	2,494,848	10,228,877	2,089,683	1,166,576	4,782,962	1,897,399
<b>Timing of revenue recognition:</b>						
At point in time	1,614,971	6,621,381	978,888	1,166,576	4,782,962	856,395
Over time	879,877	3,607,496	1,110,795	-	-	1,041,004

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**15. REVENUE (CONTINUED)**

	Unaudited					
	Nine-month period ended					
	Group		Company			
	30.9.2020		30.9.2019		30.9.2019	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Revenue from contract customers:</b>						
Construction contracts	1,929,088	7,909,261	392,210	-	-	-
<b>Revenue from other sources:</b>						
Sale of land	6,091,781	24,976,302	24,339,588	2,093,773	8,584,469	24,159,588
Services rendered	2,970,000	12,177,000	2,195,953	1,990,525	8,161,153	1,838,830
Rental income	1,446,293	5,929,801	660,767	1,412,291	5,790,393	661,967
	<u>12,437,162</u>	<u>50,992,364</u>	<u>27,588,518</u>	<u>5,496,589</u>	<u>22,536,015</u>	<u>26,660,385</u>
<b>Timing of revenue recognition:</b>						
At point in time	10,508,074	43,083,103	2,856,720	5,496,589	22,536,015	2,500,797
Over time	1,929,088	7,909,261	24,731,798	-	-	24,159,588

**16. COST OF SALES**

	Unaudited					
	Three-month period ended					
	Group		Company			
	30.9.2020		30.9.2019		30.9.2019	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cost of land sold	(476,473)	(1,953,539)	1,045,270	39,000	159,900	1,045,270
Cost of services rendered	351,659	1,441,803	348,623	237,283	972,860	249,269
Construction cost	611,297	2,506,318	6,697	-	-	-
Depreciation	73,800	302,579	53,529	95,279	390,644	53,529
	<u>560,283</u>	<u>2,297,161</u>	<u>1,454,119</u>	<u>371,562</u>	<u>1,523,404</u>	<u>1,348,068</u>

	Unaudited					
	Nine-month period ended					
	Group		Company			
	30.9.2020		30.9.2019		30.9.2019	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cost of land sold	3,592,591	14,729,623	10,962,995	1,065,180	4,367,238	10,816,155
Cost of services rendered	1,051,999	4,313,196	1,021,044	768,260	3,149,866	709,790
Construction cost	1,555,448	6,377,337	238,084	-	-	-
Depreciation	307,726	1,261,676	160,585	299,752	1,228,983	160,585
	<u>6,507,764</u>	<u>26,681,832</u>	<u>12,382,708</u>	<u>2,133,192</u>	<u>8,746,087</u>	<u>11,686,530</u>

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**17. OTHER INCOME**

	Unaudited Three-month period ended					
	Group		Company			
	30.9.2020		30.9.2019		30.9.2020	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest income	83	341	35	83	341	35
Others	3,474	14,243	2,832	3,386	13,882	2,078
	3,557	14,584	2,867	3,469	14,223	2,113

	Unaudited Nine-month period ended					
	Group		Company			
	30.9.2020		30.9.2019		30.9.2020	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest income	279	1,144	194	264	1,082	194
Others	29,683	121,701	309,664	29,468	120,819	307,255
	29,962	122,845	309,858	29,732	121,901	307,449

**18. ADMINISTRATIVE EXPENSES**

	Unaudited Three-month period ended					
	Group		Company			
	30.9.2020		30.9.2019		30.9.2020	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Depreciation of property, plant and equipment	355,330	1,456,855	273,860	246,688	1,011,421	248,893
Electricity	9,526	39,057	14,824	7,284	29,864	10,136
Handling fees	13,944	57,170	2,187	343	1,406	442
Maintenance	49,599	203,356	65,503	44,184	181,154	37,016
Professional fees	73,932	303,121	98,333	54,370	222,917	67,313
Personnel costs	549,698	2,253,762	509,466	325,099	1,332,906	347,766
Rental	24,842	101,852	15,190	8,391	34,403	5,696
Selling and marketing expenses	3,720	15,252	5,747	3,715	15,232	5,530
Security services	46,456	190,470	46,930	41,937	171,942	40,944
Withholding tax, fringe benefit and others tax expenses	11,563	47,408	266,114	9,968	40,869	258,793
Other expenses	200,780	823,198	189,326	132,724	544,168	155,721
	1,339,390	5,491,501	1,487,480	874,703	3,586,282	1,178,250

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**18. ADMINISTRATIVE EXPENSES (CONTINUED)**

	Unaudited					
	Nine-month period ended					
	Group		Company			
	30.9.2020		30.9.2019	30.9.2020		30.9.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Depreciation of property, plant and equipment	981,222	4,023,010	829,623	732,087	3,001,557	758,355
Electricity	36,292	148,797	40,533	27,260	111,766	27,315
Handling fees	24,437	100,192	6,067	3,229	13,239	1,421
Maintenance	485,308	1,989,762	225,258	454,027	1,861,511	176,570
Professional fees	278,650	1,142,465	362,427	192,447	789,033	288,800
Personnel costs	1,712,681	7,021,991	1,749,734	1,149,822	4,714,269	1,258,314
Rental	64,255	263,446	46,797	23,715	97,232	19,604
Selling and marketing Expenses	10,215	41,882	36,596	12,865	52,747	24,203
Security services	137,726	564,677	125,834	122,982	504,226	110,631
Withholding tax, fringe benefit and others tax expenses	66,497	272,638	318,185	60,984	250,034	297,263
Other expenses	565,855	2,320,005	809,215	469,151	1,923,519	727,598
	<u>4,363,138</u>	<u>17,888,865</u>	<u>4,550,269</u>	<u>3,248,569</u>	<u>13,319,133</u>	<u>3,690,074</u>

**19. FINANCE COSTS**

	Unaudited					
	Three-month period ended					
	Group		Company			
	30.9.2020		30.9.2019	30.9.2020		30.9.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest expense on term loans	360,547	1,478,243	313,245	327,690	1,343,529	289,969

	Unaudited					
	Nine-month period ended					
	Group		Company			
	30.9.2020		30.9.2019	30.9.2020		30.9.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest expense on term loans	1,064,903	4,366,102	777,768	986,105	4,043,031	748,206

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**20. INCOME TAX EXPENSE**

	Unaudited					
	Group			Company		
	30.9.2020		30.9.2019	30.9.2020		30.9.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Statements of comprehensive income</b>						
<b>Current income tax:</b>						
- Current period	132,589	543,615	(143,071)	-	-	(143,071)

	Unaudited					
	Group			Company		
	30.9.2020		30.9.2019	30.9.2020		30.9.2019
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Statements of comprehensive income</b>						
<b>Current income tax:</b>						
- Current period	518,073	2,124,099	2,201,275	-	-	2,199,147

Under the Cambodian Law on Taxation, the Company has an obligation to pay tax on profit at 20% (2019: 20%) of taxable profit.

**21. (LOSS)/EARNINGS PER SHARE**

	Unaudited		
	Three-month period ended		
	Group		
	30.9.2020		30.9.2019
	US\$	KHR'000	US\$
Loss attributable to owners of the Company	(15,584)	(63,897)	(779,310)
Weighted average number of ordinary shares	71,875,000	71,875,000	71,875,000
	US\$	KHR'000	US\$
Basic (loss) per share	(0.0002)	(0.001)	(0.011)
Diluted (loss) per share	(0.0002)	(0.001)	(0.011)

**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**21. (LOSS)/EARNINGS PER SHARE (CONTINUED)**

	<b>Unaudited</b>		
	<b>Nine-month period ended</b>		
	<b>Group</b>		
	<b>30.9.2020</b>		<b>30.9.2019</b>
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>
Profit attributable to owners of the Company	196,213	804,476	8,284,983
	<b>Units</b>	<b>Units</b>	<b>Units</b>
Weighted average number of ordinary shares	71,875,000	71,875,000	71,875,000
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>
Basic earnings per share	0.003	0.011	0.115
Diluted earnings per share	0.003	0.011	0.115

Diluted (loss)/earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had no dilutive potential ordinary shares as at the period end. As such, the diluted (loss)/earnings per share were equivalent to the basic earnings per share.

**22. RELATED PARTIES**

The Group and the Company had the following significant transactions with related parties during the financial period:

	<b>Unaudited</b>					
	<b>Group</b>			<b>Company</b>		
	<b>30.9.2020</b>		<b>30.9.2019</b>	<b>30.9.2020</b>		<b>30.9.2019</b>
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>
<b><u>Associates</u></b>						
Colben Energy (Cambodia)						
PPSEZ Limited						
- Rental income	411,000	1,685,100	411,000	411,000	1,685,100	411,000
- Purchase of electricity	(354,160)	(1,452,056)	(354,257)	(354,160)	(1,452,056)	(354,257)
<b><u>Subsidiary</u></b>						
Sahas E&C Co., Ltd						
- Construction cost	-	-	-	1,298,582	5,324,186	3,614,382



**PHNOM PENH SEZ PLC.**  
(Incorporated in Cambodia)

**NOTES TO THE CONDENSED FINANCIAL INFORMATION (CONTINUED)**

**23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The financial risk management objective of the Group is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from volatility of the financial markets.

The Directors are responsible for setting the objectives and underlying principles of financial risk management of the Group. The management then establishes the detailed policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits in accordance with the objectives and underlying principles approved by the Directors.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a counter party to a financial instrument fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its receivables. The credit period for trade receivables is one to three months (2019: one to three months) and the Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management.

(b) Liquidity and cash flow risk

Liquidity and cash flow risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations when due.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from loans and borrowings. The Group manages its interest rate exposure by closely monitoring the debt market and where necessary, maintaining a prudent mix of fixed and floating rate borrowings. The Group does not use derivative financial instruments to hedge any debt obligations.

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Company No. 00006448

**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC.**

(Incorporated in Cambodia)

**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of Phnom Penh SEZ Plc. ("the Company") and its subsidiaries ("the Group") as at 30 September 2020 and the related condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the quarter and nine-month period then ended, and condensed notes to the interim financial information (collectively referred to as "condensed interim financial information of the Group"). The directors of the Company are responsible for the preparation and fair presentation of the condensed interim financial information of the Group in accordance with the Cambodian International Accounting Standard ("CIAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on the condensed interim financial information of the Group based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE 2410"). A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the Cambodian International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an opinion.

Company No. 00006448

**REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE SHAREHOLDERS OF PHNOM PENH SEZ PLC. (CONTINUED)**  
(Incorporated in Cambodia)

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information of the Group are not presented fairly, in all material respects, in accordance with Cambodian International Accounting Standard 34, *Interim Financial Reporting*.



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



**Tan Khee Meng**  
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 13 November 2020

## Chapter 4: Management Description & Analysis (MD&A)

### 4.1 Overview of operations

#### A. Revenue Analysis

Total Revenue for the Period of quarter 3 is 10,228,877 KHR'000 in FY 2020, an increase of 19.53% Y-o-Y	In quarter 3, PPSP reported total revenue of 10,228,877 KHR'000, an increase of 19.53% Y-o-Y compared to the amount 8,557,252 KHR'000 in year 2019 ("FY 2019") mainly from substantial Increase in revenue from land sold (200,880 KHR'000 vs. 4,262,911KHR'000 in FY 2019).
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#### B. Revenue Breakdown by sector

Land sales revenue increased 1.96% year-on-year to 49.82% of total revenue	Total revenue breakdown over the last two (2) fiscal years are shown as follow:					
	No	Source	Q3 2020		Q3 2019	
			Quantity	%	Quantity	%
	1	Sale of land	200,880	1.96%	4,262,911	49.82%
	2	Service rendered	4,373,659	42.76%	3,085,779	36.06%
	3	Construction Revenue	3,607,496	35.27%	285,794	3.34%
	4	Rental income	2,046,842	20.01%	922,768	10.78%
<b>Total</b>		<b>10,228,877</b>	<b>100.0%</b>	<b>8,557,252</b>	<b>100.0%</b>	
<b>Unit: KHR '000</b>						

### C. Gross profit gap analysis

Gross profit for the Period of 7,931,716 KHR'000 in FY 2020, an increase of 204.76%	In the third quarter of 2020, PPSP reported a total Gross profit of the period 7,931,716 KHR'000, an increase of 204.76% compared to the previous year of 2,602,635 KHR'000 in the third quarter of 2019.
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### D. Analysis of pre-tax profits

Profit before tax for the Period of 1,632,376 KHR'000 in the third quarter of 2020, an increase of 144.01%	In FY 2020, PPSP reported consolidated profit before tax of 1,632,376 KHR'000, compared to the loss of 3,708,989 KHR'000 in FY 2019.
--	--

### E. After tax profit Analysis

Profit after tax for the Period of 1,088,761 KHR'000 in the third quarter of 2020, an increase 134.86%	In FY 2020, PPSP reported consolidated profit after tax of 1,088,761 KHR'000, increase 134.86% compared to the Loss of 3,123,113 KHR'000 in FY 2019.
--	--

### F. Total comprehensive income (profit) analysis

Total comprehensive income for the Period of 1,088,761 KHR'000 in FY 2020	In FY 2020, PPSP reported total comprehensive income of 1,088,761 KHR'000, compared to total comprehensive loss of 3,123,113 KHR'000 in FY 2019.
---	--

#### G. Analysis of factors and trends affecting the financial condition and results

As previously mentioned, total revenues and profit after tax are largely effected by the land sales

#### 4.2 Key factors which have an effect on profitability

##### A. Supply vs. Demand

The recently published IMF staff report on Cambodia projects economic activity to grow by around seven percent over the next few years. Some investors appear in wait-and-see mode ahead of next year's general elections. Country is on the verge of climbing up the manufacturing value chains. These further efforts can help facilitate higher growth. On the upside, the global outlook is favorable, public spending is increasing, construction momentum remains robust and tourism activity has picked up pace.

Looking further ahead, growth will likely decline to about six percent a year. This reflects an expected slowdown in credit and real-estate cycles and challenges in improving diversification and competitiveness.

##### B. Fluctuation of raw materials price

There was no raw materials required during 2020 since we are industrial estate development business.

##### C. Change of Tax Scheme

This was no change on the related tax scheme during 2020.

##### D. Unusual or extraordinary items

There was no extraordinary income and expense during the 2nd quarter of 2020.

#### 4.3 Significant variation in sales and revenue

As previously mentioned, total revenues and profit after taxes were largely improved as the revenue from land sales significantly increased.

#### 4.4 The impact of currency exchange rates and commodity prices

Recent US dollar depreciation against other regional currencies like Yen, Thai Baht may be positive to investment decision by foreign manufacturers.

#### 4.5 Impact of Inflation

Inflation has not effect significantly on our financial performance.

#### 4.6 Economic policy, the government's fiscal and monetary

The key policies that influence our business are:

The 2015-2025 Industry Development Policy of Cambodia, aiming to orient market and create favorable conditions to promote development of the industry, is attracting foreign direct investment focusing on major industries, expanding the market, transferring technology, training human resources,

developing infrastructure and developing special economic zones as well as the industrial zone preparation.

In addition, the tax incentives in securities sector to listed companies are encouraging rapid development of infrastructure and strengthening management to attract investment in the development of long-term financing.

On the contrary, government policies also have negative implications for our business. In that case, while patent registration charge in

#### Unofficial Translation

2015 is only 1,400,000 KHR, change of Fiscal law in 2016 has effect on the charge as follow:

400,000 KHR for small enterprise

1,200,000 KHR for medium enterprise

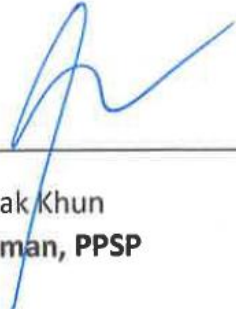
For large enterprise 3,000,000 KHR will be charged for the company with revenue from 2,000 million riel to 10,000 million riel.

5,000,000 KHR will be charged for the company with revenue exceed 10,000 million riel.

In spite of change as above, it, however, does not significantly affect the investment decision.

Date: 13<sup>th</sup> November 2020

Read and Approved



Tan Kak Khun  
Chairman, PPSP