



ROYAL GROUP  
PHNOM PENH SEZ

# Quarterly Report Q4

(As at 31 December 2022)



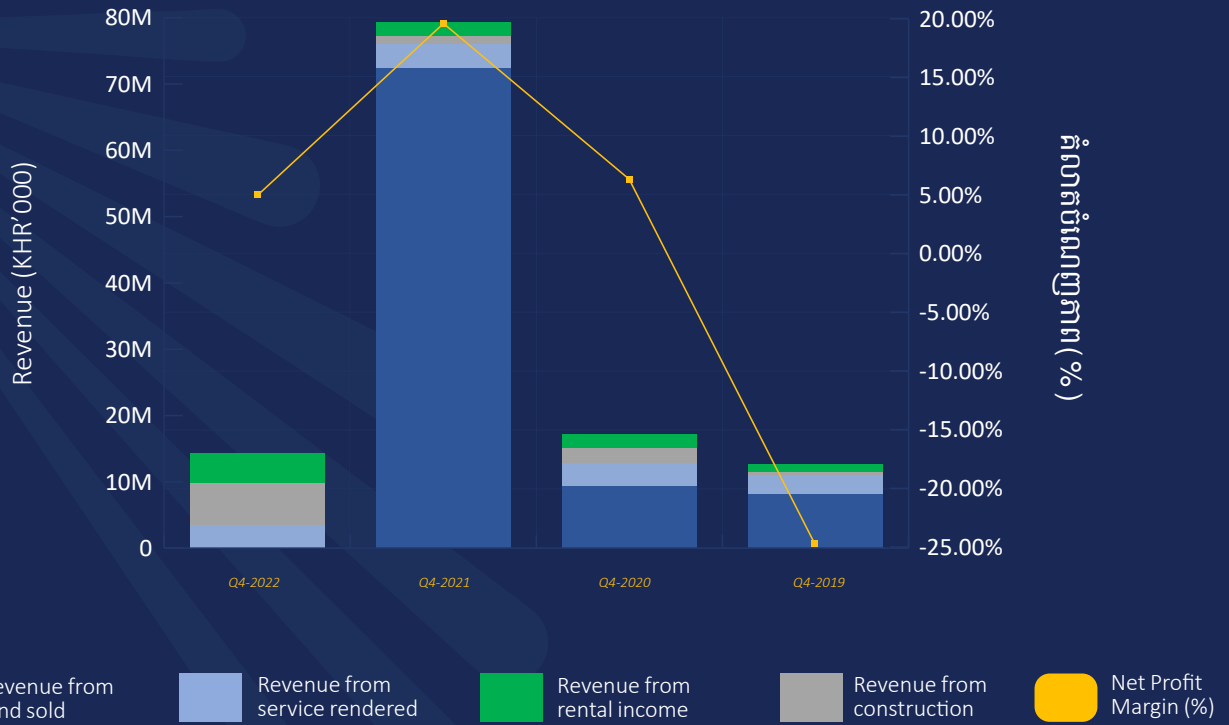


# Financial Highlights

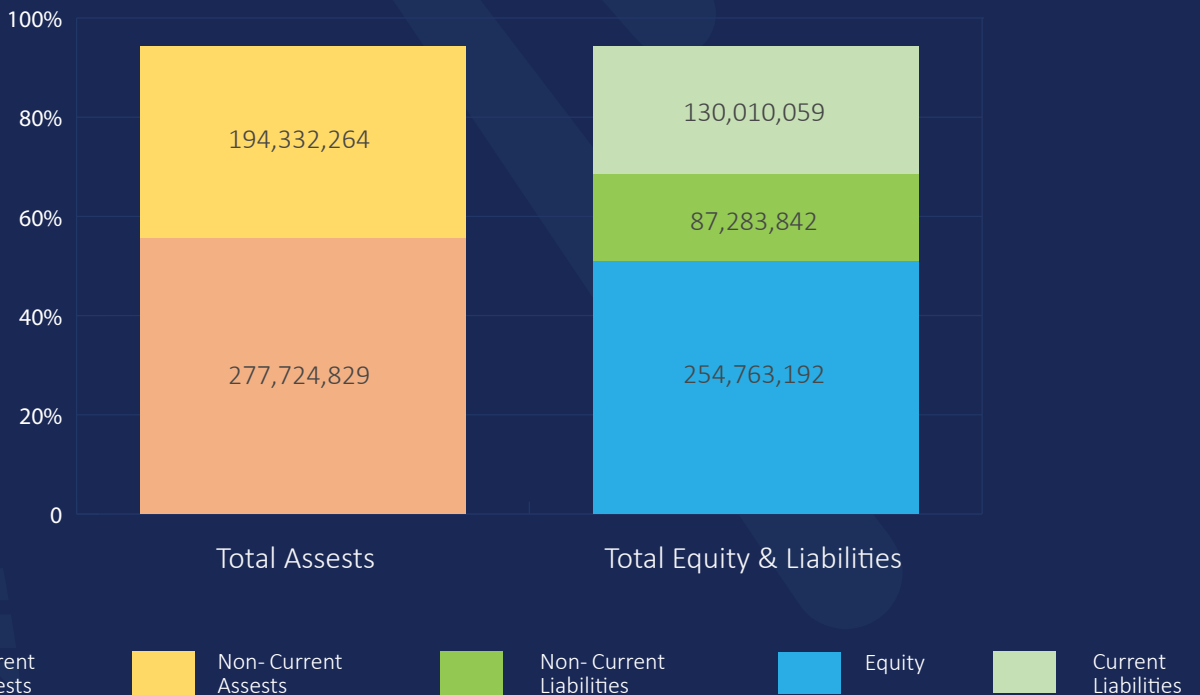
<b>Financial Position (KHR'000)</b>		<b>Q4 2022</b>	<b>2021</b>	<b>2020</b>
Total assets		472,057,093	426,234,002	384,061,630
Total liabilities		217,293,901	178,231,028	141,075,559
Total equity		254,763,192	248,002,974	242,986,071
<b>Financial Performance (KHR'000)</b>		<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Q4 2020</b>
Total revenue		14,420,011	79,395,408	17,182,720
Profit/(Loss) before tax		295,345	19,062,903	2,268,410
Net profit/(loss) after tax		745,156	15,560,139	2,030,884
<b>Financial Ratios</b>		<b>Q4 2022</b>	<b>2021</b>	<b>2020</b>
Liquidity				
Liquidity ratio	Current ratio	2.14	3.49	5.61
	Quick ratio	0.84	1.07	2.23
		<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Q4 2020</b>
Profitability	Return on assets	0.16%	3.65%	0.53%
	Return on equity	0.29%	6.27%	0.84%
	Gross profit margin (%)	69.89%	35.67%	52.10%
	Net profit margin (%)	5.17%	19.60%	11.82%
	Earnings per share	10.4	216.5	28.3
Interest Coverage Ratio		1.16	16.17	(0.44)
Dividend paid per share (if available) (KHR'000/Share)		-	-	-



# Group Financial Results the Last 4 Quarters in 2022

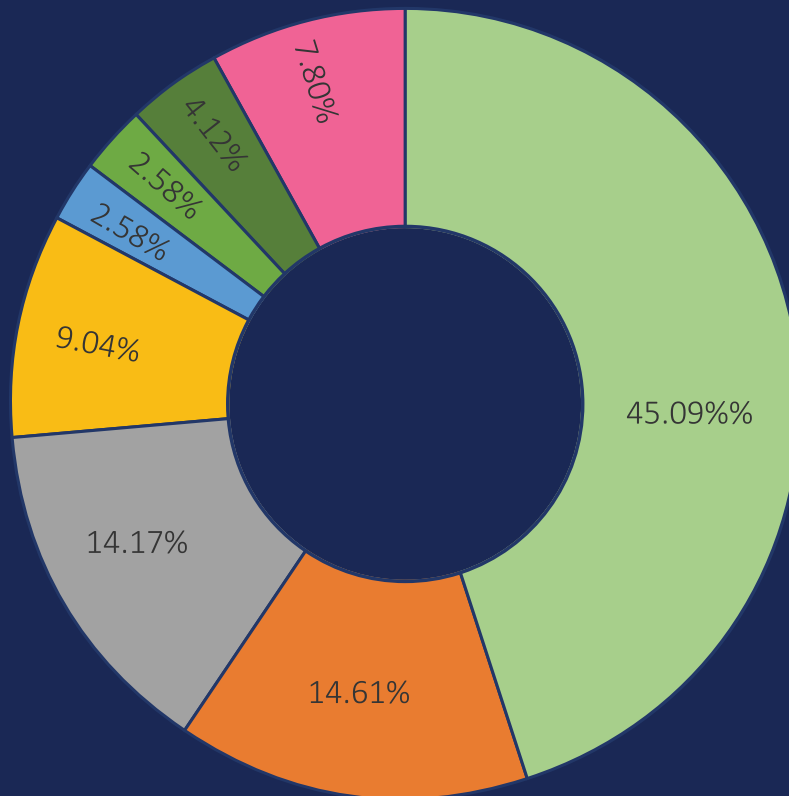


# Capital Structure (As of 31 December 2022)





# Shareholding Structure (As at 31 December 2022)



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



## Board of Directors



**Neak Oknha Kith Meng**  
Non-Executive Chairman



**Mr. UEMATSU Hiroshi**  
Executive Director



**Mr. Kang Wei Geih**  
Independent Director



**Ms. Hep Seka**  
Independent Director



**Mr. OTSUBO Hiroshi**  
Non-Executive Director



**Mr. Mark Hanna**  
Non-Executive Director



**Dr. Eakapong Tungsriranguan**  
Non-Executive Director



## Neak Oknha Kith Meng

Non-Executive Chairman

Date: 10<sup>th</sup> February 2023



Neak Oknha Kith Meng

## Statement from Chairman

Dear Fellow Shareholders

In the 4th quarter of 2022, the Company reported total revenue of 14,420,011 KHR'000, a decrease of 81.838% Year-on-year compared to the amount of 79,395,408 KHR'000 in the 4th quarter of year 2021. As a result, the Company reported the net profits of 745,156 KHR'000, compared to the net profit of 15,560,139 KHR'000 in the same quarter of year 2021.

The financial position of the Company remains strong as at 31 December 2022 with total assets amounting 472,057,093 KHR'000, comprising non-current assets of 194,332,264 KHR'000 and current assets of 277,724,829 KHR'000. Total equity amounted to 254,763,192 KHR'000, an increase of 2.726% compared with 248,002,974 KHR'000 at the year 2021. As a result, debt-to-equity ratio was reported at 0.85X in 2022 compare with 0.72X at the year 2021.



# Table of Contents

## **Financial Highlights**

## **Financial Summary Charts**

## **Composition of Board of Directors**

## **Statement from chairman**

## **Chapter 1: Corporate Information**

1. General Information
2. Nature of business
3. Significant Quarterly events of listed company

## **Chapter 2: Business Operation Results**

1. Business Operation Results
2. Revenue Structure

## **Chapter 3: Reviewed Financial Statements**

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

1. Overview of operations
2. Key factors which have an effect on profitability
3. Significant variation in sales and revenue
4. The impact of currency exchange rates and commodity prices
5. Impact of Inflation
6. Economic policy, the government's fiscal and monetary



# Chapter 1: Corporate Information

## 1.1 General Information

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

**Company Code:** PPSP

**Company Address:** Royal Group Phnom Penh Special Economic Zone National Road No. 4, Khan Kambol, Phnom Penh, Cambodia, 120906.

**Phone Number:** +855 92 729 798

**Website:** www.ppsez.com

**Email:** sales@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:** Neak Oknha Kith Meng Phnom Penh Special Economic Zone changed its name to **Royal Group Phnom Penh Special Economic Zone** on March 16, 2022

Poipet PP Special Economic Zone changed its name to **Royal Group Poipet Special Economic Zone** on March 16, 2022

## 1.2 Business Overview

Phnom Penh SEZ, Plc (“PPSP”) is the developer and operator of Royal Group Phnom Penh Special Economic Zone and Royal Group Poipet Special Economic Zone (was renamed on 16 March 2022). We are in the forefront 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 Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone located at National Road No. 4, Sangkat Kantouk, Khan Kambol, in Phnom Penh, Cambodia.

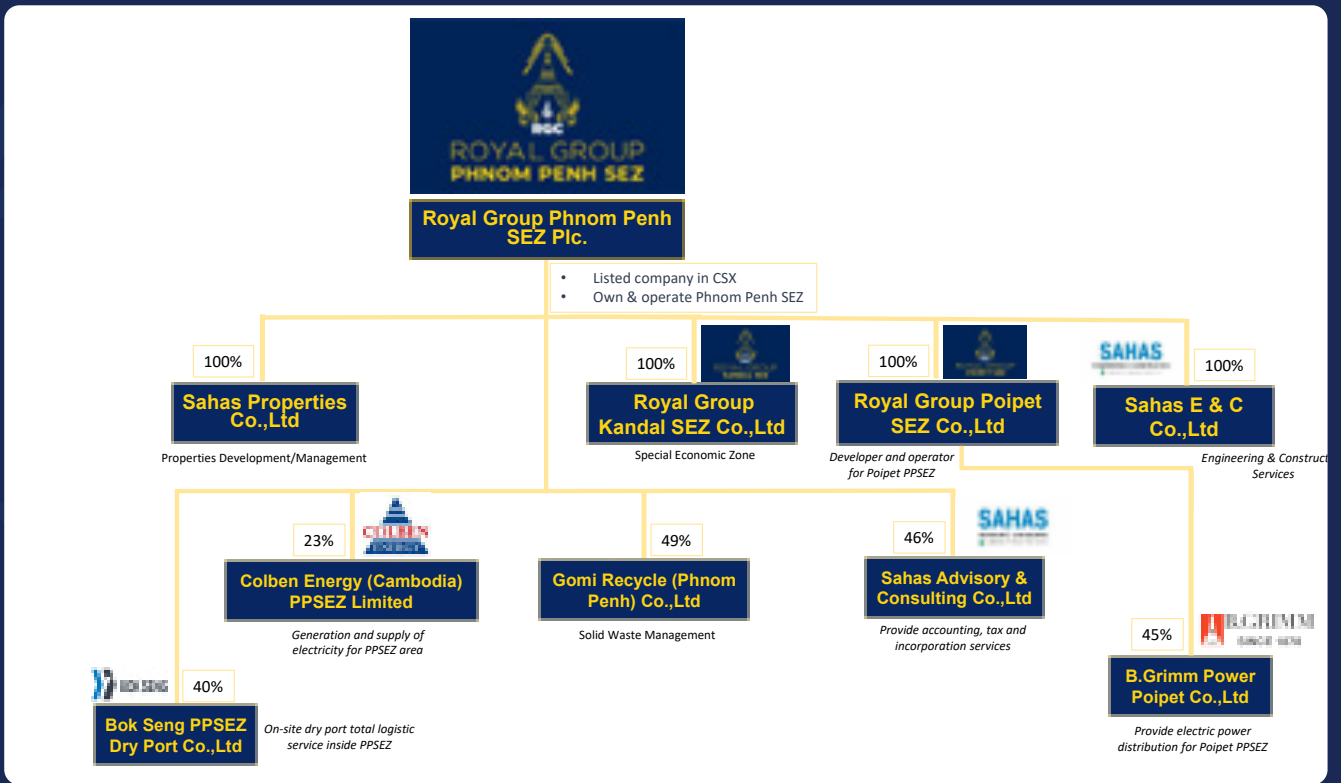
Royal Group Phnom Penh Special Economic Zone is currently operating in the proximity of the capital city of Cambodia, Phnom Penh. As at 31 December 2022, it is one (1) out of seventeen (17) operating SEZs (from a total of thirty-six (36) approved SEZs) in Cambodia. In addition, as at 31 December 2022, Royal Group Phnom Penh Special Economic Zone 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 31 December 2022, our company employs one hundred and seven (107) 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 Royal Group Phnom Penh Special Economic Zone.

In this year, we established 3 new subsidiaries/associate including 1) Royal Group Phnom Penh Special Economic Zone 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.





We commenced our operation in Royal Group Phnom Penh Special Economic Zone in 2007 with the construction of Phase I of Royal Group Phnom Penh Special Economic Zone and by August 2008, we received our first zone investor operating in Royal Group Phnom Penh Special Economic Zone. Throughout the years, we have experienced rapid growth in Royal Group Phnom Penh Special Economic Zone as a result of the increasing interest amongst the foreign and local investors to set up their business operations inside Royal Group Phnom Penh Special Economic Zone. As of 31 December 2022, Royal Group Phnom Penh Special Economic Zone accommodates twelve (12) 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 Royal Group Phnom Penh Special Economic Zone located at National Road No. 4, Khan Posenchey in Phnom Penh, Cambodia. Royal Group Phnom Penh Special Economic Zone is strategically located with access to rail and road network. It is situated at approximately



## **In addition to its strategic location, Royal Group Phnom Penh Special Economic Zone 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, Royal Group Phnom Penh Special Economic Zone 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 eleven (11) years from 2012 to 2022, the income generated from the sale of land in Royal Group Phnom Penh Special Economic Zone 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. Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone 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 ten (10) year from 2012 to 2022, the number of our company’s outright sales/ long-term lease of land transactions in Royal Group Phnom Penh Special Economic Zone can be categorized as follows:

Description	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Outright sale	0	0	0	0	0	1	0	0	1	1	3
Long-term lease	1	5	3	8	7	9	9	8	6	14	11
Total land sales transaction	1	5	3	8	7	10	9	8	7	15	14

As at 31 December 2022, Royal Group Phnom Penh Special Economic Zone has a total land area of approximately 357.32 HA that will be developed in three (3) phases as follows:

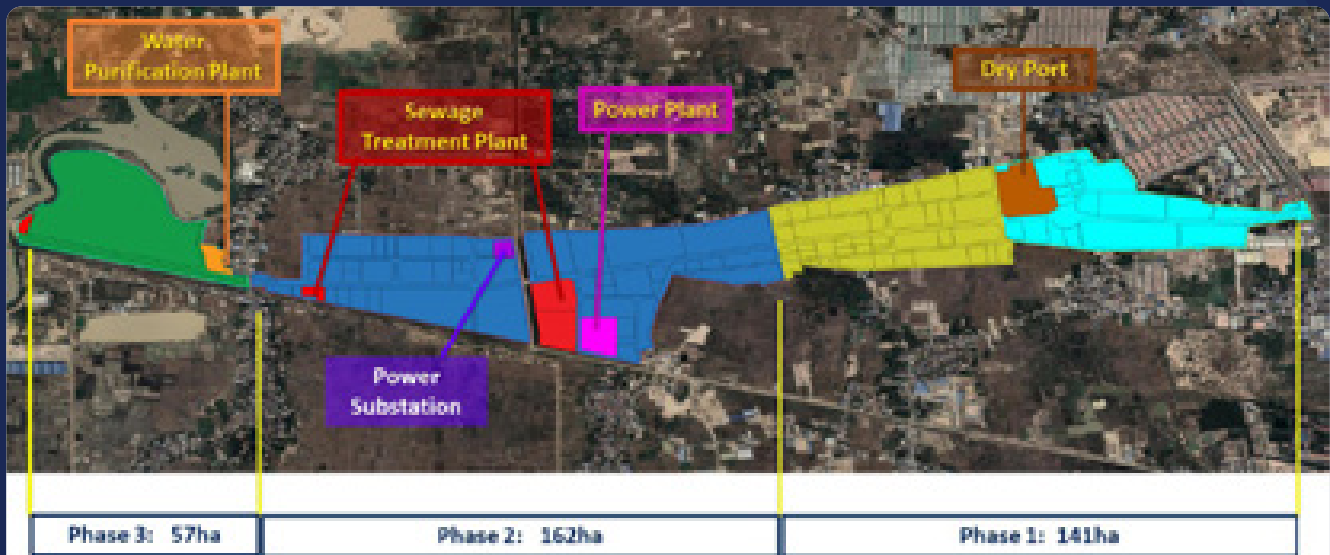
**I.**Phase I has completed its major infrastructure and facilities development in 2009. It has a total area of approximately 141 HA where approximately 86.71 HA are developed to accommodate sixty-one (61) factory lots with size ranging from 0.19 HA to 10.57 HA each. Phase I also includes approximately 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.ii.** Phase II-II covers an area of approximately 73.74 HA in 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 Phase III, with a land size of approximately 57.79 HA, is still under development. we, in this year, reached an agreement to sell 41.3 HA to Gain Lucky Limited, a subsidiary of Shenzhou International Group, the largest manufacturer of high-end knitwear in China. This transaction was considered as the largest-ever land sales transaction by the Company.

**II.i.**Phase II has a land size of approximately 162 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.

**III.**Phase III, with a land size of approximately 57.79 HA, is still under development. we, in this year, reached an agreement to sell 41.3 HA to Gain Lucky Limited, a subsidiary of Shenzhou International Group, the largest manufacturer 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 certifications as a testament for our commitment towards quality and modern infrastructures installed in Royal Group Phnom Penh Special Economic Zone while providing high levels of customer service to the Royal Group Phnom Penh Special Economic Zone’s zone investors. In addition, our company also obtained ISO: 14001 certification for our contribution in the environmental conservation.



Expansion of another 100 ha in progress

### 1.2.2 Services Rendered

Apart from the outright sale and long-term lease of land, we also provide the tenants of Royal Group Phnom Penh Special Economic Zone with services and infrastructure to facilitate their operations in Royal Group Phnom Penh Special Economic Zone, which includes the following:



## 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 m<sup>3</sup> of fresh water on a daily basis and is located within the Royal Group Phnom Penh Special Economic Zone where it collects water primarily from Stoeng Preak Tnot located next to Royal Group Phnom Penh Special Economic Zone.

water is also collected through the rain water storage pond with a capacity of 25,000 m<sup>3</sup>. 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 Royal Group Phnom Penh Special Economic Zone, 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.

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 Royal Group Phnom Penh Special Economic Zone, which supply electricity for the tenants and premises 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 Royal Group Phnom Penh Special Economic Zone.



## Infrastructure Maintenance

To maintain the infrastructure and general operation cost of the Royal Group Phnom Penh Special Economic Zone in the common area such as roads, electricity charges for the street lights, and other maintenance cost for the infrastructures facilities inside Royal Group Phnom Penh Special Economic Zone, our company also collects infrastructure maintenance fee from the zone occupants in Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone. 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 Royal Group Phnom Penh Special Economic Zone





### 1.2.3 Rental Income

We also provide building rental services which include factories, dormitories, warehouse, and shop lots in Royal Group Phnom Penh Special Economic Zone. 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

### 1.2.4 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 at 31 December 2022, our company has secured a total of 104 zone investors/tenants in Royal Group Phnom Penh Special Economic Zone 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 2nd 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

## 1.2.6 Competitive Advantage

The primary elements for our competitive advantage are as follows:

## 1.2.7 Strategic location of Royal Group Phnom Penh Special Economic Zone

Royal Group Phnom Penh Special Economic Zone 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. Royal Group Phnom Penh Special Economic Zone is strategically located with access to the National Road 4 that connects to the Sihanoukville Autonomous Port. Royal Group Phnom Penh Special Economic Zone is also accessible by various modes of transportation. In addition, Royal Group Phnom Penh Special Economic Zone is located adjacent to the main railway track in Cambodia. The strategic location of Royal Group Phnom Penh Special Economic Zone with convenient accessibility facilitates the distribution of goods produced to inner parts of the country.

Royal Group Poipet Special Economic Zone 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), Royal Group Poipet Special Economic Zone is an important 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 16 years. As at 31 December 2022 Royal Group Phnom Penh Special Economic Zone has 104 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 Royal Group Phnom Penh Special Economic Zone. Furthermore, as at 31 December 2022, Royal Group Phnom Penh Special Economic Zone 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 at 31 December 2022, our company has successfully attracted 41% Japanese companies invested in Royal Group Phnom Penh Special Economic Zone which makes Royal Group Phnom Penh Special Economic Zone 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 and diversified nationality of board of directors/management team. They have led our company since its incorporation in 2006. They have 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. UEMATSU Hiroshi 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 Royal Group Phnom Penh Special Economic Zone, 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 Royal Group Phnom Penh Special Economic Zone that is operated by Colben PPSEZ, an associate company;
- Dry port facilities inside Royal Group Phnom Penh Special Economic Zone 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 Royal Group Phnom Penh Special Economic Zone.
- Consultation and government procedures supports.
- Worker recruitment supports and trainings.
- Dormitory for workers.
- Clinic.
- Hotel and restaurants.

### 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 Royal Group Poipet SEZ

Since 2014, we start developing new SEZ in Banteay Meanchey Province of Cambodia under the name “Royal Group Poipet Special Economic Zone”, which has been operated by our wholly-owned subsidiary, Poi Pet PPSEZ Co.,Ltd. With the total land size of 68.4 Ha., the Royal Group Poipet Special Economic Zone 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 at 31 December 2022 there are two (2) approved SEZs in Poipet city namely Poipet O’Neang SEZ and Sanco Poi Pet SEZ. The Royal Group Poipet Special Economic Zone 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 Royal Group Poipet Special Economic Zone 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 Royal Group Poipet Special Economic Zone from the relevant Cambodian authorities for the SEZ designation. At this juncture, we are developing the Royal Group Poipet Special Economic Zone in two (2) phases, Phase I and Phase II. The development map is as shown below:



Phase I of the Royal Group Poipet Special Economic Zone covers an area of approximately 35.18 HA whereby approximately 22.32 HA are allocated to accommodate a total of 42 factory lots with the size ranging from approximately 0.44 HA to 0.73 HA each. It will also house a commercial area, a dry port, workers' accommodation, administrative office building and other facilities and infrastructure buildings. On 10th April 2019, Sumitronics Manufacturing (Cambodia) Co., Ltd. became our first tenant in Royal Group Poipet Special Economic Zone. They agreed to purchase 1 Ha with option to purchase another 1 Ha in the near future. On 03rd June 2022, HGB Motors Assembly Co., Ltd. became our second tenant as they agreed to rent our warehouse of 0.74 HA, and lease our land of 2.39 HA. On 22nd June 2022, they agreed to lease another land of 1.87 HA.

In addition, Phase II of the Royal Group Poipet Special Economic Zone will commence its major infrastructure and facilities works. It will cover an area of approximately 24.68 HA whereby approximately 19.14 HA are allocated to accommodate a total of 31 factory lots with size ranging from approximately 0.5 HA to 1.73 HA each and the rest of the area are designed for infrastructure and service area. After collectively acquire additional land over the last three (3) years, Royal Group Poipet SEZ has owned the total area of 70.44 HA.

### 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.

Currently within Royal Group Phnom Penh Special Economic Zone, 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 m3 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 Royal Group Phnom Penh Special Economic Zone and ensure that investors in Royal Group Phnom Penh Special Economic Zone, 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 at 31 December 2022, the water consumption of the independent water supply system is approximately 5,300 m3 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.

## 1.3 Significant Q events of listed

### 1.3.1 Prime Minister of the Republic of Cuba pays official visit to Royal Group Phnom Penh Special Economic Zone



On 5 October 2022, we had the greatest honor to welcome H.E. Mr. Manuel Marrero Cruz, Prime Minister of the Republic of Cuba and a group of delegates to Royal Group Phnom Penh Special Economic Zone.

Cambodia and Cuba have been in a long standing and friendly relationship. The visit of H.E. Mr. Manuel Marrero Cruz in Cambodia happened just two weeks after the visit of Samdech Akka Moha Sena Padei Techo Hun Sen, Prime Minister of the Kingdom of Cambodia to the Republic of Cuba. The mutual visits of the two Prime Ministers will surely strengthen and broaden the relationship of the two countries in various sectors.

As the developer of Royal Group Phnom Penh Special Economic Zone, we are extremely proud and honored to be chosen as one of the agenda in the 3-day official visit of the Prime Minister in Cambodia. Neak Oknha Kith Meng, Chairman of Royal Group Phnom Penh SEZ Plc. as well as Chairman of Cambodia Chamber of Commerce expressed his heartfelt welcome to the Prime Minister of Cuba and promised to try his best to support any business cooperation and collaboration between two countries.

H.E. Sok Chenda Sophea, Minister Attached to the Prime Minister, Secretary General of Council for the Development of Cambodia, along with other representatives from Cambodian government institutions were also present to welcome the visit of the Prime Minister.

Introduction session and Q&A session were actively conducted throughout the meeting regarding the investment law, operation of the Council for the Development of Cambodia, Royal Group Phnom Penh Special Economic Zone, and the production of Minebea (Cambodia) Co., Ltd, a giant electronic and electrical company from Japan. The visit concluded with a tour in the factory of Minebea.

It was a memorable 1-hour visit to note in our company's history. This will energize us to try harder and to move further to contribute more to the economic development of the country.

### 1.3.2 Royal Group Phnom Penh SEZ Plc. joined the Cambodia Stock Market Exhibition "My First STOCK 2022"



Royal Group Phnom Penh SEZ Plc. joined the event of My First Stock 2022 that was organized by Cambodia Stock Exchange (CSX) for three days from October 20 to 23, 2022. These activities of CSX “My First STOCK” 2022 was held at Aeon Mall Phnom Penh (Aeon 1) which started from 10:00 AM until 8:30 p.m. and could reach around 2,000 New Investors who would get free of charge for opening a stock trading account.

The “My First STOCK 2022” were presided by H.E. Dr. HEAN Sahib, Secretary of State of the Ministry of Economy and Finance and Chairman of the CSX, H.E Mr. SOU Socheat, Delegate of the Royal Government in charge as Director General of the SERC, and H.E. Mr. HONG Sok Hour, Royal Government Delegate in Charge as Chief Executive Officer of the CSX, Mr. UEMATSU Hiroshi, Chief Executive Officer of Royal Group Phnom Penh SEZ Plc., was also present for the occasion.

The event drew many listed companies as well as SERC, CSX, Cash Settlement Agent related to securities, Securities Firm, and Issuers that are licensed, Approved or accredited by the SERC, by having free entrance to booths visiting and video displays. There were also Q&A, presentations, opening of trading accounts at the site, entertainment, playing games, lucky draw, and the Cambodia Idols performances.

In conclusion, the 5th Cambodia Stock Market Exhibition “My First STOCK 2022” was conducted successfully with the collaboration of the many stakeholders as this was a special 10th years anniversary. The participants could get an investor identity and open a free stock trading account, 50% commission discount until the end of the year (for new investors), opportunity to learn to invest in stocks, and many more prizes.

### 1.3.3 Royal Group Phnom Penh SEZ Winning the Real Estates Award of the ASEAN Business Award 2022



We are pleased and honored to be named the winner of the ASEAN Business Award 2022 (ABA) in the category of the Priority Sector Awards in conjunction with the ASEAN Business and Investment Summit 2022 on 9 November 2022 at the Sofitel Phnom Penh Phookethra.

The award ceremony was presided over by H.E. Pan Sorasak, Minister of Commerce of The Kingdom of Cambodia and Chair of the ASEAN Economic Ministers Meeting, Neak Oknha Kith Meng, Chairman, ASEAN Business Advisory Council 2022 and distinguish guests in the private and public sectors.

Mr. Fong Nee Wai, the Chief Financial Officer of PPSP received the award on behalf of the company at the event. PPSP won the award among other factors, due to the company's contribution to the Cambodian Society by providing job opportunities, infrastructure, and improving the living standards etc. to the Cambodian people.

The ASEAN Business Awards (ABA) is a prestigious international-level event held annually by the ASEAN Business Advisory Council (ASEAN BAC) since 2007. With 15 years of implementation, the ABA event has brought opportunities for businesses to reaffirm their position and prestige among industrial peers, advance their competitiveness and integration, and enhance the brand throughout the ASEAN region and on a global level.

### 1.3.4 Official Grand Opening Ceremony of a Giant Carton Box Manufacturing Factory



As the developer of Royal Group Phnom Penh Special Economic Zone, we would like to express our heartfelt congratulations to OJI Packaging (Cambodia) Co., Ltd., a giant Carton Box manufacturing factory in the zone, on the very joyous and memorable Grand Opening Ceremony of the factory on 14 November 2022.

The ceremony was conducted under the presidency of H.E. Lt. Gen. Hun Manet, Deputy Commander-in-Chief of the Royal Cambodian Armed Forces, Commander of the Royal Cambodian Army, and attended by hundreds of related government officials, business partners, and the company's employees.

This new carton box manufacturing facility in our zone is the 3rd one operating after the OJI Group started their first investment in Cambodia 18 years ago with their 1st facility along national road 4 in Phnom Penh and the 2nd one in Sihanouk Ville.



Thanks to the effective COVID-19 control and vaccination management of the Royal Government of Cambodia under the far-sighted leadership of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia, we could witness this auspicious Grand Opening Ceremony today. And we wish for the prosperity and growth of OJI Packaging (Cambodia) Co., Ltd. for years to come.

### 1.3.5 Minebea Cambodia's 10+1 Anniversary Ceremony Presided over by Samdech Techo Prime Minister



In the morning of 1 December 2022, we were highly honored and proud to witness the 10+1 Anniversary Ceremony of Minebea (Cambodia) Co., Ltd., a giant electronics manufacturer in the Royal Group Phnom Penh Special Economic Zone.

This auspicious ceremony became even more auspicious under the honorable presidency of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia, as well as many other high ranking government officials, business partners, local authorities, and thousands of employees.

Being the subsidiary company of MinebeaMitsumi Inc. from Japan, Minebea (Cambodia) Co., Ltd. was one of the first companies to start their investment in our zone. It always amazes us to recall the start and constant expansion of the company from a testing small-sized rental factory to the current 3 factories in the premises of 20 ha of land, with investment amount of more than USD 600 million, employing around 6,600 Cambodian workers.

Today's anniversary ceremony was made possible because of all the hard work and efforts of the company and the biggest support from the Royal Government of Cambodia under the far-sighted leadership of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia, who brought peace and economic development to the country, and who effectively manage to keep COVID-19 situation under control.

As the developer of Royal Group Phnom Penh Special Economic Zone, we are very delighted to witness this development and excited to celebrate this milestone event of Minebea (Cambodia) Co., Ltd. We wish the company prosperity and growth for the years to come. We will keep trying our best to provide our most heartfelt supports to all our customers and we look forward to seeing similar success stories.

### 1.3.6 Official Opening Ceremony of SUMI for the Third Manufacturing Factory



In the morning of 1 December 2022, we were highly honored and proud to witness the 10+1 Anniversary Ceremony of Minebea (Cambodia) Co., Ltd., a giant electronics manufacturer in the Royal Group Phnom Penh Special Economic Zone.

This auspicious ceremony became even more auspicious under the honorable presidency of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia, as well as many other high ranking government officials, business partners, local authorities, and thousands of employees.

Being the subsidiary company of MinebeaMitsumi Inc. from Japan, Minebea (Cambodia) Co., Ltd. was one of the first companies to start their investment in our zone. It always amazes us to recall the start and constant expansion of the company from a testing small-sized rental factory to the current 3 factories in the premises of 20 ha of land, with investment amount of more than USD 600 million, employing around 6,600 Cambodian workers.

Today's anniversary ceremony was made possible because of all the hard work and efforts of the company and the biggest support from the Royal Government of Cambodia under the far-sighted leadership of Samdech Akka Moha Sena Padei Techo HUN SEN, Prime Minister of the Kingdom of Cambodia, who brought peace and economic development to the country, and who effectively manage to keep COVID-19 situation under control.

As the developer of Royal Group Phnom Penh Special Economic Zone, we are very delighted to witness this development and excited to celebrate this milestone event of Minebea (Cambodia) Co., Ltd. We wish the company prosperity and growth for the years to come. We will keep trying our best to provide our most heartfelt supports to all our customers and we look forward to seeing similar success stories.

### 1.3.7 About Royal Group

Cambodia's strategic investment holding company, the Royal Group is recognized as the country's most dynamic and diversified business conglomerate. With interests in a wide range of industries including telecommunication, transport, energy, media & entertainment, banking & financing, insurance, hotels & resorts, education, property development, trading, and agriculture.



# Chapter 2: Business Operation Results

## 2.1 Business Operation Results & News

In the fourth quarter of 2022, our business operations were profitable while Construction Contracts and Rental Income were KHR 10,972,452,000 compared to KHR 3,377,619,000 in the fourth quarter of 2021.

### 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 Our value added services

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:

No.		Q4 2022		Q4 2021		Q4 2020		Q4 2019	
		Amount	%	Amount	%	Amount	%	Amount	%
1	Sales of Land	-	0.00%	72,392,593	91.18%	9,256,869	53.87%	8,061,862	63.79%
2	Service Rendered	3,447,559	23.91%	3,625,196	4.57%	3,469,579	20.19%	2,951,490	23.35%
3	Construction Revenue	6,301,863	43.70%	1,191,246	1.50%	2,362,731	13.75%	358,327	2.84%
4	Rental Income	4,670,589	32.39%	2,186,373	2.75%	2,093,541	12.18%	1,266,681	10.02%
	Total	14,420,011	100.00%	79,395,408	100.0%	17,182,720	100.0%	12,638,360	100.0%

(Unit: KHR'000)



## **Chapter 3: Reviewed Financial Statements**

**PHNOM PENH SEZ PLC.**  
**(Company No. 00006448)**  
(Incorporated in Cambodia)

**CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022**

**Company No. 00006448**

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

<b>CONTENTS</b>	<b>Page</b>
STATEMENT BY THE DIRECTORS	1
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION	2
CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	3 – 4
CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY	5 – 6
CONDENSED INTERIM STATEMENTS OF CASH FLOWS	7 – 8
NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION	9 – 29
REPORT ON THE REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION	30 – 31

Company No. 00006448

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

**STATEMENT BY THE DIRECTORS**

In the opinion of the Directors, the accompanying condensed interim statements of financial position of PHNOM PENH SEZ PLC. ("the Company") and its subsidiaries ("the Group") as at 31 December 2022, and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity and cash flows for the quarter and twelve-month period then ended, and the notes to the condensed interim financial information (collectively referred to 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 of Directors,

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

Phnom Penh, Kingdom of Cambodia

Date: 10 February 2023



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

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022**

	Note	Group			Company		
		(Unaudited)		(Audited)	(Unaudited)		(Audited)
		31.12.2022	31.12.2021	31.12.2021	31.12.2022	31.12.2021	31.12.2021
		US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>ASSETS</b>							
<b>Non-current assets</b>							
Property, plant and equipment	3	17,686,840	72,816,721	17,651,996	13,910,630	57,270,064	14,722,133
Investment properties	4	16,635,088	68,486,657	10,437,603	7,343,263	30,232,214	7,731,228
Investment in subsidiaries	5	-	-	-	39,783,104	163,787,039	39,983,104
Investment in associates	6	12,809,568	52,736,991	12,697,262	11,770,321	48,458,412	11,572,712
Investment in joint venture	14	70,900	291,895	-	70,900	291,895	-
<b>Total non-current assets</b>		<b>47,202,396</b>	<b>194,332,264</b>	<b>40,786,861</b>	<b>72,878,218</b>	<b>300,039,624</b>	<b>74,009,177</b>
<b>Current assets</b>							
Inventories	7	41,006,441	168,823,518	36,569,137	12,948,312	53,308,201	12,107,985
Trade and other receivables	8	21,216,159	87,346,926	21,550,960	7,685,942	31,643,023	8,538,465
Contract assets	12	959,170	3,948,903	-	-	-	-
Cash and cash equivalents	9	4,276,289	17,605,482	5,716,017	523,108	2,153,636	682,473
<b>Total current assets</b>		<b>67,458,059</b>	<b>277,724,829</b>	<b>63,836,114</b>	<b>21,157,362</b>	<b>87,104,860</b>	<b>21,328,923</b>
<b>TOTAL ASSETS</b>		<b>114,660,455</b>	<b>472,057,093</b>	<b>104,622,975</b>	<b>94,035,580</b>	<b>387,144,484</b>	<b>95,338,100</b>
<b>EQUITY AND LIABILITIES</b>							
<b>Equity attributable to owners of the Company</b>							
Share capital	10	35,937,500	147,954,688	35,937,500	35,937,500	147,954,688	35,937,500
Share premium	11	4,575,051	18,835,485	4,575,051	4,575,051	18,835,485	4,575,051
Retained earnings		21,377,107	88,009,549	20,368,679	20,633,456	84,947,938	21,386,718
		61,889,658	254,799,722	60,881,230	61,146,007	251,738,111	61,899,269
Non-controlling interests		(8,873)	(36,530)	(6,666)	-	-	-
<b>TOTAL EQUITY</b>		<b>61,880,785</b>	<b>254,763,192</b>	<b>60,874,564</b>	<b>61,146,007</b>	<b>251,738,111</b>	<b>61,899,269</b>
<b>Non-current liabilities</b>							
Loans and borrowings	13	13,528,836	55,698,218	13,481,714	5,595,463	23,036,521	9,427,605
Contract liabilities	12	7,672,000	31,585,624	8,220,000	7,672,000	31,585,624	8,220,000
<b>Total non-current liabilities</b>		<b>21,200,836</b>	<b>87,283,842</b>	<b>21,701,714</b>	<b>13,267,463</b>	<b>54,622,145</b>	<b>17,647,605</b>
<b>Current liabilities</b>							
Loans and borrowings	13	4,952,092	20,387,763	3,371,527	3,264,662	13,440,613	2,538,907
Current tax liabilities		159,704	657,505	16,279	30,869	127,088	-
Trade and other payables	16	25,919,038	106,708,675	18,286,103	15,778,579	64,960,411	12,704,319
Contract liabilities	12	548,000	2,256,116	372,788	548,000	2,256,116	548,000
<b>Total current liabilities</b>		<b>31,578,834</b>	<b>130,010,059</b>	<b>22,046,697</b>	<b>19,622,110</b>	<b>80,784,228</b>	<b>15,791,226</b>
<b>TOTAL LIABILITIES</b>		<b>52,779,670</b>	<b>217,293,901</b>	<b>43,748,411</b>	<b>32,889,573</b>	<b>135,406,373</b>	<b>33,438,831</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>114,660,455</b>	<b>472,057,093</b>	<b>104,622,975</b>	<b>94,035,580</b>	<b>387,144,484</b>	<b>95,338,100</b>

The Condensed Interim Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

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

**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022**

	Note	(Unaudited)					
		Group			Three-month period ended		
		31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Revenue	17	3,502,553	14,420,011	19,262,717	1,318,859	5,429,743	2,304,320
Cost of sales	18	(1,054,577)	(4,341,694)	(12,341,384)	(311,094)	(1,280,774)	(1,454,132)
<b>Gross profit</b>		<b>2,447,976</b>	<b>10,078,317</b>	<b>6,921,333</b>	<b>1,007,765</b>	<b>4,148,969</b>	<b>850,188</b>
Other income	19	90,929	374,355	146,242	300,158	1,235,750	438,491
Administrative expenses	20	(2,241,669)	(9,228,951)	(2,323,077)	(1,537,860)	(6,331,370)	(1,415,827)
<b>Operating Profit/(Loss)</b>		<b>297,236</b>	<b>1,223,721</b>	<b>4,744,498</b>	<b>(229,937)</b>	<b>(946,651)</b>	<b>(127,148)</b>
Finance costs	21	(454,936)	(1,872,972)	(308,476)	(244,850)	(1,008,047)	(240,226)
Share of results of associates		229,438	944,596	240,081	239,308	985,231	240,081
<b>Profit/(Loss) before tax</b>		<b>71,738</b>	<b>295,345</b>	<b>4,676,103</b>	<b>(235,479)</b>	<b>(969,467)</b>	<b>(127,293)</b>
Income tax expense	22	109,257	449,811	(859,174)	90,530	372,712	(34,270)
<b>Profit/(Loss) for the financial period from continuing operation</b>		<b>180,995</b>	<b>745,156</b>	<b>3,816,929</b>	<b>(144,949)</b>	<b>(596,755)</b>	<b>(161,563)</b>
Profit from discontinuing operation		-	-	2,447	-	-	-
<b>Profit/(Loss) for the financial period, representing total comprehensive income/(loss)</b>		<b>180,995</b>	<b>745,156</b>	<b>3,819,376</b>	<b>(144,949)</b>	<b>(596,755)</b>	<b>(161,563)</b>
<b>Profit/(Loss) attributable to:</b>							
Owners of the Company		180,995	745,156	3,820,453			
Non-controlling interests		-	-	(1,077)			
		<b>180,995</b>	<b>745,156</b>	<b>3,819,376</b>			
<b>Total comprehensive income/(loss) attributable to:</b>							
Owners of the Company		180,995	745,156	3,820,453			
Non-controlling interests		-	-	(1,077)			
		<b>180,995</b>	<b>745,156</b>	<b>3,819,376</b>			
<b>Total comprehensive income attributable to the Company:</b>							
Continuing operation		180,995	745,156	3,818,006			
Discontinued operation		-	-	2,447			
		<b>180,995</b>	<b>745,156</b>	<b>3,820,453</b>			
<b>Basic/Diluted profit per share</b>	23	0.003	0.010	0.053			

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

**CONDENSED INTERIM STATEMENTS OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER AND TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022 (CONTINUED)**

	Note	Twelve-month period ended					
		Group		Company			
		Unaudited 31.12.2022 US\$	Unaudited 31.12.2022 KHR'000	Audited 31.12.2021 US\$	Unaudited 31.12.2022 US\$	Audited 31.12.2021 KHR'000	Audited 31.12.2021 US\$
Revenue	17	26,258,526	108,106,352	28,065,282	5,965,971	24,561,903	8,994,342
Cost of sales	18	(15,781,737)	(64,973,411)	(17,218,809)	(1,886,002)	(7,764,670)	(4,820,038)
<b>Gross profit</b>		<b>10,476,789</b>	<b>43,132,941</b>	<b>10,846,473</b>	<b>4,079,969</b>	<b>16,797,233</b>	<b>4,174,304</b>
Other income	19	279,675	1,151,422	194,130	1,375,596	5,663,329	1,381,152
Administrative expenses	20	(7,148,881)	(29,431,943)	(6,774,401)	(4,603,439)	(18,952,358)	(4,139,099)
<b>Operating profit</b>		<b>3,607,583</b>	<b>14,852,420</b>	<b>4,266,202</b>	<b>852,126</b>	<b>3,508,204</b>	<b>1,416,357</b>
Finance costs	21	(1,479,711)	(6,091,970)	(1,479,196)	(815,814)	(3,358,706)	(1,170,642)
Share of results of associates		326,020	1,342,224	270,944	411,323	1,693,417	270,944
<b>Profit before tax</b>		<b>2,453,892</b>	<b>10,102,674</b>	<b>3,057,950</b>	<b>447,635</b>	<b>1,842,915</b>	<b>516,659</b>
Income tax expense	22	(362,849)	(1,493,849)	(1,174,442)	(31,204)	(128,467)	(151,397)
<b>Profit for the financial period from continuing operation</b>		<b>2,091,043</b>	<b>8,608,825</b>	<b>1,883,508</b>	<b>416,431</b>	<b>1,714,448</b>	<b>365,262</b>
Profit from discontinuing operation		12,327	50,750	30,314	-	-	-
<b>Profit for the financial period, representing total comprehensive income</b>		<b>2,103,370</b>	<b>8,659,575</b>	<b>1,913,822</b>	<b>416,431</b>	<b>1,714,448</b>	<b>365,262</b>
<b>Profit attributable to:</b>							
Owners of the Company		2,093,141	8,617,462	1,969,829			
Non-controlling interests		10,229	42,113	(56,007)			
		<b>2,103,370</b>	<b>8,659,575</b>	<b>1,913,822</b>			
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		2,093,141	8,617,462	1,969,829			
Non-controlling interests		10,229	42,113	(56,007)			
		<b>2,103,370</b>	<b>8,659,575</b>	<b>1,913,822</b>			
<b>Total comprehensive income attributable to the Company:</b>							
Continuing operation		2,080,814	8,566,712	1,939,515			
Discontinued operation		12,327	50,750	30,314			
		<b>2,093,141</b>	<b>8,617,462</b>	<b>1,969,829</b>			
<b>Basic/Diluted profit per share</b>	23	<b>0.029</b>	<b>0.120</b>	<b>0.027</b>			

The Condensed Interim Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

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

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022**

Group	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Non- controlling interests US\$	Total equity US\$
<b>Group (Unaudited)</b>						
At 1 January 2022		35,937,500	4,575,051	20,368,679	(6,666)	60,874,564
Adjustment of Sahas Securities		-	-	84,980	-	84,980
- Dividend paid	27	-	-	(1,169,693)	(12,436)	(1,182,129)
Profit for the financial period, representing total comprehensive income		-	-	2,093,141	10,229	2,103,370
<b>At 31 December 2022</b>		<b>35,937,500</b>	<b>4,575,051</b>	<b>21,377,107</b>	<b>(8,873)</b>	<b>61,880,785</b>
(KHR'000 equivalent)		<b>147,954,688</b>	<b>18,835,484</b>	<b>88,009,550</b>	<b>(36,530)</b>	<b>254,763,192</b>
<b>Group (Audited)</b>						
At 1 January 2021		35,937,500	4,575,051	18,475,706	1,082,465	60,070,722
Profit for the financial period, representing total comprehensive income		-	-	1,969,829	(56,007)	1,913,822
Transaction with owners:						
- Acquisition of non-controlling interest of Sahas E&C Co., Ltd		-	-	(144,980)	(1,027,535)	(1,172,515)
- Acquisition of non-controlling interest of sahas Advisory & Consulting Co., Ltd		-	-	68,124	(5,589)	62,535
<b>At 31 December 2021</b>		<b>35,937,500</b>	<b>4,575,051</b>	<b>20,368,679</b>	<b>(6,666)</b>	<b>60,874,564</b>
(KHR'000 equivalent)		<b>146,409,375</b>	<b>18,638,758</b>	<b>82,981,998</b>	<b>(27,157)</b>	<b>248,002,974</b>

Company No. 00006448

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

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022 (CONTINUED)**

	Note	Share capital US\$	Share premium US\$	Retained earnings US\$	Total equity US\$
<b>Company (Unaudited)</b>					
At 1 January 2022		35,937,500	4,575,051	21,386,718	61,899,269
- Dividend paid	27	-	-	(1,169,693)	(1,169,693)
Profit for the financial period, representing total comprehensive income		-	-	416,431	416,431
At 31 December 2022		<b>35,937,500</b>	<b>4,575,051</b>	<b>20,633,456</b>	<b>61,146,007</b>
(KHR'000 equivalent)		<b>147,954,688</b>	<b>18,835,485</b>	<b>84,947,938</b>	<b>251,738,111</b>
<b>Company (Audited)</b>					
At 1 January 2021		35,937,500	4,575,051	21,021,456	61,534,007
Profit for the financial period, representing total comprehensive income		-	-	365,262	365,262
At 31 December 2021		<b>35,937,500</b>	<b>4,575,051</b>	<b>21,386,718</b>	<b>61,899,269</b>
(KHR'000 equivalent)		<b>146,409,375</b>	<b>18,638,758</b>	<b>87,129,489</b>	<b>252,177,622</b>

The Condensed Interim Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

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

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022**

	Twelve-month period ended					
	Group		Company			
	Unaudited 31.12.2022	Audited 31.12.2021	Unaudited 31.12.2022	Audited 31.12.2021	Unaudited 31.12.2022	Audited 31.12.2021
US\$	KHR'000	US\$	US\$	KHR'000	US\$	
<b>Cash flows from operating activities</b>						
Profit before tax:	2,453,892	10,102,674	3,057,950	447,635	1,842,915	516,659
Adjustments for non-cash items:						
Deferred revenue	(548,000)	(2,256,116)	(548,000)	(548,000)	(2,256,116)	(548,000)
Acquisition through business combination of Sahas Advisory & Consulting Co., Ltd.	-	-	(25,987)			
Depreciation of:						
- Property, plant and equipment	1,580,935	6,508,709	1,431,678	1,211,562	4,988,001	1,101,993
- Investment properties	737,191	3,035,014	505,968	381,114	1,569,046	381,113
Property, plant and equipment written off	(226,499)	(932,496)	-	-	-	-
Transferred from IP to JV	(43,649)	(179,703)	-	(43,649)	(179,703)	-
Finance costs	1,479,711	6,091,970	1,479,196	815,814	3,358,706	1,170,642
Interest income	(83,436)	(343,506)	(1,829)	(158)	(650)	(187)
Share of results of associates	(326,020)	(1,342,224)	(270,944)	(411,323)	(1,693,417)	(270,944)
Loss on disposal of subsidiary	-	-	-	74,399	306,301	
<b>Operating profit before changes in working capital</b>	<b>5,024,125</b>	<b>20,684,322</b>	<b>5,628,032</b>	<b>1,927,394</b>	<b>7,935,083</b>	<b>2,351,276</b>
<b>Changes in working capital:</b>						
Inventories	(2,669,350)	(10,989,714)	772,433	548,968	2,260,101	1,081,796
Trade and other receivables	(467,780)	(1,925,850)	(127,623)	722,011	2,972,519	9,382,714
Contract assets	(959,170)	(3,948,903)	-	-	-	-
Trade and other payables	9,564,070	39,375,276	11,938,659	(742,316)	(3,056,115)	166,126
Contract liabilities	175,212	721,348	(175,212)	-	-	-
Net cash inflow from discontinuing operation	-	-	30,258	-	-	-
<b>Net cash generated from operations</b>	<b>10,667,107</b>	<b>43,916,479</b>	<b>18,066,547</b>	<b>2,456,057</b>	<b>10,111,588</b>	<b>12,981,912</b>
Tax paid	(742,964)	(3,058,783)	(1,161,139)	(335)	(1,379)	(151,397)
<b>Net cash generated from operating activities</b>	<b>9,924,143</b>	<b>40,857,696</b>	<b>16,905,408</b>	<b>2,455,722</b>	<b>10,110,209</b>	<b>12,830,515</b>

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

**CONDENSED INTERIM STATEMENTS OF CASH FLOWS  
FOR THE TWELVE-MONTH PERIOD ENDED 31 DECEMBER 2022 (CONTINUED)**

	Twelve-month period ended					
	Group		Company			
	Unaudited 31.12.2022	Audited 31.12.2021	Unaudited 31.12.2022	Unaudited 31.12.2022	Audited 31.12.2021	Audited 31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	(10,065,835)	(41,441,044)	(7,259,640)	(1,789,354)	(7,366,770)	(2,499,844)
Purchase of investment properties	(32,926)	(135,556)	-	-	-	-
Investment in subsidiaries	-	-	-	-	-	(17,260,589)
Investment in associates	-	-	(1,593,961)	-	-	(469,411)
Acquisition of non-controlling interest of Sahas E&C Co., Ltd.	-	-	(1,172,515)	-	-	-
Acquisition of non-controlling interest of Sahas Advisory & Consulting Co., Ltd.	-	-	62,535	-	-	-
Dividend received	213,714	879,861	43,769	213,714	879,861	43,769
Investment in joint ventures	(20,400)	(83,987)	-	(20,400)	(83,987)	-
Net cash inflow from discontinuing operation	-	-	56	123,456	508,268	-
Interest received	83,436	343,506	1,829	158	650	187
Net advances to/(repayments from):						
- Subsidiaries	-	-	-	3,408,823	14,034,124	14,385,300
- Related parties	(170,799)	(703,179)	(543,749)	192,149	791,077	(1,067,705)
- Associates	(112,272)	(462,224)	909,416	398,167	1,639,254	853,250
- Directors	(40,747)	(167,755)	38,906	133,983	551,608	24,176
- Shareholders	(183,889)	(757,071)	99	(183,889)	(757,071)	99
<b>Net cash (used in)/generated from investing activities</b>	<b>(10,329,718)</b>	<b>(42,527,449)</b>	<b>(9,513,255)</b>	<b>2,476,807</b>	<b>10,197,014</b>	<b>(5,990,768)</b>
<b>Cash flows from financing activities</b>						
Dividend paid	(1,182,129)	(4,866,825)	-	(1,169,693)	(4,815,626)	-
Drawdown of loans	8,784,001	36,163,732	3,970,073	-	-	102,300
Repayment of loans	(7,156,314)	(29,462,544)	(5,789,647)	(3,106,387)	(12,788,996)	(5,367,175)
Interest paid	(1,479,711)	(6,091,970)	(1,479,196)	(815,814)	(3,358,706)	(1,170,642)
<b>Net cash used in financing activities</b>	<b>(1,034,153)</b>	<b>(4,257,607)</b>	<b>(3,298,770)</b>	<b>(5,091,894)</b>	<b>(20,963,328)</b>	<b>(6,435,517)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,439,728)</b>	<b>(5,927,360)</b>	<b>4,093,383</b>	<b>(159,365)</b>	<b>(656,105)</b>	<b>404,230</b>
<b>Cash and cash equivalents at the beginning of the financial period</b>	<b>5,716,017</b>	<b>23,532,842</b>	<b>1,622,634</b>	<b>682,473</b>	<b>2,809,741</b>	<b>278,243</b>
<b>Cash and cash equivalents at the end of the financial period</b>	<b>4,276,289</b>	<b>17,605,482</b>	<b>5,716,017</b>	<b>523,108</b>	<b>2,153,636</b>	<b>682,473</b>

The Condensed Interim Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to this condensed interim financial information.

**Company No. 00006448**

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

## **NOTES TO THE CONDENSED INTERIM 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.

During the Sixth Annual General Meeting on 28 April 2022, shareholders approved the name changed from Phnom Penh SEZ Plc. to Royal Group Phnom Penh SEZ Plc. The Company has filed the necessary documentation to Ministry of Commerce and General Department of Taxation and is waiting for approval to complete the name changing process.

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 disclosed in Note 5 to the condensed interim financial information. There have been no significant changes in the nature of these activities during the financial period.

The condensed interim financial information was approved and authorised for issue by the Board of Directors on 10 February 2023.

The condensed interim financial information for the quarter and twelve-month period ended 31 December 2022, has been reviewed but not audited.

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

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

The condensed interim financial information for the twelve-month period ended 31 December 2022 has been prepared in accordance with Cambodian International Accounting Standards (“CIAS”) 34 Interim Financial Reporting.

This condensed interim financial information does not include all the notes normally included in an annual financial statements. Accordingly, this report is to be read in conjunction with the annual audited financial statements for the financial year ended 31 December 2021, which have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRS”) and any public announcements made by the Company during the interim reporting period.

The significant accounting policies used in preparing the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the annual audited financial statements for the financial year ended 31 December 2021.

#### **2.2 Standards, amendments to published standards and interpretations that are effective**

Multiple standards, amendments to published standards and interpretations are effective for reporting period commencing 1 January 2022. However, the Board of Directors are in the opinion that the adoption of these standards, amendments to published standards and interpretations did not have any significant impact on the current period or any prior period and is not likely to affect the future periods.



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

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

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

**2.3 Significant accounting policies**

The significant accounting policies used in preparing the condensed interim financial information are consistent with the significant accounting policies used in the preparation of the annual audited financial statements for the financial year ended 31 December 2021.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's decision makers. Those whom is responsible for allocating resources to and assessing the performance of the operating segments has been identified as the key management team. The Group mainly operates in one operating segment, being the real estate related business. As such, no further segmentation is required.

**Seasonality or cyclicity of operations**

The Group and the Company are mainly involved in the real estate related business. There is no significant seasonality factor associated with these businesses.

**2.4 Significant accounting judgements, estimates and assumptions**

When preparing the condensed interim financial information, the Board of Directors undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by the Board of Directors, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the condensed interim financial information, including the key sources of estimation uncertainty, were the same as those applied in the Group's last annual audited financial statements for the financial year ended 31 December 2021.

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

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

**3. PROPERTY, PLANT AND EQUIPMENT**

<b>Group (Audited)</b>	<b>Freehold land US\$</b>	<b>Building and infrastructure US\$</b>	<b>Machinery US\$</b>	<b>Motor vehicle, equipment and computers US\$</b>	<b>*Construction in progress US\$</b>	<b>Total US\$</b>
<b>Movement in net carrying amount</b>						
At 1 January 2021	721,224	11,828,838	324,052	176,487	534,389	13,584,990
Additions	-	397,693	316,000	184,939	6,361,008	7,259,640
Acquisition through business combination of Sahas Advisory & Consulting Co., Ltd.	-	-	-	25,987	-	25,987
Transfer within property, plant and equipment	-	2,637,356	-	-	(2,637,356)	-
Transfer to investment properties	-	-	-	-	(945,000)	(945,000)
Transfer to inventories	-	-	-	-	(841,943)	(841,943)
Depreciation charge	-	(1,184,673)	(134,164)	(112,841)	-	(1,431,678)
<b>At 31 December 2021</b>	<b>721,224</b>	<b>13,679,214</b>	<b>505,888</b>	<b>274,572</b>	<b>2,471,098</b>	<b>17,651,996</b>
<b>(Unaudited)</b>						
Additions	-	1,215,177	59,410	46,312	8,744,936	10,065,835
Written off	-	(20,618)	(299)	(528)	247,944	226,499
Transfer within property, plant and equipment	-	712,657	86,000	-	(798,657)	-
Transfer within investment properties	-	-	-	-	(6,908,601)	(6,908,601)
Transfer to inventories	-	-	-	-	(1,767,954)	(1,767,954)
Depreciation charge	-	(1,291,139)	(186,193)	(103,603)	-	(1,580,935)
<b>At 31 December 2022</b>	<b>721,224</b>	<b>14,295,291</b>	<b>464,806</b>	<b>216,753</b>	<b>1,988,766</b>	<b>17,686,840</b>
<b>(KHR'000 equivalent)</b>	<b>2,969,279</b>	<b>58,853,714</b>	<b>1,913,606</b>	<b>892,372</b>	<b>8,187,750</b>	<b>72,816,721</b>

\* Construction in progress represents infrastructure under construction stated at cost. Construction in progress is not depreciated until such time when the asset is available for use.

As at 31 December 2022, the capital commitment of the Group arising from the construction in progress amounted to US\$4,899,434 (2021: US\$4,035,448) as at the date of this condensed interim financial information.

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

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

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

Company (Audited)	Freehold land US\$	Building and infrastructure US\$	Machinery US\$	Motor vehicle, equipment and computers US\$	*Construction in progress US\$	Total US\$
<b>Movement in net carrying amount</b>						
At 1 January 2021	721,224	12,035,447	146,928	59,855	772,162	13,735,616
Additions	-	389,274	27,834	17,164	2,065,572	2,499,844
Transfer within property, plant and equipment	-	2,382,371	-	-	(2,382,371)	-
Transfer to inventories	-	-	-	-	(411,334)	(411,334)
Depreciation charge	-	(1,029,979)	(46,110)	(25,904)	-	(1,101,993)
At 31 December 2021	721,224	13,777,113	128,652	51,115	44,029	14,722,133
<b>(Unaudited)</b>						
Additions	-	13,761	39,510	9,075	1,727,008	1,789,354
Transfer within property, plant and equipment	-	44,029	86,000	-	(130,029)	-
Transfer to inventories	-	-	-	-	(1,389,295)	(1,389,295)
Depreciation charge	-	(1,138,518)	(52,076)	(20,968)	-	(1,211,562)
At 31 December 2022	<b>721,224</b>	<b>12,696,385</b>	<b>202,086</b>	<b>39,222</b>	<b>251,713</b>	<b>13,910,630</b>
<b>(KHR'000 equivalent)</b>	<b>2,969,279</b>	<b>52,271,018</b>	<b>831,988</b>	<b>161,477</b>	<b>1,036,302</b>	<b>57,270,064</b>

\* Construction in progress represents infrastructure under construction stated at cost. Construction in progress is not depreciated until such time when the asset is available for use.

As at 31 December 2022, the capital commitment of the Company arising from the construction in progress amounted to US\$135,902 (2021: Nil) as at the date of this condensed interim financial information.

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

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

**4. INVESTMENT PROPERTIES**

	Freehold land US\$	Buildings US\$	Total US\$
<b>Group</b>			
<b>(Audited)</b>			
<b>Movement in net carrying amount</b>			
At 1 January 2021	2,515,656	7,482,915	9,998,571
Additions	-	945,000	945,000
Depreciation charge	-	(505,968)	(505,968)
At 31 December 2021	2,515,656	7,921,947	10,437,603
<b>(Unaudited)</b>			
Addition		32,926	32,926
Transferred from PPE	-	6,908,601	6,908,601
Transferred to joint ventures	(6,851)	-	(6,851)
Depreciation charge	-	(737,191)	(737,191)
<b>At 31 December 2022</b>	<b>2,508,805</b>	<b>14,126,283</b>	<b>16,635,088</b>
<b>(KHR'000 equivalent)</b>	<b>10,328,750</b>	<b>58,157,907</b>	<b>68,486,657</b>
<b>Company</b>			
<b>(Audited)</b>			
<b>Movement in net carrying amount</b>			
At 1 January 2021	2,515,656	5,596,685	8,112,341
Depreciation charge	-	(381,113)	(381,113)
At 31 December 2021	2,515,656	5,215,572	7,731,228
<b>(Unaudited)</b>			
Transferred to joint ventures	(6,851)	-	(6,851)
Depreciation charge	-	(381,114)	(381,114)
<b>At 31 December 2022</b>	<b>2,508,805</b>	<b>4,834,458</b>	<b>7,343,263</b>
<b>(KHR'000 equivalent)</b>	<b>10,328,750</b>	<b>19,903,464</b>	<b>30,232,214</b>

As at 31 December 2022, investment properties with a carrying amount of US\$16,635,088 and US\$7,343,263 of the Group and of the Company respectively have been pledged as security to secure term loans granted to the Group and the Company as disclosed in Note 13 to the condensed interim financial information.

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

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

**5. INVESTMENT IN SUBSIDIARIES**

	(Unaudited)		(Audited)
	31.12.2022		31.12.2021
	US\$	KHR'000	US\$
<b>Company</b>			
Unquoted shares, at cost	39,783,104	163,787,039	39,983,104

The Company's effective equity interest in the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Effective equity interest		Principal activities
		2022	2021	
		%	%	
Royal Group Poipet SEZ Co., Ltd. (formerly known as Poi Pet PPSEZ Co., Ltd.)	Cambodia	100	100	Establish, develop and operate industrial zone
Sahas E&C Co., Ltd.	Cambodia	100	100	Construction services
Royal Group Kandal SEZ Co., Ltd. (formerly known as 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
Sahas Advisory & Consulting Co., Ltd.	Cambodia	46	46	Advisory and consultant services

**6. INVESTMENT IN ASSOCIATES**

	(Unaudited)		(Audited)
	31.12.2022		31.12.2021
	US\$	KHR'000	US\$
<b>Group</b>			
Unquoted shares, at cost	8,591,361	35,370,633	8,591,361
Shares of post-acquisition reserves	5,439,898	22,396,060	5,541,308
Dividend received	213,716	879,869	-
Less: Allowance for impairment loss	(1,435,407)	(5,909,571)	(1,435,407)
	<b>12,809,568</b>	<b>52,736,991</b>	<b>12,697,262</b>
<b>Company</b>			
Unquoted shares, at cost	7,466,811	30,740,861	7,466,811
Shares of post-acquisition reserves	5,525,201	22,747,253	5,541,308
Dividend received	213,716	879,869	-
Less: Allowance for impairment loss	(1,435,407)	(5,909,571)	(1,435,407)
	<b>11,770,321</b>	<b>48,458,412</b>	<b>11,572,712</b>

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

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

**6. INVESTMENT IN ASSOCIATES (CONTINUED)**

The Group's effective equity interest in the associates are as follows:

Name of associates	Country of incorporation	Effective equity interest		Principal activities
		2022 %	2021 %	
<b><u>Associate of Phnom Penh SEZ Plc.</u></b>				
Colben Energy (Cambodia) PPSEZ Ltd.*	Cambodia	51	51	Supply of electricity
Bok Seng PPSEZ Dry Port Co., Ltd.	Cambodia	40	40	Dry port
Gomi Recycle (Phnom Penh) Co., Ltd.*	Cambodia	49	49	Waste recycle factory
<b><u>Associate of Royal Group Poipet SEZ Co., Ltd. (formerly known as Poi Pet PPSEZ Co., Ltd.)</u></b>				
B.Grimm Power (Poipet) Co., Ltd.	Cambodia	45	45	Supply of electricity

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

**7. INVENTORIES**

	Group		Company			
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.12.2022	31.12.2021	31.12.2021	31.12.2022	31.12.2021	31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>At cost</b>						
Freehold lands and development cost	41,006,441	168,823,518	36,569,137	12,948,312	53,308,201	12,107,985

Included in the net carrying amount of inventories of the Group and of the Company were assets transferred from property, plant and equipment of US\$1,767,954 and US\$1,389,295 respectively, as disclosed in Note 3 to the condensed interim financial information.

As at 31 December 2022, inventories with a carrying amount of US\$15,703,721 of the Group and US\$6,508,001 of the Company have been pledged as security to secure term loans granted to the Group and the Company as disclosed in Note 13 to the condensed interim financial information.

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

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

**8. TRADE AND OTHER RECEIVABLES**

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Trade receivables from contract with customers:</b>						
Third parties	8,713,456	35,873,298	7,792,977	771,217	3,175,100	996,000
Shareholder	-	-	1,007	-	-	-
Related parties	-	-	789,333	-	-	771,217
	<u>8,713,456</u>	<u>35,873,298</u>	<u>8,583,317</u>	<u>771,217</u>	<u>3,175,100</u>	<u>1,767,217</u>
<b>Non-trade receivables:</b>						
Other receivables	354,307	1,458,682	199,361	216,255	890,322	180,226
Input value added taxes	1,935,854	7,969,911	1,458,388	-	-	27,896
Withholding tax credit	3,515,206	14,472,103	3,521,195	3,470,206	14,286,838	3,475,428
Subsidiaries	-	-	-	1,836,607	7,561,311	1,166,658
Associates	797,183	3,282,002	1,195,325	797,158	3,281,899	1,195,325
Directors	-	-	-	(160,000)	(658,720)	-
Related parties	201,284	828,686	589,102	161,284	664,006	389,102
Shareholders	-	-	16,621	-	-	16,621
Deposits	281,290	1,158,071	107,116	4,330	17,827	89,416
Prepayments*	5,417,579	22,304,173	5,880,535	588,885	2,424,440	230,576
	<u>12,502,703</u>	<u>51,473,628</u>	<u>12,967,643</u>	<u>6,914,725</u>	<u>28,467,923</u>	<u>6,771,248</u>
<b>Total trade and other receivables</b>	<b>21,216,159</b>	<b>87,346,926</b>	<b>21,550,960</b>	<b>7,685,942</b>	<b>31,643,023</b>	<b>8,538,465</b>

\*Included in the Group's and the Company's prepayments are an amount of US\$4,819,615 (2021: US\$5,632,801) and Nil (2021: Nil) respectively made in relation to land acquisitions.

As at 31 December 2022, the capital commitment of the Group and the Company arising from the land acquisition amounted to US\$482,696 and Nil respectively (2021: US\$5,632,801 and Nil) as at the date of this condensed interim financial information.

**9. CASH AND CASH EQUIVALENTS**

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cash in hand	12,806	52,722	8,820	2,924	12,038	1,743
Deposits held at call with licensed banks	4,263,483	17,552,760	5,707,197	520,184	2,141,598	680,730
	<u>4,276,289</u>	<u>17,605,482</u>	<u>5,716,017</u>	<u>523,108</u>	<u>2,153,636</u>	<u>682,473</u>

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

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

**10. SHARE CAPITAL**

	Group and Company			
	(Unaudited) 31.12.2022		(Audited) 31.12.2021	
	Number of share of US\$ 0.50 each	US\$	Number of share of US\$ 0.50 each	US\$
<b>Ordinary shares</b>				
Registered:				
At beginning/end of financial period	71,875,000	35,937,500	71,875,000	35,937,500
Fully paid:				
At beginning/end of financial period	71,875,000	35,937,500	71,875,000	35,937,500
<b>(KHR'000 equivalent)</b>		<u>147,954,688</u>		<u>146,409,375</u>

There were no issuances, cancellations, repurchases, re-sales and repayments of equity securities during the financial period.

**11. 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.

**12. CONTRACT ASSETS/(LIABILITIES)**

	Group		Company		
	(Unaudited) 31.12.2022	(Audited) 31.12.2021	(Unaudited) 31.12.2022	(Audited) 31.12.2021	
	US\$	KHR'000	US\$	US\$	KHR'000
<b>Current:</b>					
Contract assets	959,170	3,948,903	-	-	-
<b>Non-current:</b>					
Contract liabilities	(7,672,000)	(31,585,624)	(8,220,000)	(7,672,000)	(31,585,624)
<b>Current:</b>					
Contract liabilities	(548,000)	(2,256,116)	(372,788)	(548,000)	(2,256,116)
<b>Total contract liabilities</b>	<u>(8,220,000)</u>	<u>(35,092,723)</u>	<u>(8,592,788)</u>	<u>(8,220,000)</u>	<u>(35,092,723)</u>

The contract assets relate to the Group's rights to consideration for construction work completed but not billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional.



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

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

**13. LOANS AND BORROWINGS**

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Non-current:</b>						
<b>Secured</b>						
Term loan VII	4,923,454	20,269,860	8,328,430	3,434,079	14,138,103	6,237,401
Term loan IX	7,942,398	32,698,853	3,961,880	1,498,400	6,168,913	1,998,800
Term loan XI	662,984	2,729,505	1,191,404	662,984	2,729,505	1,191,404
	<u>13,528,836</u>	<u>55,698,218</u>	<u>13,481,714</u>	<u>5,595,463</u>	<u>23,036,521</u>	<u>9,427,605</u>
<b>Current:</b>						
<b>Secured</b>						
Term loan VII	2,612,721	10,756,572	1,681,487	2,240,718	9,225,036	1,551,120
Term loan IX	1,815,827	7,475,760	1,202,653	500,400	2,060,147	500,400
Term loan XI	523,544	2,155,431	487,387	523,544	2,155,430	487,387
	<u>4,952,092</u>	<u>20,387,763</u>	<u>3,371,527</u>	<u>3,264,662</u>	<u>13,440,613</u>	<u>2,538,907</u>
<b>Total loans and borrowings</b>	<b><u>18,480,928</u></b>	<b><u>76,085,981</u></b>	<b><u>16,853,241</u></b>	<b><u>8,860,125</u></b>	<b><u>36,477,134</u></b>	<b><u>11,966,512</u></b>

CIAS 7 require the Group and the Company to provide disclosures that enable users of financial statements to evaluate the changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The change in liabilities is disclosed as follows:

	Group			Company		
	(Unaudited)		(Audited)	(Unaudited)		(Audited)
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Term loans</b>						
At the beginning of the financial period	16,853,241	69,384,793	18,672,815	11,966,512	49,266,130	17,231,387
Drawdowns	8,784,001	36,163,732	3,970,073	-	-	102,300
Repayments	(7,156,314)	(29,462,544)	(5,789,647)	(3,106,387)	(12,788,996)	(5,367,175)
Finance costs	1,479,711	6,091,970	1,479,196	815,814	3,358,706	1,170,642
Interest paid	(1,479,711)	(6,091,970)	(1,479,196)	(815,814)	(3,358,706)	(1,170,642)
<b>At the end of the financial period</b>	<b><u>18,480,928</u></b>	<b><u>76,085,981</u></b>	<b><u>16,853,241</u></b>	<b><u>8,860,125</u></b>	<b><u>36,477,134</u></b>	<b><u>11,966,512</u></b>

Company No. 00006448

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

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

**13. LOANS AND BORROWINGS (COTINUED)**

Other information on loans and borrowings are disclosed as follows:

Term Loan	Licensed Bank	Principal Amount (USD)	Interest Term	Repayable in Number of Years	Monthly Instalment	Commence Date	Remark
Term loan VII	First Commercial Bank	2,000,000	6.80%	6	29,169	07/07/2018	*
		2,300,000	6.80%	7	34,489	02/11/2018	*
		3,500,000	LIBOR rate plus 3.75% $\geq$ 6.87%	5	69,090	12/09/2019	*
		2,500,000	LIBOR rate plus 3.75% $\geq$ 6.87%	5	43,013	10/09/2019	*
		2,530,488	LPCO plus 1.00% $\geq$ 6.90%	7	38,068	02/11/2020	*
		1,200,000	Libor+3.3% $\geq$ 6.8%	5	17,994	19/06/2019	
		1,521,261	LIBOR plus 1.90% $\geq$ 7%	7	23,198	01/02/2021	
Term loan VIII	Phnom Penh Commercial Bank	3,050,000	8.00%	1	41,667	28/12/2018	#
		2,000,000	8.00%	5	33,333	01/02/2017	#
		1,300,000	8.00%	43 months	34,884	31/08/2020	#
		102,300	8.00%	3 months	682	31/05/2021	
Term loan IX	Kasikornbank	3,500,000	7.00%	7	41,700	02/05/2019	*
		500,000	6.50%	5	9,700	23/04/2020	
		250,000	6.50%	5	4,900	29/01/2021	
		2,096,512	6.65%	34 months	92,638	27/09/2021	
		5,784,000	6.19%	7	112,400	09/03/2022	
Term loan XI	Advanced Bank of Asia Limited	1,500,000	7.50%	5	30,130	13/02/2020	#
		980,392	7.50%	5	19,597	13/02/2020	#
Term loan XII	Wing Bank	3,000,000	9.00%	6		30/05/2022	#

\* The loans are secured by a mortgage over the investment properties and inventories as disclosed in Note 4 and Note 7 to the condensed interim financial information.

# The loans are secured by a mortgage over the inventories as disclosed in Note 7 to the condensed interim financial information.

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

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

**14. INVESTMENT IN JOINT VENTURE**

Phnom Penh SEZ Plc. has signed a US\$150,500 called “Initial Capital” joint venture agreement with Dr. Nath Sereyroth and Mrs. Yem Sophary on Clinic Investment. The Clinic is called “PPSEZ Clinic” located at Phnom Penh Special Economic Zone, National road 4, Sangkat Kantouk, Khan Kambol, Phnom Penh.

The initial capital was paid entirely by each shareholder according to his/her own shares and all shareholders as having been wholly paid recognized these contributions. The initial capital shall be divided into 100 shares with each share having a value of US\$1,505.

On 29 August 2022, due to the need of more medical equipment and salary for staff, shareholders decided and agreed to inject additional capital amount US\$60,000 in which each share price increased from US\$1,505 to US\$2,105.

The above shares shall be paid wholly and completely to the cooperating Clinic and are divided for each shareholder according to his own initial shares proportion, namely:

Shareholders	Number of shares	Initial capital	Additional capital	Total Capital for each shareholder
	%	US\$	US\$	US\$
Phnom Penh SEZ Plc.	34	50,500	20,400	70,900
Dr. Nath Sereyroth	33	50,000	19,800	69,800
Mrs. Yem Sophary	33	50,000	19,800	69,800
<b>Total</b>	<b>100</b>	<b>150,500</b>	<b>60,000</b>	<b>210,500</b>

**15. DISCONTINUED OPERATION**

The group has announced its intention to exit the security business from Sahas Security Co., Ltd. The subsidiary was closed for operation on 31 May 2022. The subsidiary was reported in the financial statement of Group for the twelve-month ended 31 December 2022 as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

	2022 (Unaudited)		2021 (Audited)
	US\$	KHR'000	US\$
Revenue	270,901	1,115,299	841,810
Cost of sales	(222,421)	(915,707)	(712,203)
<b>Gross profit of discontinued operation</b>	<b>48,480</b>	<b>199,592</b>	<b>129,607</b>
Other income	-	-	56
Administrative expenses	(30,720)	(126,474)	(91,771)
<b>Operating profit of discontinued operation</b>	<b>17,760</b>	<b>73,118</b>	<b>37,892</b>
Finance costs	-	-	-
<b>Profit before tax of discontinued operation</b>	<b>17,760</b>	<b>73,118</b>	<b>37,892</b>
Income tax expense	(5,433)	(22,368)	(7,578)
<b>Profit for the financial period from discontinued operation</b>	<b>12,327</b>	<b>50,750</b>	<b>30,314</b>
<b>Basic/Diluted profit per share from discontinued operation</b>	<b>0.0002</b>	<b>0.0007</b>	<b>0.0004</b>

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

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

**16. TRADE AND OTHER PAYABLES**

	Group		Company			
	(Unaudited)	(Audited)	(Unaudited)	(Audited)		
	31.12.2022	31.12.2021	31.12.2022	31.12.2021		
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Trade payables:</b>						
Third parties	233,391	960,871	1,487,960	-	-	1,316,451
<b>Non-trade payables:</b>						
Other payables	10,397,300	42,805,680	6,983,079	478,347	1,969,356	216,323
Deposits	13,483,865	55,513,072	7,685,309	1,724,844	7,101,183	1,444,136
Subsidiaries	-	-	-	12,215,728	50,292,152	8,136,956
Associates	953,888	3,927,157	480,000	480,000	1,976,160	480,000
Related parties	849,881	3,498,960	1,408,498	848,257	3,492,274	883,926
Directors	-	-	40,747	-	-	26,017
Contract liability	713	2,935	-	-	-	-
Output Value Added Taxes	-	-	-	31,403	129,286	-
Shareholders	-	-	200,510	-	-	200,510
	25,685,647	105,747,804	16,798,143	15,778,579	64,960,411	11,387,868
<b>Total trade and other payables</b>	<b>25,919,038</b>	<b>106,708,675</b>	<b>18,286,103</b>	<b>15,778,579</b>	<b>64,960,411</b>	<b>12,704,319</b>

**17. REVENUE**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.12.2022	31.12.2021	31.12.2022	31.12.2021		
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Revenue from contract customers:</b>						
Sale of land	-	-	17,769,414	-	-	1,178,800
Construction revenue	1,530,693	6,301,863	292,402	-	-	-
Rendering of services	837,396	3,447,559	664,236	823,090	3,388,662	686,316
	2,368,089	9,749,422	18,726,052	823,090	3,388,662	1,865,116
<b>Revenue from other source:</b>						
Rental of investment property	1,134,464	4,670,589	536,665	495,769	2,041,081	439,204
	<b>3,502,553</b>	<b>14,420,011</b>	<b>19,262,717</b>	<b>1,318,859</b>	<b>5,429,743</b>	<b>2,304,320</b>
<b>Timing of revenue recognition:</b>						
At point in time	1,971,860	8,118,148	18,970,315	1,318,859	5,429,743	2,304,320
Over time	1,530,693	6,301,863	292,402	-	-	-
	<b>3,502,553</b>	<b>14,420,011</b>	<b>19,262,717</b>	<b>1,318,859</b>	<b>5,429,743</b>	<b>2,304,320</b>

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

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

**17. REVENUE (COTINUED)**

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b>Revenue from contract customers:</b>						
Sale of land	11,313,940	46,579,491	21,189,142	955,800	3,935,029	4,598,528
Construction revenue	8,089,692	33,305,262	1,936,294	-	-	-
Rendering of services	3,410,598	14,041,432	2,848,943	3,089,857	12,720,941	2,670,431
	22,814,230	93,926,185	25,974,379	4,045,657	16,655,970	7,268,959
<b>Revenue from other source:</b>						
Rental of investment property	3,444,296	14,180,167	2,090,903	1,920,314	7,905,933	1,725,383
	<b>26,258,526</b>	<b>108,106,352</b>	<b>28,065,282</b>	<b>5,965,971</b>	<b>24,561,903</b>	<b>8,994,342</b>
<b>Timing of revenue recognition:</b>						
At point in time	18,168,834	74,801,090	26,128,988	5,965,971	24,561,903	8,994,342
Over time	8,089,692	33,305,262	1,936,294	-	-	-
	<b>26,258,526</b>	<b>108,106,352</b>	<b>28,065,282</b>	<b>5,965,971</b>	<b>24,561,903</b>	<b>8,994,342</b>

**18. COST OF SALES**

	(Unaudited)					
	Three-month period ended					
	Group			Company		
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cost of land cost	-	-	11,513,967	-	-	1,179,482
Cost of services rendered	261,760	1,077,666	141,056	215,816	888,514	179,372
Cost of construction	534,442	2,200,298	555,053	-	-	-
Depreciation charge	258,375	1,063,730	131,308	95,278	392,260	95,278
	<b>1,054,577</b>	<b>4,341,694</b>	<b>12,341,384</b>	<b>311,094</b>	<b>1,280,774</b>	<b>1,454,132</b>

	Twelve-month period ended					
	Group			Company		
	Unaudited		Audited	Unaudited		Audited
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Cost of land cost	7,695,971	31,684,313	14,320,097	540,887	2,226,832	3,725,440
Cost of services rendered	838,317	3,451,351	583,509	863,701	3,555,857	713,485
Cost of construction	6,171,091	25,406,382	1,809,235	-	-	-
Depreciation charge	737,191	3,035,014	505,968	381,114	1,569,046	381,113
Others	339,167	1,396,351	-	100,300	412,935	-
	<b>15,781,737</b>	<b>64,973,411</b>	<b>17,218,809</b>	<b>1,886,002</b>	<b>7,764,670</b>	<b>4,820,038</b>

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

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

**19. OTHER INCOME**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.12.2022		31.12.2021		31.12.2022	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest income	83,294	342,921	634	29	119	39
Others	7,635	31,434	145,608	300,129	1,235,631	438,452
	<b>90,929</b>	<b>374,355</b>	<b>146,242</b>	<b>300,158</b>	<b>1,235,750</b>	<b>438,491</b>

	(Unaudited)						
	Twelve-month period ended						
	Group		Company				
	Unaudited		Audited		Unaudited		Audited
	31.12.2022		31.12.2021		31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$	
Interest income	83,436	343,506	1,829	158	650	187	
Others	196,239	807,916	192,301	1,375,438	5,662,679	1,380,965	
	<b>279,675</b>	<b>1,151,422</b>	<b>194,130</b>	<b>1,375,596</b>	<b>5,663,329</b>	<b>1,381,152</b>	

**20. ADMINISTRATIVE EXPENSES**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.12.2022		31.12.2021		31.12.2022	
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Personnel costs	748,459	3,081,406	944,259	277,896	1,144,098	355,375
Maintenance fees	641,506	2,641,080	229,007	631,874	2,601,425	212,896
Depreciation charge	394,284	1,623,267	382,178	303,972	1,251,453	284,661
Professional fees	78,168	321,818	411,980	45,126	185,784	316,817
Security services	42,562	175,228	42,730	38,134	156,998	38,232
Withholding tax, fringe benefit and other tax expenses	31,063	127,886	151,165	16,472	67,815	13,458
Leases of low value assets	16,635	68,486	19,364	4,420	18,197	5,365
Selling and marketing expenses	16,579	68,256	3,483	14,502	59,705	2,050
Electricity	4,379	18,028	6,586	2,336	9,617	3,587
Handling fees	1,899	7,818	(934)	1,004	4,133	678
Other expenses	266,135	1,095,678	133,259	202,124	832,145	182,708
	<b>2,241,669</b>	<b>9,228,951</b>	<b>2,323,077</b>	<b>1,537,860</b>	<b>6,331,370</b>	<b>1,415,827</b>

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

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

**20. ADMINISTRATIVE EXPENSES (CONTINUED)**

	Twelve-month period ended					
	Group		Company			
	Unaudited		Audited	Unaudited		Audited
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Personnel costs	2,830,110	11,651,563	2,843,822	1,049,969	4,322,722	1,087,666
Depreciation charge	1,580,935	6,508,709	1,430,485	1,211,562	4,988,001	1,101,993
Maintenance fees	974,502	4,012,025	395,637	908,287	3,739,418	358,254
Professional fees	518,568	2,134,944	749,691	437,469	1,801,060	610,632
Security services	167,076	687,852	170,903	149,302	614,676	152,820
Loss on disposal of subsidiary	86,726	357,051	-	-	-	-
Leases of low value assets	67,652	278,523	76,038	17,680	72,789	20,751
Handling fees	48,748	200,696	18,451	10,737	44,204	8,594
Selling and marketing expenses	46,130	189,917	14,625	39,088	160,925	9,096
Withholding tax, fringe benefit and other tax expenses	34,053	140,196	283,332	121,102	498,577	136,383
Electricity	26,399	108,685	37,836	18,198	74,921	29,939
Other expenses	767,982	3,161,782	753,581	640,045	2,635,065	622,971
	<b>7,148,881</b>	<b>29,431,943</b>	<b>6,774,401</b>	<b>4,603,439</b>	<b>18,952,358</b>	<b>4,139,099</b>

**21. FINANCE COSTS**

	(Unaudited)					
	Three-month period ended					
	Group		Company			
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest expense on term loans	454,936	1,872,972	308,476	244,850	1,008,047	240,226

	Twelve-month period ended					
	Group		Company			
	Unaudited		Audited	Unaudited		Audited
	31.12.2022		31.12.2021	31.12.2022		31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
Interest expense on term loans	1,479,711	6,091,970	1,479,196	815,814	3,358,706	1,170,642

**22. INCOME TAX EXPENSE**

In Income tax expense is recognised at an amount determined by multiplying the profit before tax for the interim reporting period by management's best estimate of the weighted-average annual income tax rate expected for the full financial year, adjusted for the tax effect of certain items recognised in full in the interim period. As such, the effective tax rate for the annual financial statements may differ from management's estimate of the effective tax rate for the annual financial statements.

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

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

**22. INCOME TAX EXPENSE (CONTINUED)**

The Group and the Company's effective tax rate for the quarter and twelve-month period ended 31 December 2022 was 7% and 15% (quarter and twelve-month period ended 31 December 2021: 18% and 38%).

**23. PROFIT PER SHARE**

	(Unaudited)		
	Three-month period ended		
	Group		
	31.12.2022		31.12.2021
	US\$	KHR'000	US\$
Profit attributable to owners of the Company	180,995	745,156	3,820,453
	<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 profit per share	0.003	0.010	0.053
Diluted profit per share	0.003	0.010	0.053

	Twelve-month period ended		
	Group		
	Unaudited		Audited
	31.12.2022		31.12.2021
	US\$	KHR'000	US\$
Profit attributable to owners of the Company	2,093,141	8,617,462	1,969,829
	<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 profit per share	0.029	0.120	0.027
Diluted profit per share	0.029	0.120	0.027

Diluted profit per share is 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 profit per share is equivalent to the basic profit per share.



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

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

**24. RELATED PARTY TRANSACTIONS**

In addition to related party disclosures mentioned elsewhere in the condensed interim financial information, set out below are other significant related party transactions.

	(Unaudited)					
	Twelve-month period ended					
	Group		Company			
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	US\$	KHR'000	US\$	US\$	KHR'000	US\$
<b><u>Associate</u></b>						
Colben Energy (Cambodia)						
PPSEZ Ltd.						
- Rental income	548,000	2,256,116	548,000	548,000	2,256,116	548,000
- Purchase of electricity	(443,998)	(1,827,940)	(388,827)	(443,998)	(1,827,940)	(388,827)
<b><u>Subsidiary</u></b>						
Sahas E&C Co., Ltd.						
- Construction cost	-	-	(2,111,978)	(1,108,152)	(4,562,262)	(2,111,978)
Royal Group Kandal SEZ Co., Ltd.						
- Management fee	-	-	-	1,200,000	4,940,400	1,200,000
<b><u>Related party</u></b>						
Wing Bank (Cambodia) Plc						
- Interest expense	90,986	374,589	-	-	-	-

Balances with related parties at the end of the reporting period are disclosed in Note 8 and Note 14 to the condensed interim financial information.

**25. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Other than the investment properties, loans and borrowings, the carrying amount of all financial assets and liabilities are approximate to their fair value due to relatively short-term nature of these financial instruments. The Group and the Company measure the investment properties, loans and borrowings as Level 3 in the fair value hierarchy of CIFRS 13.

**26. 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 Board of Directors is responsible for setting the objectives and underlying principles of financial risk management of the Group. The Senior 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 Board of Directors.

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

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

**26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

(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 (2021: 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 the Senior 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 the 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.

**27. DIVIDEND**

Dividend declared and paid by the Company since the end of the previous financial period was as follows:

	Twelve-month period ended		
	Group		Audited
	Unaudited		31.12.2021
	31.12.2022		
	US\$	KHR'000	US\$
<b>Recognised during the financial period:</b>			
Dividends on ordinary shares:			
- <b>Phnom Penh SEZ Plc.</b>			
Dividend for the financial period ended			
31 March 2022: US\$0.0056 per ordinary share, paid within			
27 <sup>th</sup> January 2022 to 4 <sup>th</sup> February 2022	400,645	1,649,455	-
Dividend distribution for year 2021	769,048	3,166,175	-

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

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

**27. DIVIDEND (CONTINUED)**

	Twelve-month period ended		
	Group		
	Unaudited 31.12.2022		Audited 31.12.2021
	US\$	KHR'000	US\$
<b>- Sahas Advisory &amp; Consulting Co., Ltd.</b>			
Dividend for the financial period ended			
30 June 2022: US\$4.0312 per ordinary share, paid on 24 <sup>th</sup>			
June 2022	12,436	51,195	-
	<b>1,182,129</b>	<b>4,866,825</b>	<b>-</b>
	Twelve-month period ended		
	Company		
	Unaudited 31.12.2022		Audited 31.12.2021
	US\$	KHR'000	US\$
<b>Recognised during the financial period:</b>			
Dividends on ordinary shares:			
- Dividend for the financial period ended			
31 March 2022: US\$0.0056 per ordinary share, paid within 27			
January 2022 to 4 February 2022	400,645	1,649,455	-
- Dividend distribution for year 2021	769,048	3,166,175	-
	<b>1,169,693</b>	<b>4,815,630</b>	<b>-</b>

**28. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the interim period including business combinations, acquisition, long-term investments, and restructuring. Except reported in note 15 of the disposal of a subsidiary.

**29. ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

**30. MATERIAL LITIGATION**

In November 2020, a Notice of Arbitration was lodged at the Singapore International Arbitration Centre by Colben System Pte Ltd, a 51% associate of the Company and Colben Energy Holdings (PPSEZ) Limited (together, the Claimants) against the Company claiming that the Company had breached certain terms of the Joint Venture Agreement entered into by the Company and one of the Claimants.

As replied by the Company's lawyer concerning litigation, claim and assessment dated 18 March 2022 mentioned that The Company brought a counterclaim against Colben System Pte Ltd and Colben Energy Holdings (PPSEZ) Limited (together, the Claimants) for the alleged breaches of the arbitral confidentiality by reason of the Claimants communicating the existence of the Arbitration and the underlying dispute to third parties, including their ultimate parent company, which then publicised the same by way of inter alia SGX announcements on 19 November 2020. The Claimants have since withdrawn their claims entirely and on terms that prevent them from pursuing the same claims in future and have also agreed to make payment to the Company of its costs of defending the claims.

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

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

**30. MATERIAL LITIGATION (CONTINUED)**

The Singapore International Arbitration Centre has on 25 April 2022 made a Final Award as follows:

- (a) The Claimants are to pay the Company the sums of SGD472,500 (equivalent to US\$346,343) and US\$112,577 in relation to the costs incurred by the Company in consequence of the Claimants' withdrawal of its claims in the Arbitration.
- (b) The Company's counterclaim is dismissed.
- (c) The Company is to pay the Claimants in relation to the costs incurred in defending the counterclaim in the sums of SG\$104,510 (equivalent to US\$76,606).
- (d) The fees and expenses of the arbitral institution and the tribunal incurred in the Arbitration are to be shared between the parties to the arbitration in the proportion 75% by the Claimants of SG\$87,854 (equivalent to US\$64,397) and 25% shared by the Company of SG\$29,285 (equivalent to US\$21,466).
- (e) The Final Award is in full settlement of all claims in connection with the counterclaim by the Company and also the Arbitration.
- (f) According the Final Award, if the payment awarded in (a), (c) and (d) above are not made before 30 days after the date of the Final Award, post-award simple interest at a rate of 5.33% per annum will be accrued beginning 30 days after the date of the Final Award until such time as payment is made.

On 20 June 2022, the Company has received the full payment from Claimants and also settled the full payment to Claimants as per final award.

**31. COMPARATIVE FIGURES**

Certain figures have been reclassified to conform to the current quarter and twelve-month period ended's presentation of the financial statements.

Company No. 00006448

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

(Incorporated in Cambodia)

**Introduction**

We have reviewed the accompanying condensed interim statements of financial position of Phnom Penh SEZ Plc. ("the Company") and its subsidiaries ("the Group") as at 31 December 2022, and the related condensed interim statements of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim statements of cash flows for the quarter and twelve-month period then ended, and notes to the condensed interim financial information (collectively referred to as "Condensed Interim Financial Information of the Group and of the Company"). The Board of Directors of the Company are responsible for the preparation and presentation of these condensed interim financial information of the Group and of the Company in accordance with the Cambodian International Accounting Standard ("CIAS") 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on these condensed interim financial information of the Group and of the Company 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 MEMBERS 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 condensed interim financial information of the Group and of the Company 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



.....  
**Oknha Tan Khee Meng**  
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia

Date: 10 February 2023



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

## 4.1 Overview of operations

### A. Revenue Analysis

Total Revenue for the Period of fourth quarter is **14,420,011 KHR'000** in FY 2022, a decrease of **81.838%Y-o-Y**

In second quarter, PPSP reported total revenue of **14,420,011 KHR'000**, a decrease of **81.838%Y-o-Y** compared to the amount **79,395,408 KHR'000** in year 2021 ("FY 2021") mainly from substantial increase in revenue from construction Contract.

### B. Revenue Breakdown by sector

Rental Income is profitable during the Q4 and the construction Constricts is also increased rapidly.

Total revenue breakdown over the last two (2) fiscal years are shown as follow:

No		Q4 2022		Q4 2021	
		Quantity	%	Quantity	%
1	Sale of land	-	0.00%	72,392,593	91.18%
2	Service rendered	3,447,559	23.91%	3,625,196	4.57%
3	Construction Revenue	6,301,863	43.70%	1,191,246	1.50%
4	Rental income	4,670,589	32.39%	2,186,373	2.75%
	Total	14,420,011	100.00%	79,395,408	100.0%

Unit: KHR '000

### C. Gross profit gap analysis

Gross profit for the Period of **10,078,317 KHR'000** in Q4-2022, a decrease of **64.41%**

In the fourth quarter of 2022, PPSP reported a total Gross profit of the period **10,078,317 KHR'000**, a decrease of **64.41%** compared to the previous year of **28,316,700 KHR'000** in the fourth quarter of 2021.

## D. Analysis of pre-tax profits

Profit before tax for the Period of **295,345 KHR'000** in the fourth quarter of 2022, a decrease of **98.45%**

In Q4-2022, PPSP reported consolidated Profit before tax of **295,345 KHR'000**, compared to the profit before tax of **19,062,903 KHR'000** in FY 2021.

## E. After tax profit Analysis

Profit Loss tax for the Period of **745,156 KHR'000** in the fourth quarter of 2022, a decrease **95.21%**

In Q4-2022, PPSP reported consolidated Net Profits after tax of **745,156 KHR'000**, decrease **95.21%** compared to the Net Profits after tax of **15,560,139 KHR'000** in FY 2021.

## F. 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 the 4<sup>th</sup> quarter of 2022 since we are industrial estate development business.

#### C. Change of Tax Scheme

This was no change on the related tax scheme during the 4<sup>th</sup> quarter of 2022.



## **D. Unusual or extraordinary items**

There was no extraordinary income and expense during the 4<sup>th</sup> quarter of 2022.

### **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:

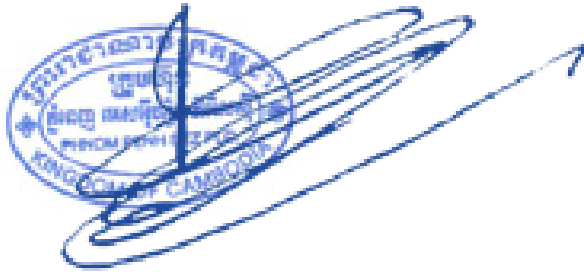
The 2015-2025 Industry Development Policy of Cambodia, aiming to orient market and create favorable conditions to promote development of the industry, is attracting foreign direct investment focusing on major industries, expanding the market, transferring technology, training human resources, developing 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 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: 10<sup>th</sup> February 2023  
Read and Approved  
Non-Executive Chairman



**Neak Oknha Kith Meng**



**Royal Group Phnom Penh Special Economic Zone**  
National Road No.4, 12509 Khan Kambol,  
Phnom Penh, Cambodia.

**T: +855 92 729 798**



**Hotline Number:**  
**+855 (0)61 666 488 - Electricity Hotline**  
**+855 (0)89 858 177 - Security Hotline**



**ROYAL GROUP**  
**PHNOM PENH SEZ**