



KINGDOM OF CAMBODIA
NATION RELIGION KING



Phnom Penh Autonomous Port 2022 Annual Report

Listed Company

2022 Annual Report

End 31/12/2022

Phnom Penh Autonomous Port

Vision and Mission

Vision :

PPAP's vision is to maintain its leadership as the main player in the Mekong shipping business and serve as an essential link in maritime shipping by effectively and efficiently connecting the country's international trade with overseas partners.

Mission:

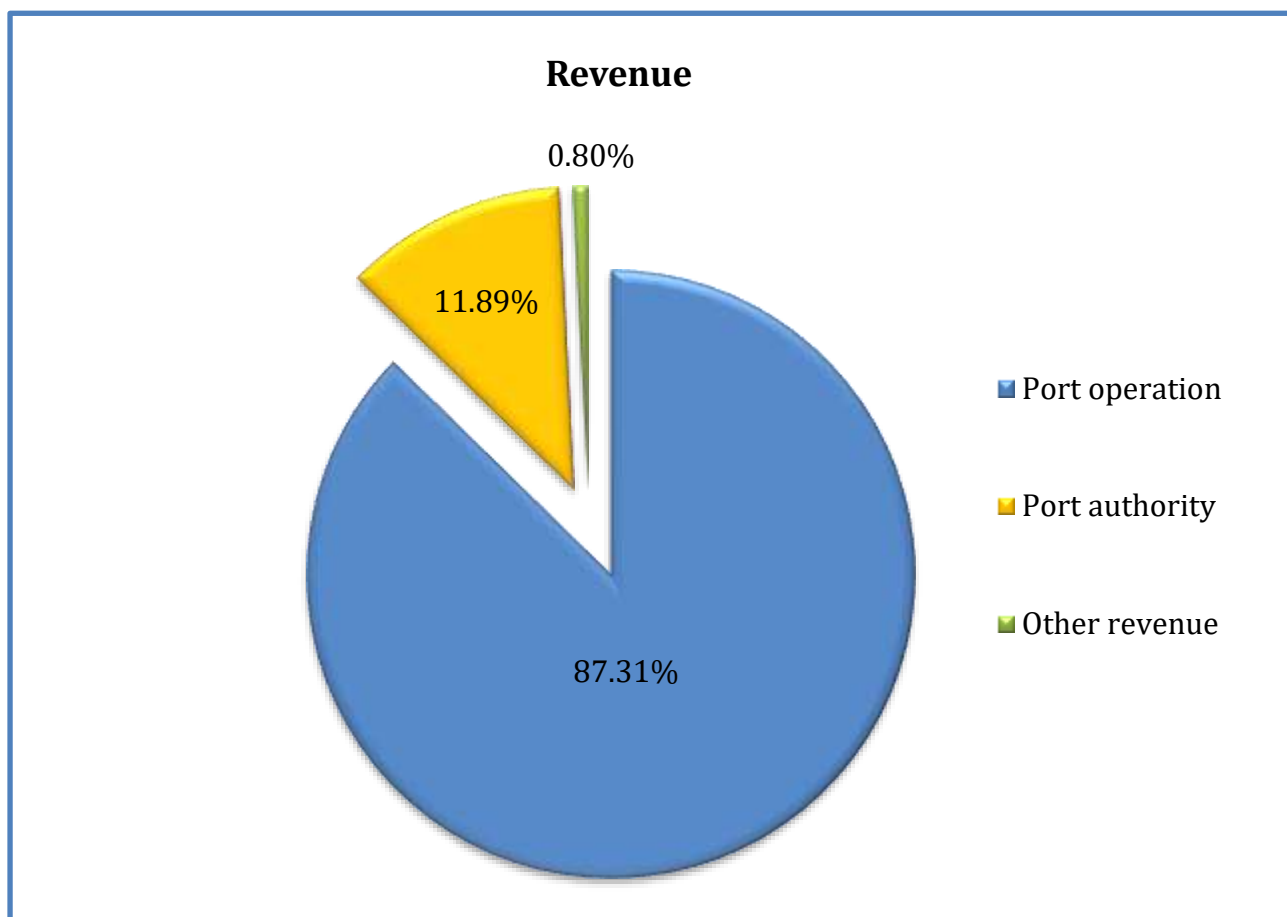
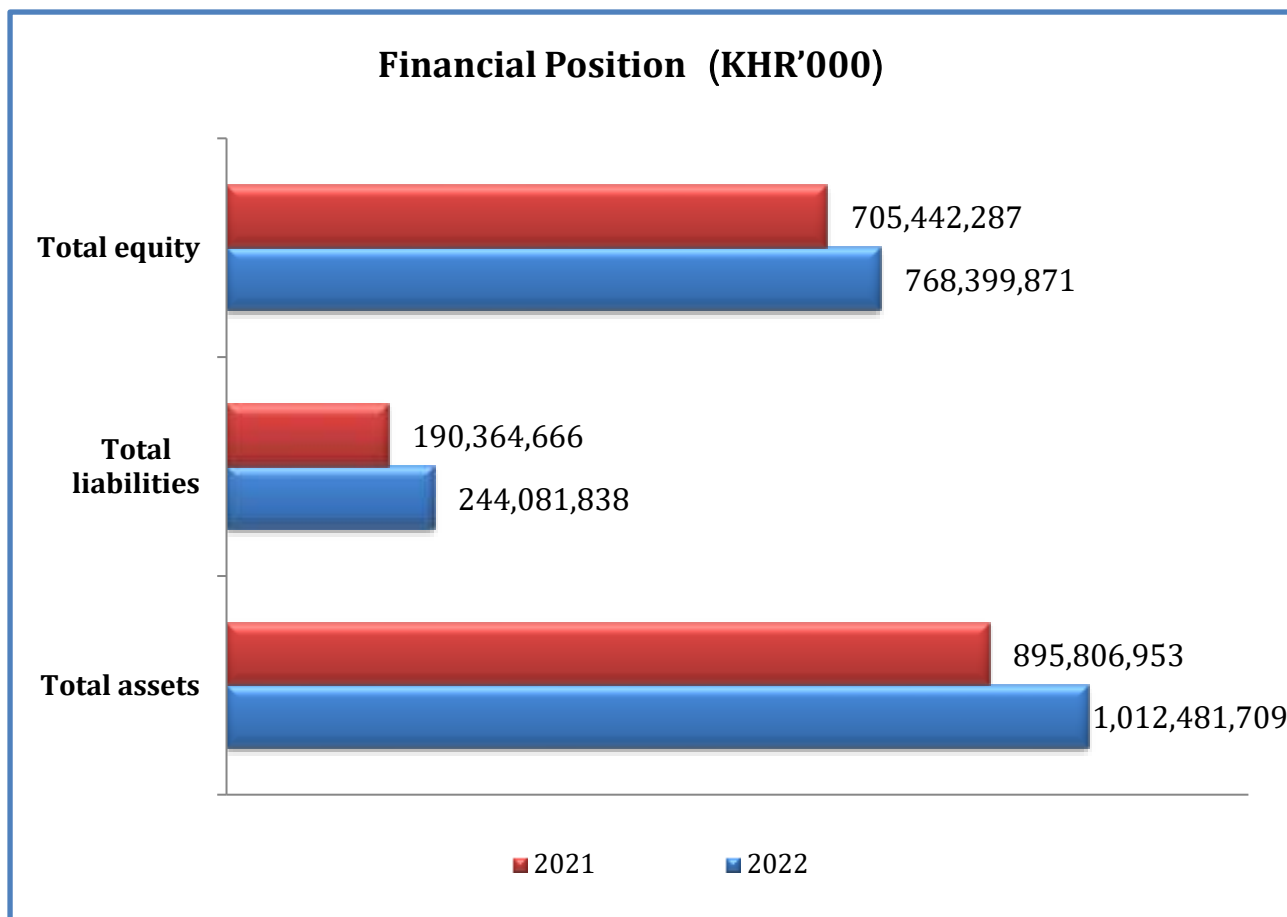
The mission of PPAP is to manage, develop, and operate port facilities and provide core and related services for the sustainable economic growth and social prosperity of Cambodia.

1. Financial Highlight, Graph of Financial Information, Stock Ownership, and Summary of Information on Business Operation Performance

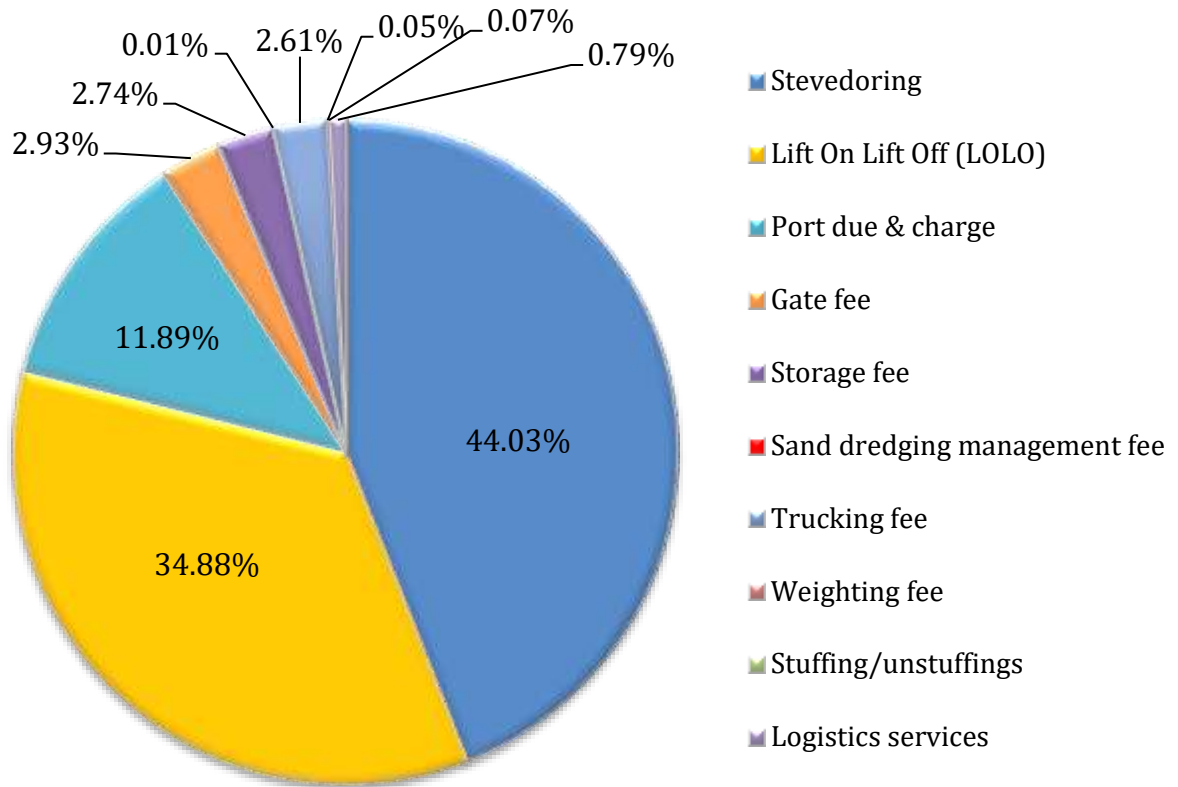
1.1. Financial Highlight

Description		2022	2021	2020
Financial Position (KHR'000)				
Total assets		1,012,481,709	895,806,953	836,320,710
Total liabilities		244,081,838	190,364,666	184,154,159
Total equity		768,399,871	705,442,287	652,166,551
Profit/(Loss) (KHR'000)		2022	2020	2019
Total revenues		148,815,567	125,228,152	110,303,424
Profit/(Loss) before tax		75,403,733	63,917,791	51,472,015
Profit/(Loss) after tax		58,498,389	51,695,457	40,212,649
Total comprehensive income		59,527,332	51,609,891	41,103,109
Financial Ratios		2022	2021	2020
Solvency ratio (%)		30.89	34.27	28.40
Liquidity ratio	Current Ration (times)	3.49	3.36	3.86
	Quick Ration (times)	3.41	3.36	3.86
		2022	2021	2020
Profitability ratio	Return on assets (%)	5.88	5.76	4.91
	Return on equity (%)	7.75	7.32	6.30
	Gross profit margin (%)	65.82	68.13	70.41
	Profit margin(%)	40.00	41.21	37.26
	Earning per share (Riel)	2,877.89	2,495.12	1,987.16
Interest coverage ratio (times)		25.15	19.61	14.47
Dividend per Share		-	211.60	199.51

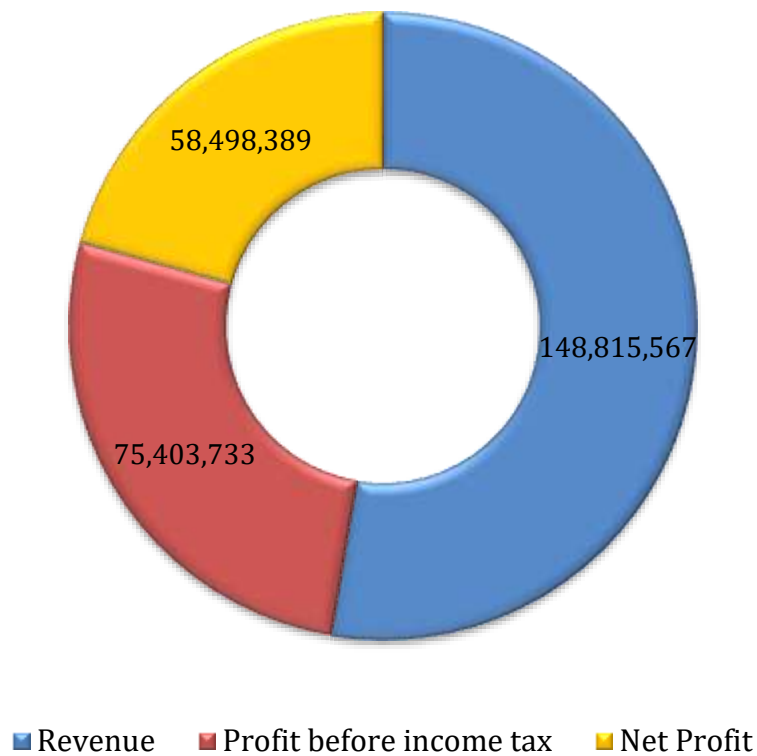
1.2. Graph of Financial Information Highlight (As of 31 December 2022)



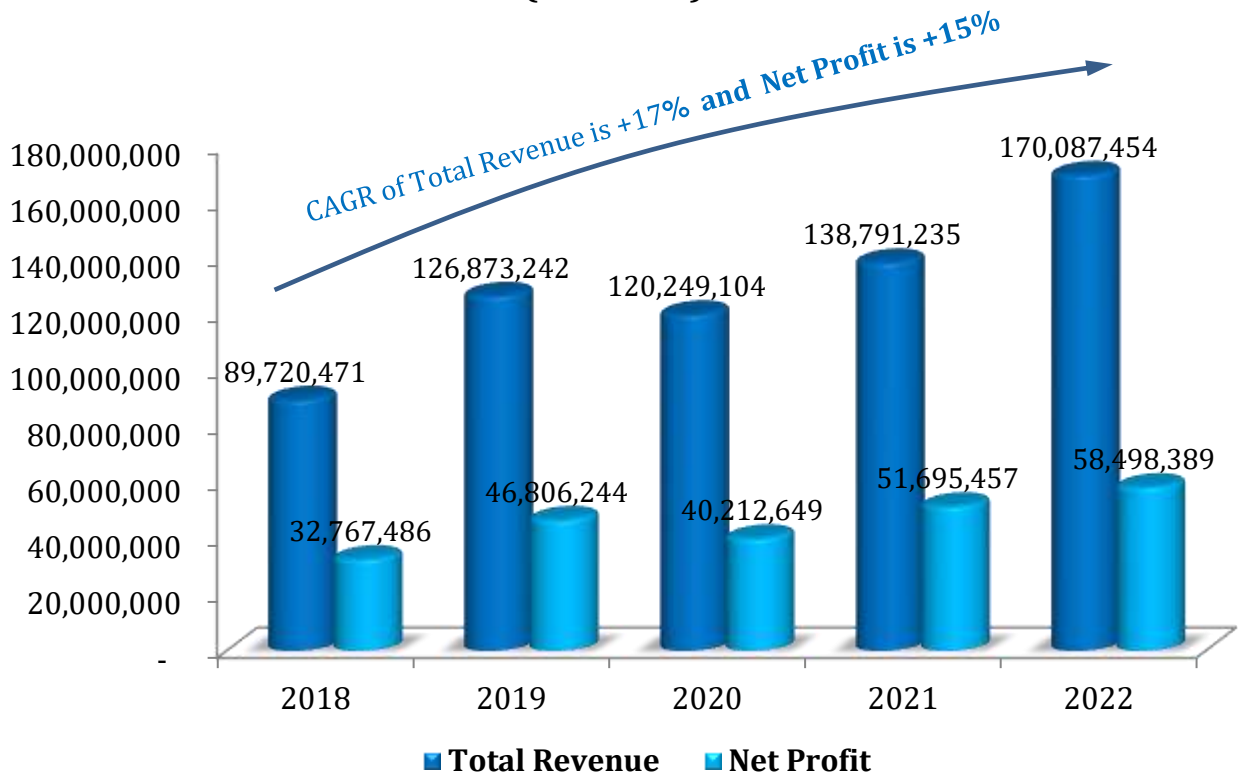
Types of Revenue Distribution Compared to Total Revenues



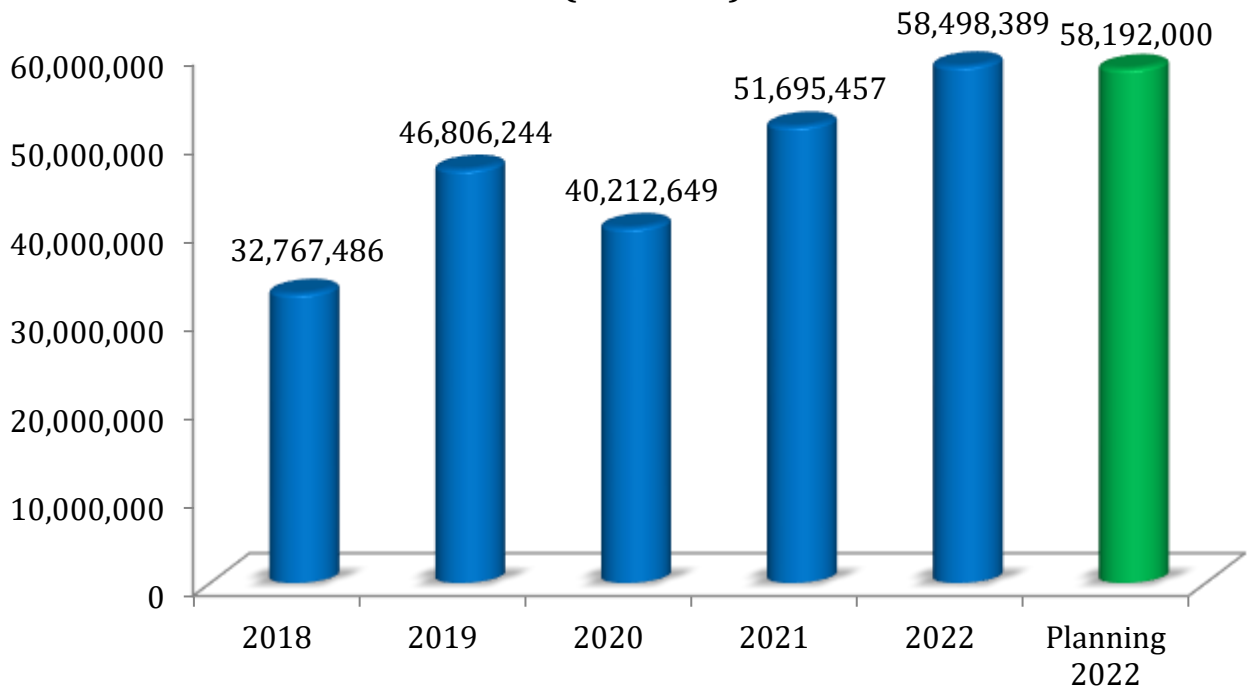
Net Profit for 2022 (KHR'000)



**Compound Annual Growth Rate (CAGR) of Total Revenue
and Net Profit for 5 years from 2018 to 2022
(KHR'000)**



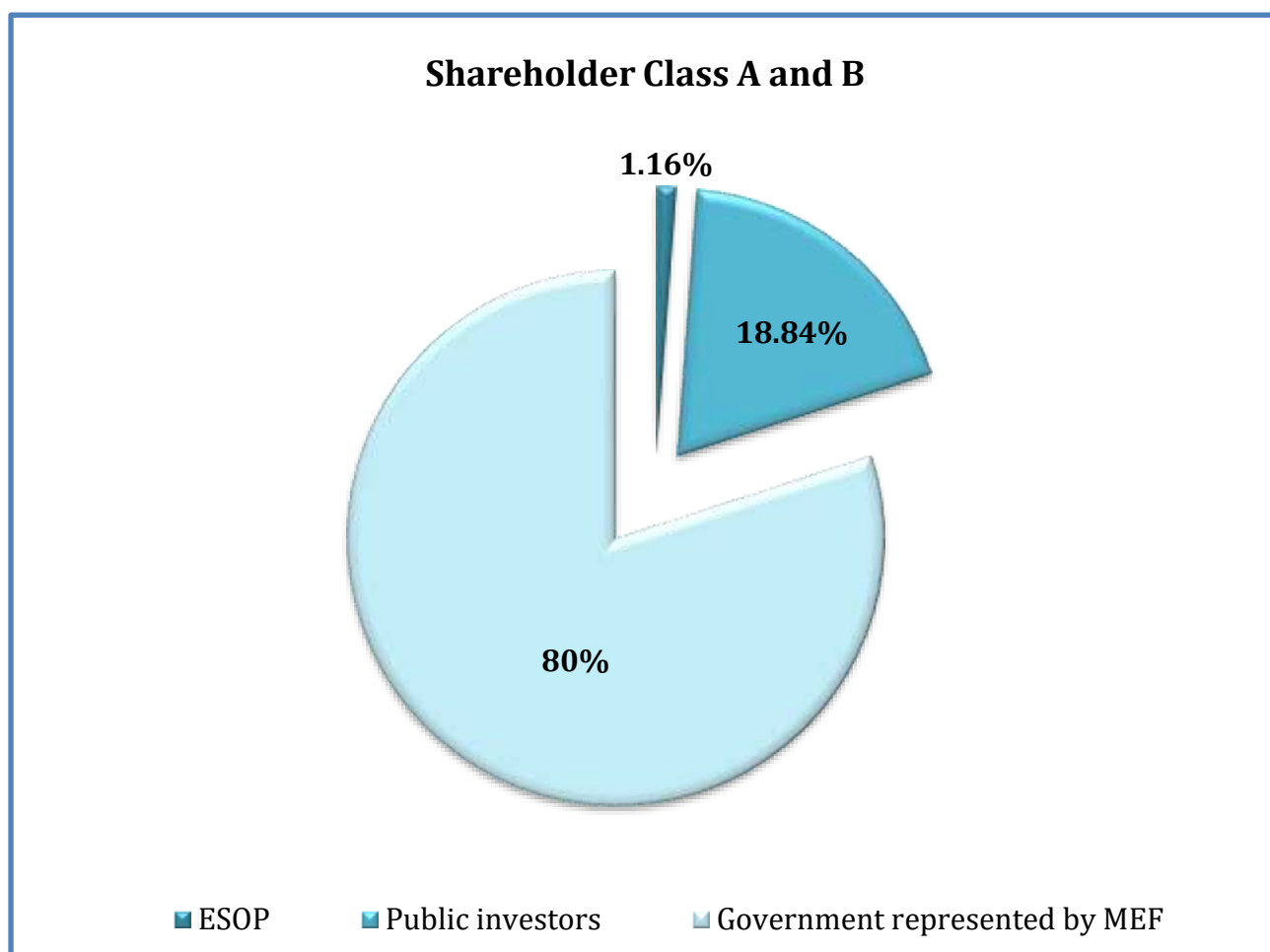
**Net Profit from 2018 to 2022 and Planning 2022
(KHR'000)**



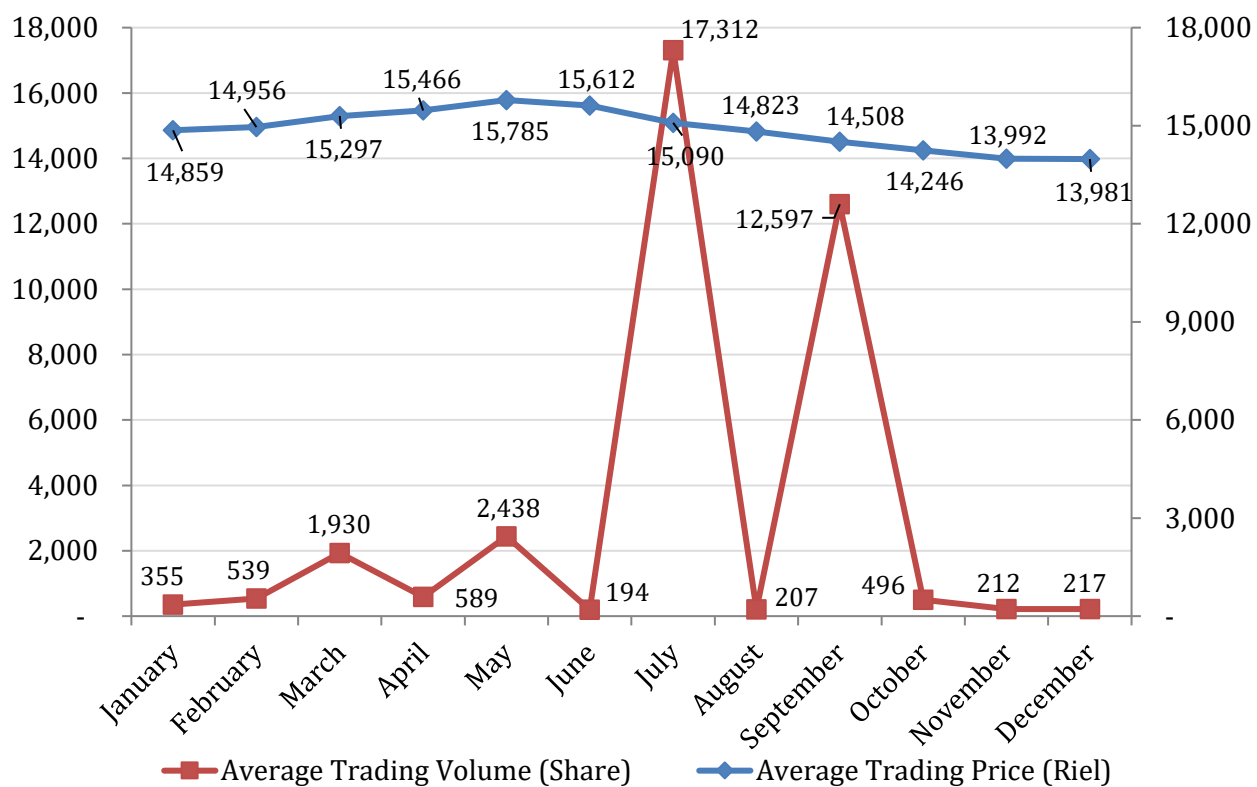
1.3. Stock Ownership (As of 31 December 2022)

Shareholders	Number of Share	Share in Percentage
Class C		
1. Government represented by MEF	93,769,120	100%
Class B		
1. Government represented by MEF	16,547,492	80%
Class A		
1. ESOP	240,340	1,16%
2. Public investors	3,896,533	18,84%
Total Shares of Class A	4,136,873	20%

* Total shares of Class A and B 20,684,365.



Average of Trading Price (Riel) and Average of Trading Volume (Share) of Class A Share



1.4. Summary of Information on Business Operation Performance (As of 31 December 2022)

Statistics of Vessels Throughput

(Unit)

Description	2022	2021	2020
International Container Vessels	3,287	1,770	1,824
Oil/Gas Tankers	496	532	539
Cambodian Container Vessels	0	0	0
Domestic Vessels	0	0	0
Total	3,783	2,302	2,363

Statistics of Container Throughput

(TEU)

Description		2022	2021	2020
Import	Empty	129,662	93,273	58,041
	Laden	63,115	69,940	80,456
Total Import		192,777	163,213	138,497
Export	Empty	15,624	14,637	20,994
	Laden	209,295	171,048	131,366
Total Export		224,919	185,685	152,360
Total		417,696	348,898	290,857

Statistics of International Passenger Vessel

(Unit)

Description		2022	2021	2020
International Passenger Vessels	Passenger	6,947	0	9,733
	Voyage	206	0	252

2. Board of Directors



H.E. HEI Bavy
Chairman of BOD
And CEO



H.E. Suon Rachana
Member (Rep. of Ministry of
Public Works & Transport)



H.E. Ken Sambath
Member (Rep. of Ministry of
Economy & Finance)



H.E. Penn Sovicheat
Member (Rep. of Ministry of
Commerce)



Mr. Gui Anvanith
Member (Independent
Director)



Mrs. POK Pheakdey
Member (Non-Executive
Director, Rep. of Private
Shareholders)



Mr. KONG Sothea
Member (Rep. of PPAP
Employees)

3. Message from Chairman and CEO

For 2022, total revenue from Port Operation and Port Authority is KHR 148,815,567,000 (USD 36,411,932) achieved 101.78% of planning 2022 and compared to 2021 increased by KHR 23,587,415,000 (USD 5,628,217) or 18.84%. However, net profit for 2022 is KHR 58,498,389,000 (USD 14,313,283) reached 100.53% of planning 2022 and compared to 2021 increased by KHR 6,802,932,000 (USD 1,605,452) or 13.16%. Apart from this, basic earnings per share for 2022 is 2,877.89 Riels (USD 0.70).

The above achievement because of PPAP has paid the attention in providing the service of port operation with transparency and efficiency in responding confidently to the needs of customers. In fact, PPAP has utilized all the mechanisms by strengthening the service quality, expanding storage capacity, infrastructure development, work of Topo Hydrographic, and installing the new machineries and facilities.

3.1. The Direction of main work implementation of PPAP

- Continue to implement the action plans as planned.
- Ensure the quality, price, transparency, efficiency and prompt delivery of services to customers
- Expand widely the existing businesses and services and create more services related to the port and logistics sectors
- Strengthen the capacity development of institutions and staffs to respond to the organizational development in line with globalization and efficient delivery of services
- Strengthen the cooperation of the strategic partnership with the domestic ports and other ports in the world
- Work hard and continue to focus on the modernization of the port operations in accordance with standards and technology
- Increase the competitive advantages to be honest with domestic and oversea ports
- Bring port service to get closer to consumers.
- Participate in the social activities and the local community.

3.2. The Work Implementation of Board of Directors (BoD)

For 2022, the Board of Directors has attended 6 meetings and achieved the following results:

1. The 13th meeting of the 7th mandate on February 2nd, 2022

- Reviewed and discussed the case of Chean Chhoeug Thai Group's debt of 4,731,376 USD (as of December 31, 2021) and the amount of 126,501 USD (as of January 10th, 2022)
- Reviewed and approved Mekong Oryza Trading Company to transfer the leasing rights of the land leased from PPAP to PTLs Cooperation Co., Ltd. with the rights and obligations and all conditions set out in the original contract, PTLs Cooperation Co., Ltd. must ensure to continued the implementation.

2. The 14th meeting of the 7th mandate on March 10th, 2022

- Reviewed and approved on result of business/services performance of 2021
- Reviewed and discuss on the mandate renewal of PPAP Board of Directors
- Reviewed and approved the request for investment cooperation with PTLs COOPERATION CO., LTD to develop the UM1 sub-feeder multi-purpose terminal of PPAP following the principles achieved on TS11 sub feeder multi-purpose terminal investment cooperation
- Approved for PPAP to register LM17 container terminal as a branch and also register for other sub feeders multi-purpose terminals when starting the operation
- Decided that the Customs and Excise Department of Phnom Penh International Port should ask for review and decision from the Ministry of Economy and Finance on the request to waive the container storage fee at PPAP
- Checked and discussed on the construction of a new 16-meter x 149-meter port bridge, which is in the project to expand the port infrastructure, Phase 3, Phase 2, at LM17, and cooperation with the private sector on the installation of 3 FCCs
- Checked and decided on the deposit of 5 million USD as a fixed deposit to replenish the 15 million USD at FTB Bank and request to use Overdraft in case of need

3. The 15th meeting of the 7th mandate on March 23rd, 2022

- Checked and approved on the financial report of 2021
- Reviewed and discussed on the incentive distribution to PPAP's employees and the profit to other fund for 2021
- Checked and discussed on the plan of dividend distribution to shareholders (class A and class B) for 2021
- Checked and approved on the organization of PPAP's 7th General Shareholder Meeting
- Checked and discussed the request for 50% fee waiver for 2021 and 50% fee waiver for 2022 of 9.3-hectares ICD container land of Yunnan Sheng Mao Investment (Cambodia).

4. The 16th meeting of the 7th mandate on April 29th, 2022

- Reviewed and approved on result of business/services performance of 1st Quarter, 2022
- Reviewed and approved on the agreement of Sub-Feeder Multipurpose Terminal UM2 Development Investment Cooperation and proceed to request for approval from both guardian ministries
- Reviewed and approved to select candidates for Independent Director and Non-Executive Director as a Representative of Private Shareholders election to be elected by shareholders in PPAP 7th General Shareholders Meeting.

5. The 1st meeting of the 8th mandate on July 5th, 2022

- Acknowledged the members of the 8th mandate Board of Directors of PPAP and members of the 8th mandate Board of Directors' Secretary
- Checked and approved the request to cooperate with a private company on the construction of a new administrative building of PPAP and Tourist Hall

- Checked and approved the request to select a new External Auditor for PPAP
- Checked and approved the request to study on the 6 locations to develop as sub-feeder terminals of PPAP.

6. The 2nd meeting of the 8th mandate on October 21th, 2022

- Reviewed and approved the result of business/services and financial performance for the 9 months of 2022 and estimated results for 2022 and the business/services and financial plan for 2023
- Acknowledged a report on the progress of the construction of Tourist Hall
- Acknowledged a report on the progress of the construction project of Chien Chean Chhoeng Thai Group and Yunnan Sengmao Investment (Cambodia) Co., Ltd. and the amount that both companies owed PPAP
- Acknowledged a report on the request of PTL S Cooperation Co., Ltd. and Ms. Ly Channy to sublease the land of PPAP, which was transferred 50% of the total land lease from Huybang International Investment Group
- Allowed PPAP to study further the 5% fund management policy on profits for social benefit.

3.3 Setting the Goal for 2023

The future version of PPAP will be set the goal for the following implementation:

- Strengthen the human resource development
- Enhance the establishment of logistics center, modern warehouse and cold warehouse
- Enhance the establishment of supporting areas for port
- Enhance the establishment of barge operators to other hub ports beside Cai Mep
- Enhance the import of second hand cargoes through PPAP
- Continue to focus on the installation of the modern facilities to strengthen the capacity of handling equipment at Container Terminal LM17
- Improve the capacity of handling of the bulk cargoes and establish the terminal for the bulk cargoes
- Modernize and expand the Passenger and Tourist Terminal (TS3 and TS1)
- Enhance the establishment of multi-purposed terminal along the rivers
- Strengthen the capacity of handling of agricultural products along the terminals of the provinces located in upper Mekong River
- Maintain the navigation and dredge the Sdao Canal to facilitate the transportation of cargoes between the northeastern provinces and Phnom Penh via Mekong River and the Cambodia-Vietnam border
- Continue to promote the service of inland transportation of container between Container Terminal LM17 of PPAP and the customers' factories/ warehouses or vice-versa
- Continue to promote package services for cold fruit export via Container Terminal LM17 of PPAP.

PPAP do believes and strongly stands to implement the daily work and the operation along the other terminals to be transparency and effective in order to improve confidence and attractiveness of port services with the modernization and standardization to the customers.

PPAP would like to express sincere thanks to the two supervised ministries, Ministry of Public Works and Transport and Ministry of Economics and Finance, as well as Securities and Exchange Regulator of Cambodia and the shareholders who provide the trust and strong support to PPAP.

Phnom Penh, March 31st, 2023

Chairman of BOD and CEO

Hei Bavy

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PART 1
GENERAL INFORMATION OF PPAP


A. Identity of PPAP

Name of the listed entity in Khmer : កំពង់ផែស្វយ័តភ្នំពេញ (ក. ស. ភ.)

In Latin : PHNOM PENH AUTONOMOUS PORT (PPAP)

 **Standard Code** : KH1000040001

 **Address** : #649, Preah Sisowath Street, Sangkat Sras Chork, Khan Daun Penh, Phnom Penh

 **Phone Number** : +855 (0)23 427 802 **Fax** : +855 (0)23 427 802

 **Website** : www.ppap.com.kh **Email** : ppapmpwt@online.com.kh

 **Company registration number**: CO.7175 Et/2004

Date: November 23rd, 2004

 **License number**: 0014 ពណ.ចបព **Issued by**: Ministry of Commerce

Date : January 5th, 2015

 **Disclosure Document registration number issued by SECC**: 074/15/SECC

 **Representative of the listed entity**: H.E HEI Bavy

B. Nature of Business

Phnom Penh Autonomous Port (PPAP) is one of the two international ports in Cambodia. Functioning as Port Operator and Port Authority, PPAP is now providing a varieties of main port services and other relevant services.

1. Operation as Port Operator

As a port operator, PPAP has provided main services such as :

- Stevedoring, storage, stuffing/unstuffing, loading/unloading, and transporting the containerized cargoes for the export and import
- Services of pilotage, tug assistance, mooring/ unmooring
- Berthing within Passenger and Tourist Terminal (TS1)

2. Operation as Port Authority

As the port authority, PPAP has the roles to :

- Maintain navigation channels, installation of aids to navigation such as buoys and landmarks and protection of environment within its commercial zone.
- Ensure the enforcement of rules and regulations related to port and water transport.

3. Other Services

Within the main services on Port Operation and Port Authority, PPAP also provides other services / businesses that can generate additional revenue such as :

- Dredging service : PPAP has 2 dredging machinces for providing the sand from dredging to customers.

- Sand management service: According to Prakas No 001 and 002 dated on the 10th of April, 2015, of Ministry of Mines and Energy, PPAP may use the sand from dredging for commercial purposes.
- Surveying and installing bouy: PPAP has the services of surveying and installing bouy according to customer needs.
- Container maintanance and repair service: PPAP has the service of container maintanance and repair according to customer needs.
- Besides the main services, PPAP also receives the additional incomes from the use of asset such as the rental of building, land and other assets.

4. Port Commercial Zone

According to Sub-Decree No. 01 ANK. BK. the of 5th January, 2009, PPAP's Commercial Zone is 166 kilometers long, stretching from Chaktumuk river : Mekong luer river 100km, Mekong krorm river 60km, and Tonle Sap river 6km. As an authority within the zone, PPAP oversees the private terminals including petroleum/gas terminals and other general cargo terminals. PPAP also manage and operate our 6 main terminals such as :

4.1. Container Terminal LM17

In 2021, PPAP has completed the development of port infrastructure at container terminal LM17 for Step III, phase II; meanwhile in order to support the operation of the above achievement, PPAP is continuing to develop a new quay to install two additional FCCs, and set up an electricity connection. The overall phase III development will expand its container capacity of 200,000 TEUs more per year. Therefore, The container yard capacity at LM17 will reach 500,000 TEUs per year after the completion of the above project. Currently, PPAP is operating at this terminal as the main terminal for container cargo. The Container Terminal LM17 exists a quay with a length of 300m and a width of 22m and installs 4 traveling cargo cranes, 2 Fixed Cargo Crane, 12 RTG cranes, 5 Reach Stakers, 4 Sky Stackers, and 64 Trucks.

Address	Kandal Leu Village, Banteay Deak Commune, Kean Svay District, Kandal Province
Terminal location	Located at the right bank of the Mekong River and 25km downstream from the intersection of the Chaktomuk River (11°28'23.6"N and 105°08'49.8"E)
Total land size	380,007.25 m ²
Registered land size	377,869 m ²
Size of the processing land title	2,138.25 m ²
Berth	7 (5,000 DWT)

Anchorage	Between 8.0m and 17.0m in depth, anchorage is available at 11°28'28.14"N and 105°9'2.32"E (mud and sand bottom, strong current during the rainy season).
Tidal effect	Ranges from +0.2m to +0.45m between February and April (as of December 2015)
Permitted draft	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for vessels proceeding to LM17 depends on them being able to cross the bar at Cua Tieu)
Hours of Operation	7days/24hrs
Handling equipment	Traveling Cargo Crane, Fixed Cargo Crane, Tyred Gantry, Folk-Lift, Reach Stacker Cont-stacker, Sky Stacker & Empty Reach Stacker, Truck and Terminal Tractor.

Note: * The difference between registered land size and actual land size is because part of the land adjacent to the street and river bank cannot receive the ownership.

4.2. Multipurpose Terminal (TS3)

Multipurpose Terminal (TS3) was PPAP's main port for general container cargoes and for tourism. Due to TS3 Terminal's limited capacity to accommodate the continual growth of container traffic, PPAP has invested in developing a new container terminal (LM17). Since the completion of LM17, TS3 has been converted into a multipurpose terminal. While it mainly handles general cargoes, it also serves as a passenger terminal. Currently, PPAP has been preparing to transform this port into an international passenger and tourist port, with the construction of a waiting hall and a tourist station (Tourist Hall), which is scheduled to be completed in April 2023.

Address	#649, Preah Sisowath Street, Sangkat Sras Chork, Khan Daun Penh, Phnom Penh
Terminal location	Located at the right bank of Tonle Sap, 3.2km from the intersection of the Chaktomuk River (11°34'59.68"N and 104°55'17.41"E)
Register land size*	85,846 m ²
Berth	3 (5,000 DWT)
Anchorage	Between 5m and 15m in depth, anchorage is available at 11°33'46.98"N and 104°56'34.57"E, in front of the terminal in the Tonle Sap River and also in the Chaktomuk quarter area (mud and sand bottom, strong current during the rainy season).
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to TS3 depends on being able to cross the bar at Cua Tieu)

Hours of Operation	7days/24hrs
Handling equipment	Fork-Lift

4.3. Sub-Feeder Multipurpose Terminal UM2

In order to improve stevedoring operation of Subfeeder Multipurpose Terminal UM2 to be more effective, productive and attracting customers to use Subfeeder Multipurpose Terminal UM2, this Terminal must improve and develop more due to it is located next to Kompongcham and Tboung Kmom boarder which have the connection between the northern and northeast side province of Cambodia that is the necessary areas of agriculture and agro-insdustry from the south downtown to Vietnam country. Sub-Feeder Multipurpose Terminal UM2 play an important role in order to gathering the inland waterway transportation and cargo trading. Curently, PPAP completed the construction of a 12-meters by 46.9-meters wharlf and is continuing to develop the Phase 1 of infrastructure and plans to implement the Phase 2 in 2023.

Address	Doun Mau Leu Village, Tonle Bet commune, Thbong Khmom district, Thbong Khmom province
Terminal location	Located at the left bank of the Mekong River and 103km upstream from the intersection of the Chaktomuk River (11°57'47.73"N and 105°28'33.13"E)
Register Land Size	160,725 m ²
Berth	1 (pontoon; 6m x 28m) 1 (5,000 DWT)
Anchorage	Between 6m to 20m in depth, anchorage is available at 11°58'43.41"N and 105°28'9.58"E (mud and sand bottom, strong current during the rainy season).
Tidal effect	No effect
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to UM2 depends on being able to cross the bar at Cua Tieu)
Channel depth	Draft of 4.5m during the dry season; subject to regular maintenance from the intersection of the Chaktomuk River to Kampong Cham via the Sdao Channel (3.5km long and 60m wide)
Hours of Operation	7days/24hrs
Handling equipment	Mobile crane, Pontoon.

4.4. Passenger & Tourist Terminal (TS1)

TS1 is the main passenger terminal for PPAP. From TS1, people can travel to many domestic ports in other provinces as well as Vietnam. In 2022, the total of 79,662 passengers transited at TS1. The

figure includes all passenger travels from Phnom Penh to domestic ports, Phnom Penh to Vietnam, and tours of the Mekong River near Phnom Penh.

Address	Preah Sisowath (Street 1), Sangkat Daun Penh, Khan Daun Penh, Phnom Penh
Terminal location	Located at the right bank of Tonle Sap and approximately 2km from conjunction of the Chaktomuk quarter (11°34'32.45"N and 104°55'36.88"E)
Registered land size	6,637 m ²
Berth	Three units of floating pontoon
Anchorage	Between 5m and 15m in depth, anchorage is available at 11°33'46.98"N and 104°56'34.57"E, in front of the terminal in the Tonle Sap River and also in the Chaktomuk quarter area (mud and sand bottom, strong current during the rainy season).
Tidal effect	Ranges from +0.1m to 0.35m between February and April (as of December 2014)
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to TS1 depends on being able to cross the bar at Cua Tieu)
Hours of Operation	7days/24hrs
Facilities	Three pontoons connecting to the shore.

4.5. Sub-feeder Multipurpose Terminal TS11

Sub-feeder multipurpose terminal TS11 is located along the NR5, in Kilometer 6 commune, Russey Keo District, Phnom Penh, which is about 6.6 kilometers long or a 20mn drive from the city center Wat Phnom. It is the strategic area to distribute and collect goods between manufacturers and consumers because it is located nearby the downtown of Phnom Penh city. The development of this terminal will reduce the traffic jam in Phnom Penh City. Anyway, The multipurpose terminal TS3 can not be fully operated as it is located in the city center, which is restricted the container trucks to enter the city during the daytime. Therefore, in order to promote water transport as well as Door to Door Service, the development of Sub-feeder Multipurpose Terminal TS11 is very important and necessary to connect goods between other provinces and Phnom Penh to have a choice. And lower shipping costs.

Address	Located along the NR5, Kilometer 6 commune, Russey Keo District, Phnom Penh.
Terminal location	Located along Tonle Sap river and approximately 3km from conjunction of the Chaktomuk quarter (11°37'34.6"N and 104°54'29.4"E)
Register land size	12,533 m ²

Berth	1 (5,000 DWT)
Tidal effect	No effect
Anchorage	The anchorage is available at two locations: -First Location is available at 11°34'26.6"N and 104°55'50.4"E -Second location is available at 11°33'39.9"N and 104°56'50.7"E Located at the conjunction of Chatomuk quarter because the riverbed of TS11 is narrow that is difficult for anchorage.
Permitted drafts	Varies from the minimum level of 4.5m in March to the maximum level of 5.5m in September (draft for a vessel proceeding to TS11 depends on being able to cross the bar at Cua Tieu)
Hours of Operation	7 days/24 hrs
Handling equipment	Mobile crane, Fixed Cargo Crane, Constacker, Fork-Lift, Truck & Terminal Tractor

4.6. Sub-feeder Multipurpose Terminal LM26

Sub-feeder multi-purpose terminal LM26 is located in Koh Roka commune, Peam Chor District, Prey Veng Province, in the southern part of Cambodia and it is about 3 kilometers away from Vietnam Border, Dong Thap province. It is a potential terminal for Cambodian people to export agricultural products to Vietnam and import raw material and construction materials. Moreover, this terminal will create more opportunities to boost and connect the tourism sector between the two countries.

Currently, the port has expanded the sand-laying infrastructure, filling the conveyor yard and designing other port infrastructure to meet the needs of the two countries' inflows and outflows and connecting waterways for work. Export to the global market more efficiently, as well as contribute to reducing logistics costs and impact on land use. At present, the construction of Koh Roka Multi-Purpose Port has been completed, which is planned to be used for the loading and unloading operation of gradually until the next stage of container loading. PPAP Equipped with 10 Conveyors to facilitate the flow of operations in the export of agricultural products that have been implemented to be put into use in 2022.

Address	Koh Roka commune, Peam Chor District, Prey Veng Province.
Terminal location	Located at eastern bank of the Lower Mekong river and approximately 103km from conjunction of the Chaktomuk quarter (10°55'40.5"N and 105°11'30.6"E)
Total land size	144,750 m ²
Register land size	105,192 m ²
Size of the processing land title	39,558 m ²
Anchorage	The anchorage is available at two locations: -First Location is available at 10°56'01.9"N and 105°11'17.6"E -Second location is available at 10°55'10.1"N and 105°11'24.4"E

Tidal effect	No effect
Hours of Operation	7days/24hrs
Facilities	Mobile crane , Floating crane and Conveyer

4.7. Terminal which are planned to develop at the future

4.7.1. Sub-feeder Multipurpose Terminal UM1

Sub-feeder Multipurpose Terminal UM1 covers an area of 3.8 hectares, which is a strategic location in Prek Anchanh Commune, Muk Kampoul District, Kandal Province. This multi-purpose terminal is planned to be set up to boost water transport, boosting the growth of goods passing through the PRC. Reduce transportation and logistics costs, find additional sources of revenue, establish a collection and distribution point for goods through water and land transport links, increase the competitiveness of PWR. Reduce port and inland waterway transport services to consumers, facilitate better trade, promote national economic growth and attract investment, facilitate and reduce the use of roads, bridges and create Additional job opportunities for Cambodians. Therefore, Sub-feeder Multipurpose Terminal UM1 has played an important role as a gathering place for water transport activities and a place for exchanging local and foreign goods. Considering the potential and potential of this port development site, therefore, It is planned to develop Sub-feeder Multipurpose Terminal UM1 for the Phase 1 in 2023.

Address	Prek Anchanh Commune, Muk Kampoul District, Kandal Province.
Total land size	38 362 square meters
Tidal effect	From 0.2 m to 0.4 m
Channel depth	4.5 meters
Hours of Operation	7days/24hrs
Facilities	Mobile crane , Floating crane

4.7.2. Sub-feeder Multipurpose Chhlong (Kratie)

Address	Prek Ta Am Village, Bos Leav Commune, Chit Borey District, Kratie Province.
Total land size	500,000 square meters
Hours of Operation	7days/24hrs

4.7.3. Sub-feeder Multipurpose Boeung Ket (Kampong Cham)

Address	Boeung Ket Krom Village, Prek Kak Commune, Stung Trang District, Kampong Cham Province.
Total land size	200,000 square meters
Hours of Operation	7days/24hrs

4.7.4. Sub-feeder Multipurpose Phnom Krom (Siem Reap)

Address	Village 5, Sangkat Chong Kneas, Siem Reap City, Siem Reap Province.
Total land size	100,000 square meters
Hours of Operation	7days/24hrs

4.7.5. Sub-feeder Multipurpose Kampong Chhnang

Address	Kandal Village, Sangkat Kampong Chhnang, Kampong Chhnang City, Kampong Chhnang Province.
Total land size	3,150,000 square meters
Tidal effect	from 0.10 m to 0.3 m
Channel depth	4.50 m
Hours of Operation	7days/24hrs

4.7.6. Sub-feeder Multipurpose Kampong Chhnang-Kampong Thom

Address	Kampong Boeng Village, Kampong Hao Commune, Kampong Leng District, Kampong Chhnang Province.
Total land size	250,000 square meters
Tidal effect	from 0.10 m to 0.3 m
Channel depth	4.50 m
Hours of Operation	7days/24hrs

4.7.7. Sub-feeder Multipurpose Prek Kdam

Address	Peam Chumnic Village, Kampong Luong Commune, Ponhea Leu District, Kandal Province.
Total land size	400,000 square meters
Tidal effect	from 0.10 m to 0.3 m
Channel depth	4.50 m
Hours of Operation	7days/24hrs

4.7.8. Sub-feeder Multipurpose Sovannaphum LM25

Address	Samrong Kear Village, Samrong Thom Commune, Kien Svay District, Kandal Province.
Total land size	156,000 square meters
Tidal effect	from 0.10 m to 0.4 m
Channel depth	4.50 m
Hours of Operation	7days/24hrs

4.7.9. Sub-feeder Multipurpose Kdar Bontea LM5

Address	Khsum Village, Banteay Dek Commune, Kien Svay District, Kandal Province.
Total land size	85 438 square meters
Tidal effect	from 0.10 m to 0.4 m
Channel depth	4.50 m
Hours of Operation	7days/24hrs

C. Group Structure of PPAP

As of 2022, there has no group structure of PPAP.

D. Significant Event in 2023

PPAP has received a “GOLD” certificate of Tax Compliance from General Department of Taxation for the period of 2 years for the tax year of 2021 and 2022.

ក្រសួងសេដ្ឋកិច្ចនិងហិរញ្ញវត្ថុ
MINISTRY OF ECONOMY AND FINANCE
អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION



ព្រះរាជាណាចក្រកម្ពុជា
KINGDOM OF CAMBODIA
ជាតិ សាសនា ព្រះមហាក្សត្រ
NATION RELIGION KING

រាជធានីភ្នំពេញ ថ្ងៃទី ២៤ ខែ ធ្នូ ឆ្នាំ ២០២០
Phnom Penh, 29th, Dec 2020

TCG2020120011

២៤/២៤/២០២០

អគ្គនាយកដ្ឋានពន្ធដារ
GENERAL DEPARTMENT OF TAXATION

វិញ្ញាបនបត្រ
អនុលោមភាពសារពើពន្ធ

(ប្រកាសលេខ ១៥៣៦ សហវ.ប្រក ចុះថ្ងៃទី២៣ ខែធ្នូ ឆ្នាំ២០១៦)

អគ្គនាយកដ្ឋានពន្ធដារបញ្ជាក់ថា ៖
ឈ្មោះក្រុមហ៊ុន ៖ **កំពង់ផែស្វយ័តភ្នំពេញ "ក.ស.ក"**
លេខអត្តសញ្ញាណកម្មសារពើពន្ធ ៖ **L001-100044999**
ស្ថិតក្រោមការគ្រប់គ្រង ៖ នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធនៃ កាលបរិច្ឆេទធ្វើបច្ចុប្បន្នភាព ៖ ២៦ សីហា ២០១៥
សកម្មភាពអាជីវកម្ម ៖ សេវាកម្មលើកដាក់ និងដឹកជញ្ជូនទំនិញ
អាសយដ្ឋាន ៖ ៧៦៤៩ ផ្លូវ ព្រះស៊ីសុវត្ថិ ភូមិ ១២ សង្កាត់ ស្រះពក ខណ្ឌ ដូនពេញ រាជធានីភ្នំពេញ
ទទួលបានកម្រិតអនុលោមភាពសារពើពន្ធប្រភេទ ៖ **មាស**
មានសុពលភាពរយៈពេល **២** ឆ្នាំ សម្រាប់ឆ្នាំជាប់ពន្ធ ២០២១ ដល់ ឆ្នាំ២០២២។

CERTIFICATE OF TAX COMPLIANCE
(Prakas No 1536 MEF/PK dated 23rd December 2016)

GENERAL DEPARTMENT OF TAXATION certifies that ៖
Company's name : **PHNOM PENH AUTONOMOUS PORT "PPAP"**
Tax Identification Number (TIN) : **L001-100044999**
Under : **Department of large Taxpayers** Date of Information Update : **26 Aug 2015**
Business activity(ies) : **Handle, load, discharge and transport cargoes service**
Tax Compliance Type awarded : **GOLD**
Validity period of **2 years** for the tax year of **2021 and 2022.**

- បន្ថែម៖
- នាយកដ្ឋានពន្ធដារ និងអគ្គនាយកដ្ឋាន
 - នាយកដ្ឋានគ្រប់គ្រងអ្នកជាប់ពន្ធនៃ
 - នាយកដ្ឋានបច្ចេកទេសពន្ធដារ
 - ឯកសារ-កម្មសម្រាប់



ប្រតិភូរាជរដ្ឋាភិបាល
ទទួលបន្ទុកជាអគ្គនាយក នៃអគ្គនាយកដ្ឋានពន្ធដារ
Deputy of Royal Government in charge as Director
of General Department of Taxation

គង់ វិបុល

E. Market Situation

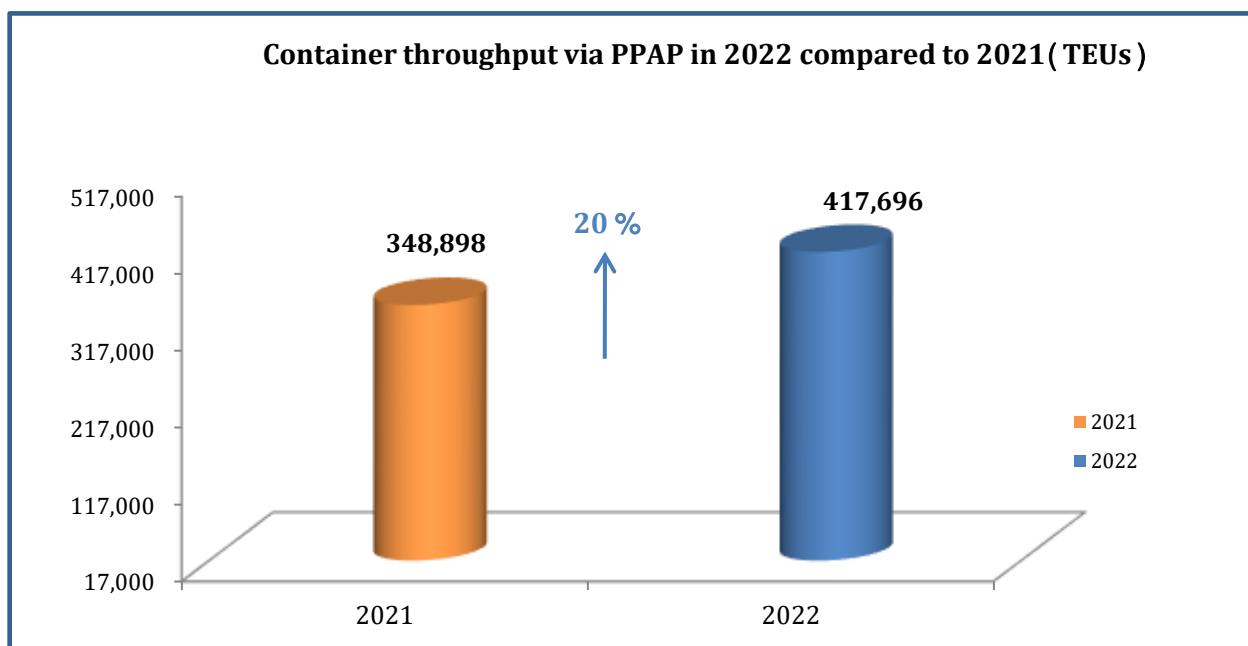
In 2022, the business situation of PPAP appeared to be eased than last year for transit cargoes in the Covid-19 pandemic, which has allowed economic growth around the world, including some businesses in Cambodia. PPAP's main markets are dependent on the growth of domestic real estate and tourism and the purchase of garment from abroad, especially the United States. In fact, in 2022, although the real estate and garment sectors appear to be uncertain, PPAP's market position will continue to grow by 19.72% compared to 2021, even though Cambodia's economy and the world economy faced a major crisis.

The growth of cargoes throughput via PPAP in 2022 resulted from the continuation of imports of garment raw material, which increased by 10% compared to total imports but increased by 15% compared to 2021. Exports of garments continued to increase by 74% of total exports but increased by 17.58% compared to 2021. (According to Graphics 1, 2, 3 and 4 of the Planning / Marketing Department).

The imports of cargoes via PPAP in 2022 were from Vietnam, which decreased by 33% but imports of cargoes from Malaysia increased by 13%, Japan decreased by 38%, European Union increased by 7%, and China increased by 1% compared to 2021. In particular, exports to China increased by 24%, European Union increased by 50%, United States increased by 17% and Vietnam increased by 46% compared to 2021.

Overall, although Cambodia and countries around the world continue to suffer from the Covid-19 pandemic, PPAP market conditions continue to grow and improve. This is results from the management of the economic situation and the introduction of various measures taken by the Royal Government of Cambodia to prevent the spread of Covid-19 disease effectively.

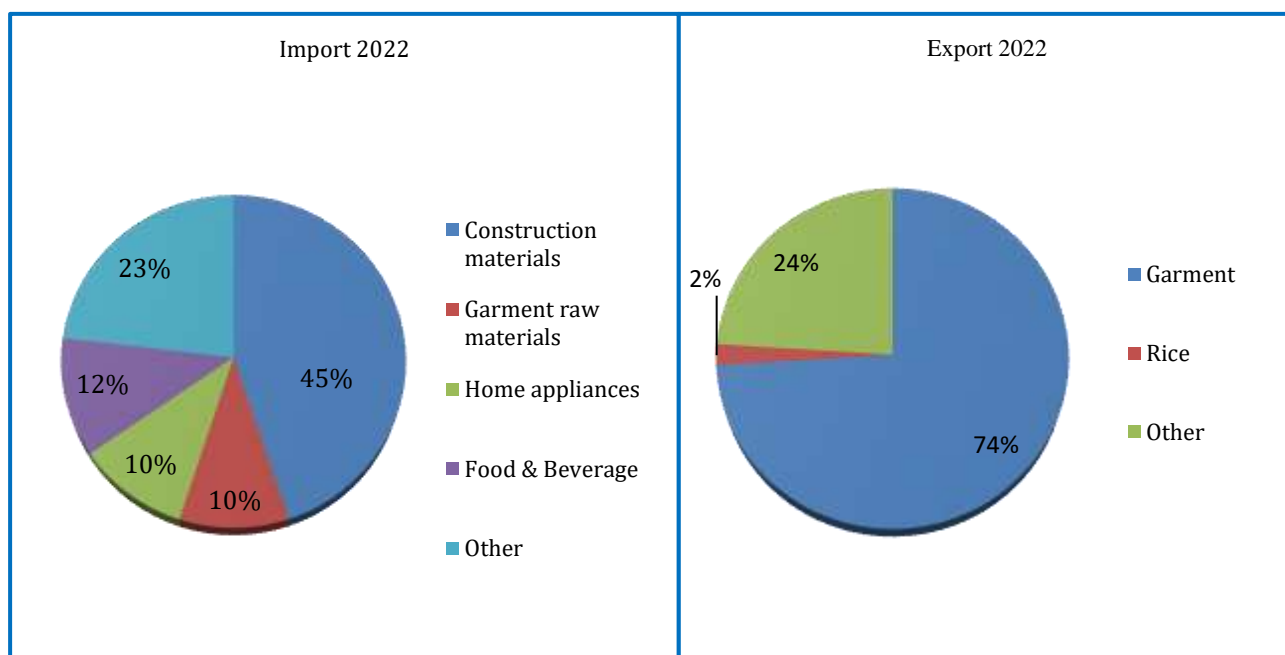
Graphic Number 1



(Source: 2021 and 2022 data of the Planning / Marketing Department)

Graphic Number 2

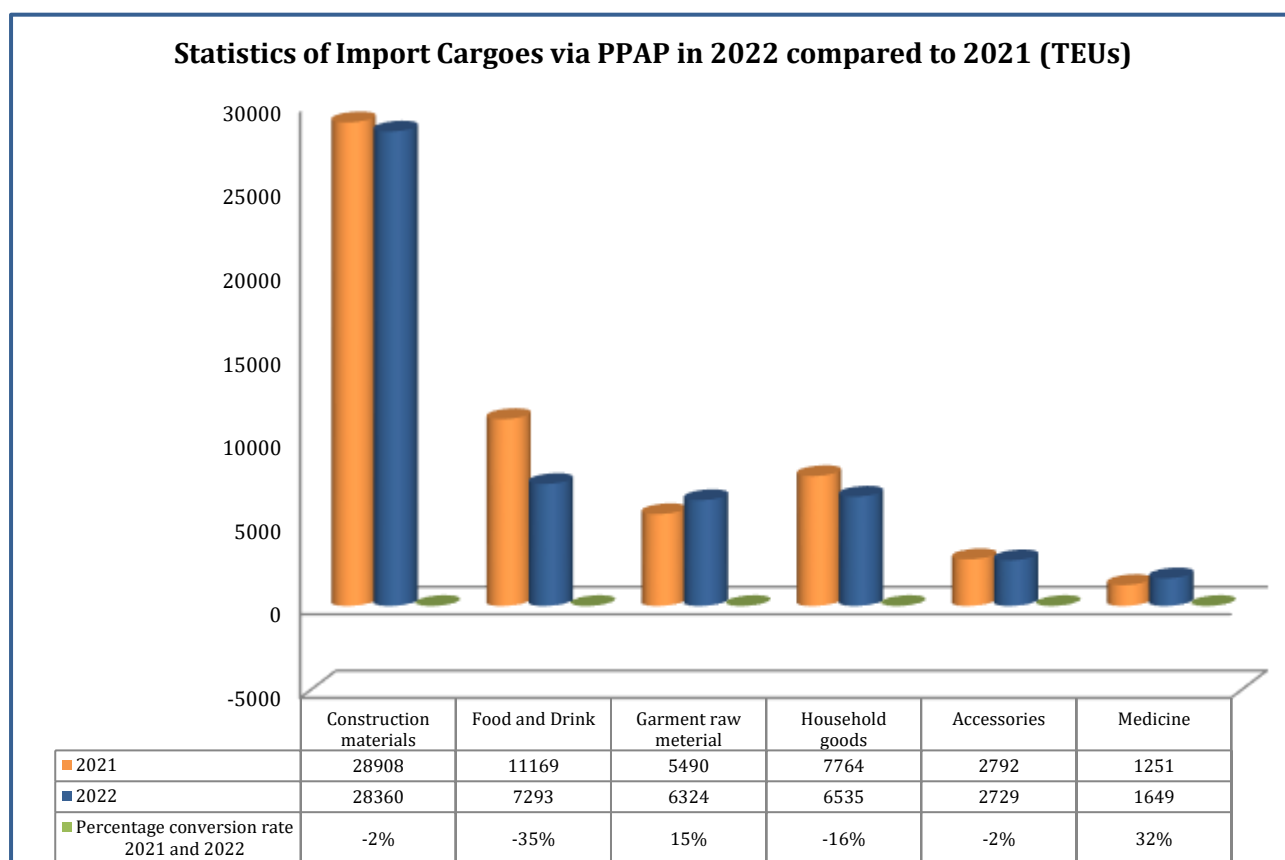
Statistics of Import-Export Container via PPAP in 2022 (TEUs)



(Source: 2022 data of the Planning / Marketing Department)

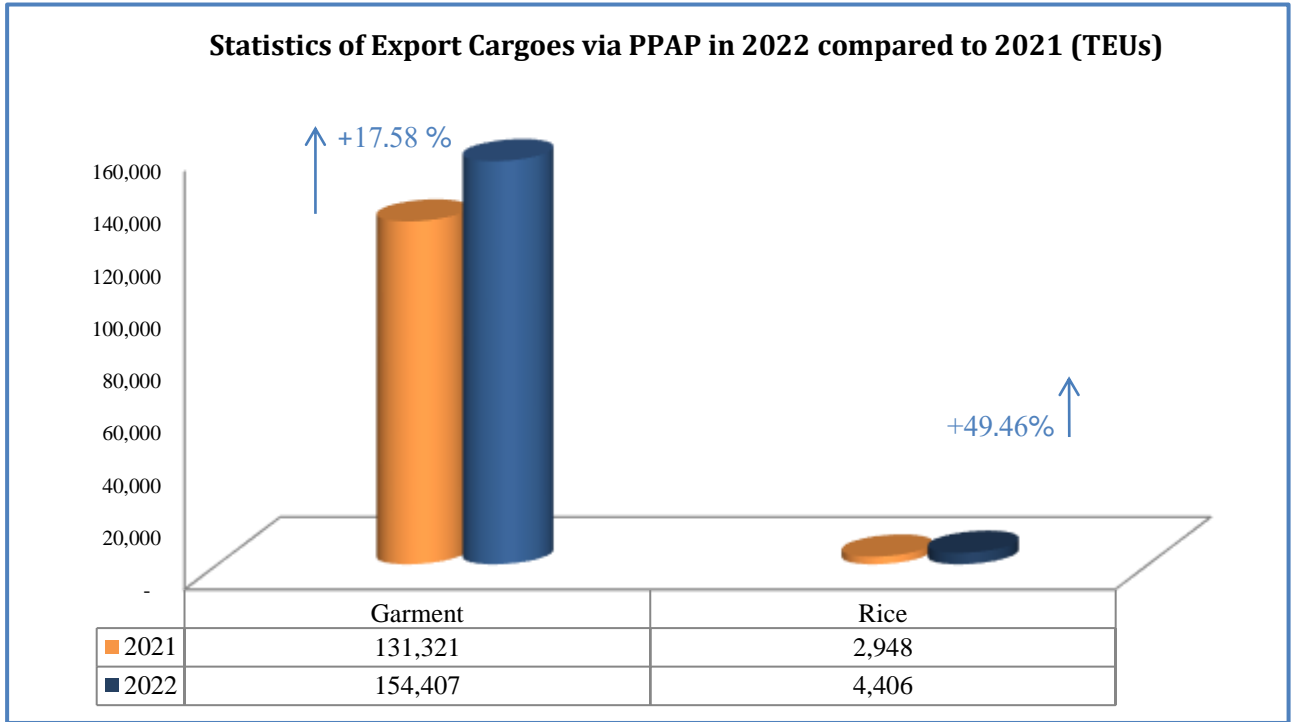
Graphic Number 3

Statistics of Import Cargoes via PPAP in 2022 compared to 2021 (TEUs)



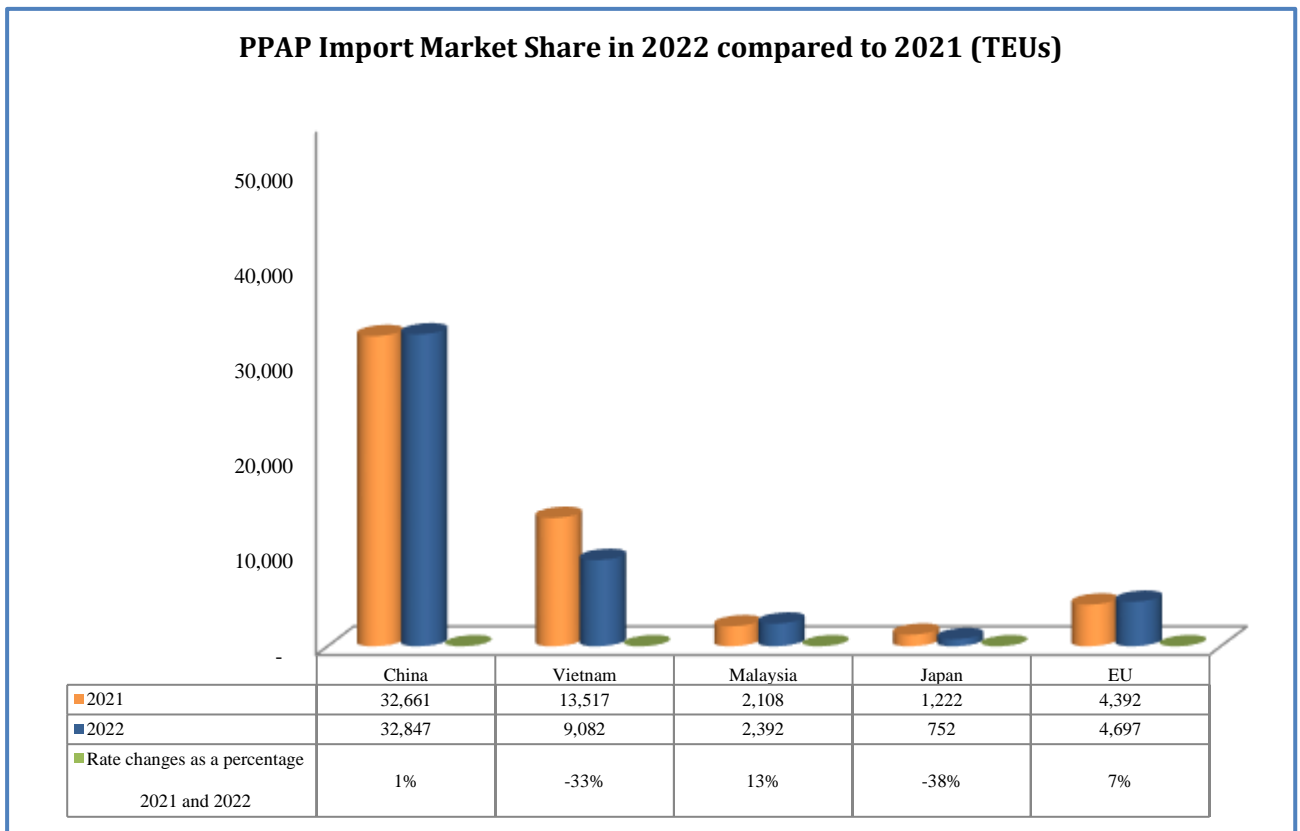
(Source: 2022 and 2021 data of the Planning / Marketing Department)

Graphic Number 4



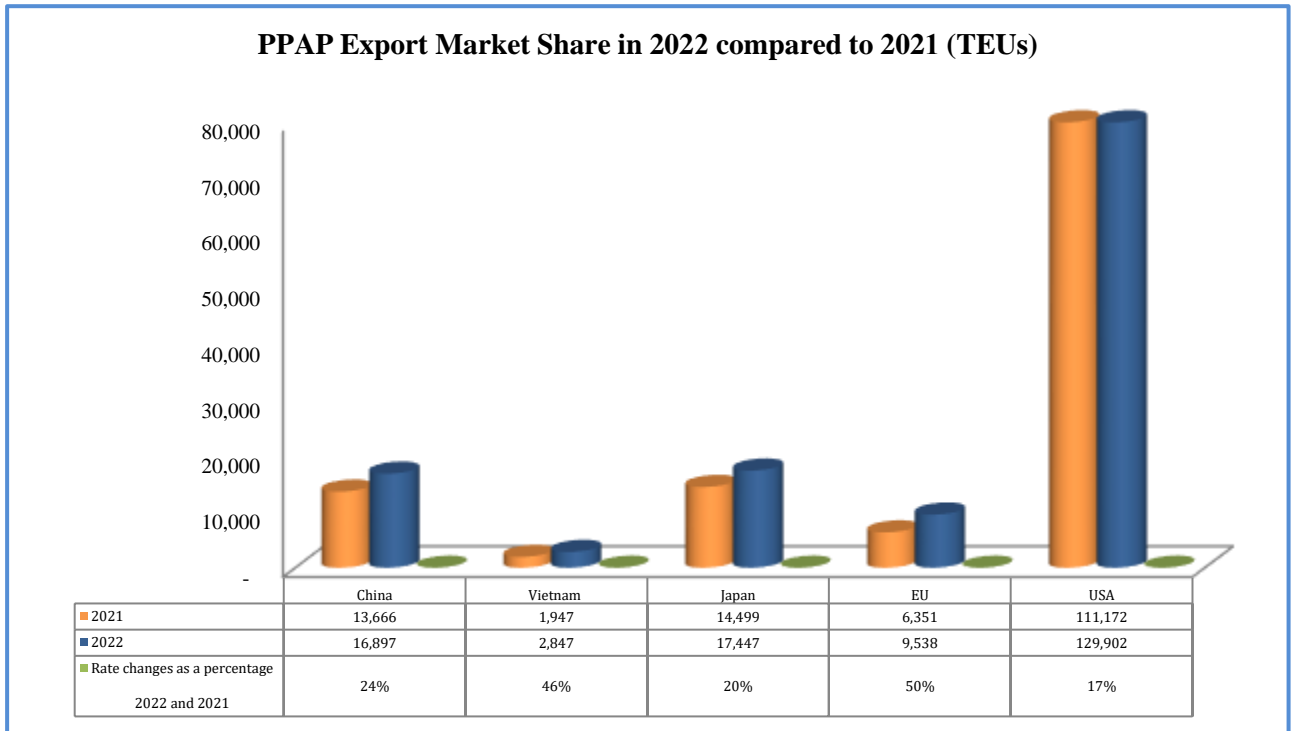
(Source: 2021 and 2022 data of the Planning / Marketing Department)

Graphic Number 5



(Source: 2022 and 2021 data of the Planning / Marketing Department)

Graphic Number 6



(Source: 2021 and 2022 data of the Planning / Marketing Department)

F. Competitive Situation

PPAP is an international river port which provides berthing services to the vessels and loading services of the container and general cargoes to the customer. In 2022, although the entire world, including Cambodia, was facing a severe economic impact due to the spread of Covid-19 disease, PPAP was able to maintain container growth of 19.72% compared to 2021. But compared to the 2022 plan, this growth increased 5.83%. This positive growth clearly indicates that container traffic through PPAP is growing and improving compared to some ports in the region.

If taking a look at the competitive situation, PPAP still plays the most important and robust role in the port sector as an important port for the transport of goods across the river. Key factors that still enable PPAP to maintain growth and competitive advantage are as follows:

1. Strategic Location

PPAP is located in a potential and strategic geographical location in the heart of Phnom Penh city, a commercial, industrial, factory, consumer and labor gathering zone. Shipping via PPAP provides a quick, easy and low-cost distribution and supply to consumers. At the same time, the location of PPAP is close to and has a shorter transportation distance than other ports in Cambodia, in term of the transit to Vietnam, China and the United States, where these countries have large trade volumes with Cambodia compared to other countries.

2. Services

PPAP still maintains its principles of focusing on good quality, safety, fast service of 24 hours and competitive price for customers. At the same time PPAP established a logistic service which is a package service for its customers to attract consumers and to make it convenience for exporters and importers.

PPAP has also brought its services closer to its customers by establishing sub-feeder port along the river, especially the construction of Sub-feeder Multipurpose Terminal Tonle Bet-UM2, Sub-feeder Multipurpose Terminal UM1, Sub-feeder Multipurpose Terminal TS11 and Sub-feeder Multipurpose Terminal LM26.

3. Service Charges

In the context of Covid-19, PPAP continues to offer preferential prices for loading and unloading service and storage service for containers containing agricultural products. In particular, PPAP provides a favorable price by not charging the gate fee for trucks transporting rice containers through PPAP.

At the same time, PPAP keeps providing flexible price to customers who have received services from PPAP. This flexible pricing strategy is the strength of PPAP in attracting customers.

In addition, PPAP continues to provide port services for 24 hours / 7 days, by not charging OT service.

4. The advertisement of PPAP

PPAP continue to advertise and use various means to provide customers with sufficient information and knowledge about PPAP, to facilitate the decision to use the services of PPAP. Obviously, customers can get service information of PPAP through various sources of information, including:

- A. Website publishing, calendar, business cards, leaflets, souvenirs and business information books (by the Cambodian Chamber of Commerce);
- B. Dissemination of information at workshops, trainings and meetings;
- C. Dissemination of corporate information of PPAP through the Cambodia Securities Exchange; and
- D. The strategy of advertising directly to customers namely transport companies. These means are comprehensive sources of information that help customers know and use of services of PPAP in the market.
- E. PPAP continues to introduce the Royal Government's measures to strengthen the control of overweight means of transport by land. Taking this step is an opportunity that has driven the growth of waterway transport, as land transport costs customers more and provides less amount of goods transported. Especially land transport can lead to road accidents that make customers pay more shipping costs, while waterway transport will be more profitable for customers, such as large amount of goods transported, lower transport costs and more environmentally friendly than land transport.

Thus, the competitive situation of PPAP for the year 2022 is still strong, attractive and always moving forward to attract customers to continue to use the services of PPAP.

G. Future Development Plans

1. Project for Port Infrastructure development Phase IV, Step 1 at Container Terminal LM17

Projects Title	Port Infrastructure development Phase IV, Step 1
Description	Between 2018 and 2022, the average number of containers passing through increases by about 18% each year. Due to the current number of containers passing through LM17 417,341 TEUs in 2022. PPAP forecasts that the demand for container handling will grow to 470,000 TEUs by 2023. Such volume requires more proper port facilities and equipments
Phase IV, Step 1 (2022-2023)	
Objective	To ensure the port capacity to handle containers that are increasing every year
Expected Output	Increase annual capacity to 600,000 TEUs/year at LM17
Project Location	Northern part of Container Terminal LM17
Project and Size	10 Hectares
Implementing Agency	Phnom Penh Autonomous Port (PPAP)
Budget Required	Construction of container storage yard, Phase 4, Phase 1, planned to cost about 22,550,000,000 KHR, with the following projects: <ul style="list-style-type: none"> - Construction of river bank - Construction of rubber roads - Container pitch - 2 RTG lanes
Source of Finance	PPAP Development Fund
Project Timeframe	2022-2023
Land Ownership	Phnom Penh Autonomous Port (PPAP)
Social Impact	Additional employment opportunities will be generated
Enviromental Impact	There is no indication of any environment issues
Follow up action requird	Appoint a working group to follow up project implementation

2. Project for Port Infrastructure development at Sub-Feeder Multipurpose Terminal Tonle Bet UM2

Projects Title	Port Infrastructure development Phase 2 Step 1
Description	Based on government's policy to encourage inland waterway transportation and to boost agricultural exports, PPAP considered UM2 as a strategic location of agricultural exports for provinces at the northeastern Cambodia.

Projects Title	Port Infrastructure development Phase 2 Step 1
Project for Port Infrastructure development at Sub-Feeder Multipurpose Terminal Tonle Bet UM2	
Objective	<ul style="list-style-type: none"> - To establish the hub for agricultural products and to promote inland waterway transportation. - Additional Port infrastructure will meet the desired of customer demand - To enhance the effectiveness of handling capacity of general cargo and container cargo.
Expected Output	<ul style="list-style-type: none"> - Inland waterway transportation will be increased - Become a hub for agricultural products export - Job opportunities for local residences. - Freight transport by water has increased - Become a place to collect and distribute agricultural products and construction materials - The use of inland waterway transport services has increased due to lower shipping costs due to shorter shipping lines via direct delivery to the main port.
Project Location	Tonle Bet village, Tonle Bet commune, Tonle Bet District, Tboung Khmum Province
Project and Size	18 Hectares
Implementing Agency	Phnom Penh Autonomous Port (PPAP)
Budget Required	<p>Infrastructure Development Project, Phase 2, Phase 1 of Sub-Feeder Multipurpose Terminal Tonle Bet UM2 is planned to cost a total of 18,365,987,871 KHR, with the following construction projects:</p> <ul style="list-style-type: none"> - Field infrastructure planned to cost 7,482,791,400 KHR - Construction of buildings and other infrastructure plans to spend 5,172,972,000 KHR - Water and electricity networks plan to spend 3,102,540,000 KHR - Dismantling work, unplanned expenses and other expenses.
Source of Finance	PPAP development fund and External Funding
Project Timeframe	2022-2023
Land Ownership	Phnom Penh Autonomous Port (PPAP)
Social Impact	Additional employment opportunities will be generated

Projects Title	Port Infrastructure development Phase 2 Step 1
Enviromental Impact	There is no indication of any environment issues
Follow up action requird	Appoint a working group to follow up project implementation

3. Project for Port Infrastructure development at Sub-Feeder Multipurpose Terminal UM1

Projects Title	Port Infrastructure development Phase 1
Description	Based on government's policy to encourage inland waterway transportation and to boost agricultural exports, construction materials and other retail goods, the Sub-Feeder Multipurpose Terminal UM1 is a strategic location for the collection of agricultural products from The province is located in the northeast of Cambodia.
Project for Port Infrastructure development at Sub-Feeder Multipurpose Terminal UM1	
Objective	<ul style="list-style-type: none"> - To establish the hub for agricultural products and to promote inland waterway transportation. - Additional Port infrastructure will meet the desired of customer demand - Establish a collection and distribution point for goods through the transport link between waterways and land - Increasing the competitiveness of PPAP - Reduce port services and water transport to closer users.
Expected Output	<ul style="list-style-type: none"> - Inland waterway transportation will be increased - Become a hub for agricultural products export - Job opportunities for local residences. - Freight transport by water has increased - Become a place to gather and distribute agricultural products, construction materials and other retail goods - The use of inland waterway transport services has increased due to lower shipping costs due to shorter shipping lines via direct delivery to the main port.
Project Location	Prek Anchanh Commune, Muk Kampoul District, Kandal Province.
Project and Size	4 Hectares
Implementing Agency	Phnom Penh Autonomous Port (PPAP)

Projects Title	Port Infrastructure development Phase 1
Budget Required	<p>Infrastructure Development Project, Phase 1 of Sub-Feeder Multipurpose Terminal UM1 is planned to cost a total of 33,833,875,845 KHR, with the following construction projects:</p> <ul style="list-style-type: none"> - Bridge and bridge infrastructure planned to spend 16,809,440,000 KHR - Field infrastructure planned to cost 9,283,559,000 KHR - Water and electricity network plans to spend 3,158,400,000 KHR - Removal work and other expenses.
Source of Finance	PPAP development fund and External Funding
Project Timeframe	2023-2025
Land Ownership	Phnom Penh Autonomous Port (PPAP)
Social Impact	Additional employment opportunities will be generated
Enviromental Impact	There is no indication of any environment issues
Follow up action requird	Appoint a working group to follow up project implementation

4. Project for Port Infrastructure development at Multi-Purpose Termial TS3

Projects Title	Port Infrastructure development
Description	Multipurpose Terminal (TS3) was PPAP's main port for general and container cargoes. Due to TS3 Terminal's limited capacity to accommodate the continual growth of container traffic, PPAP has invested in developing a new container terminal (LM17). Curently, PPAP is renovating this terminal to be an international passenger cruises and tourist terminal.
Port Infrastructure development	
Objective	To Construct a standard Passenger and International Tourists Terminal.
Expected Output	<ul style="list-style-type: none"> - To promote the inland waterway transportation - To increase the number of passenger and tourists by using inland waterway transportation.
Project Location	Sras Chork Commune, Daun Penh District, Phnom Penh
Project and Size	4 Hectares
Implementing Agency	Phnom Penh Autonomous Port (PPAP)
Budget Required	- Construction of administration building and international tourist terminal with the estimated budget of 49,200,000,000 KHR

Projects Title	Port Infrastructure development
Source of Finance	PPAP development fund
Project Timeframe	2023-2024
Land Ownership	Phnom Penh Autonomous Port (PPAP)
Social Impact	Additional employment opportunities will be generated
Enviromental Impact	There is no indication of any environment issues
Follow up action requird	Appoint a working group to follow up project implementation

5. Project for Port Infrastructure development at Sub-Feeder Multipurpose Terminal LM26

Projects Title	Port Infrastructure development
Description	Based on government's policy to encourage inland waterway transportation and to boost agricultural exports, PPAP considered Koah Roka Terminal as a strategic location of agricultural exports for provinces at the northeastern Cambodia. Anyway, This terminal is a potential location for tourism sector as well.
Port Infrastructure development	
Objective	<ul style="list-style-type: none"> - To enhance the effectiveness of handling capacity of general cargo and container cargo. - To boost the agricultural products export such as paddles, corn,... - More tourists transit at the terminal.
Expected Output	<ul style="list-style-type: none"> - The number of inland waterway transportation will be increased. - Become the strategic location for collection and distribution of agricultural products and construction materials.. - Cost of transporation will be decreased because of the direct export to the hub port. - Job opportunities for local residences.
Project Location	Koah Roka Commune, Peam Chor District, Prey Veng Province
Project and Size	12 Hectares
Implementing Agency	Phnom Penh Autonomous Port (PPAP)
Budget Required	<ul style="list-style-type: none"> - The expansion of Port Infrastructure (20,000m²) with the estimated budget of 4,100,000,000 KHR. - Construction infrastructure for operation with the estimated budget of 10,229,500,000 KHR.

Projects Title	Port Infrastructure development
Source of Finance	PPAP development fund
Project Timeframe	2023-2024
Land Ownership	Phnom Penh Autonomous Port (PPAP)
Social Impact	No impact
Enviromental Impact	There is no indication of any environment issues
Follow up action requird	Appoint a working group to follow up project implementation

6. Project for Port Infrastructure development at Sub-Feeder Multipurpose Terminal TS11

Projects Title	Port Infrastructure development
Description	To play as a sub-feeder port for General and Container Cargo.
Port Infrastructure development	
Objective	To be more convenient for handling, storage and other port services.
Expected Output	To increase the handling capacity of PPAP
Project Location	Kilometer 6 commune, Russey Keo District, Phnom Penh.
Project and Size	4 Hectares
Implementing Agency	Phnom Penh Autonomous Port (PPAP)
Budget Required	Construction of infrastructure for the Phase 2 of operations is planned to cost 15,686,624,000 KHR.
Source of Finance	PPAP development fund and External Funding
Project Timeframe	2023-2024
Land Ownership	Phnom Penh Autonomous Port (PPAP)
Social Impact	No impact
Enviromental Impact	There is no indication of any environment issues
Follow up action requird	Appoint a working group to follow up project implementation

H. Risk Factors

In 2022, There is no any risk factor for PPAP.

Part 2
Information on Bussiness Operation
Performance

A. The results of the business operations, including partial business information of 2022

1. Statistics of PPAP

No.	Description	Unit	Planning 2022	2022	2021	2020	Compare (%)	Up/Down (%)	
A	B	C	1	2	3	4	5=(2/1)	6=(2/3)-100%	7=(3/4)-100%
I	Container, General, Oil Cargoes	Ton	4,719,387	4,044,289	3,851,453	3,780,521	85.70%	+5.01%	+1.88%
	A- Container Throughput	-	2,736,695	2,437,137	2,115,531	2,065,277	89.05%	+15.20%	+2.43%
	- Imported Container Cargo	-	1,755,624	1,255,987	1,221,613	1,366,749			
	- Exported Container Cargo	-	981,071	1,181,150	893,918	698,528			
	B - Mobile General Cargo Handling	-	960,641	789,921	836,148	865,368	82.23%	-5.53%	-3.38%
	- Inside Port	-	68,161	71,597	46,490	50,812			
	- Inside Port	-	892,480	718,324	789,658	814,556			
	C - Imported Oil & Gas	-	1,022,051	817,232	899,774	849,876	79.96%	-9.17%	+5.87%
	Container Throughput (TEUs)	TEU	394,679	417,696	348,898	290,857	105.83%	+19.72%	+19.96%
	- Laden Cargo	-	281,755	272,410	240,988	211,822			
	- Empty Cargo	-	112,924	145,286	107,910	79,035			
II	Cargo Handling	Ton	3,697,336	3,227,058	2,951,679	2,930,645	87.28%	+9.33%	+0.72%
	- General Cargo	-	960,641	789,921	836,148	865,368			
	- Container Throughput (Ton)	-	2,736,695	2,437,137	2,115,531	2,065,277			
III	Number of Cargo Vessel		2,485	3,783	2,302	2,363	152.23%	+64.34%	-2.58%

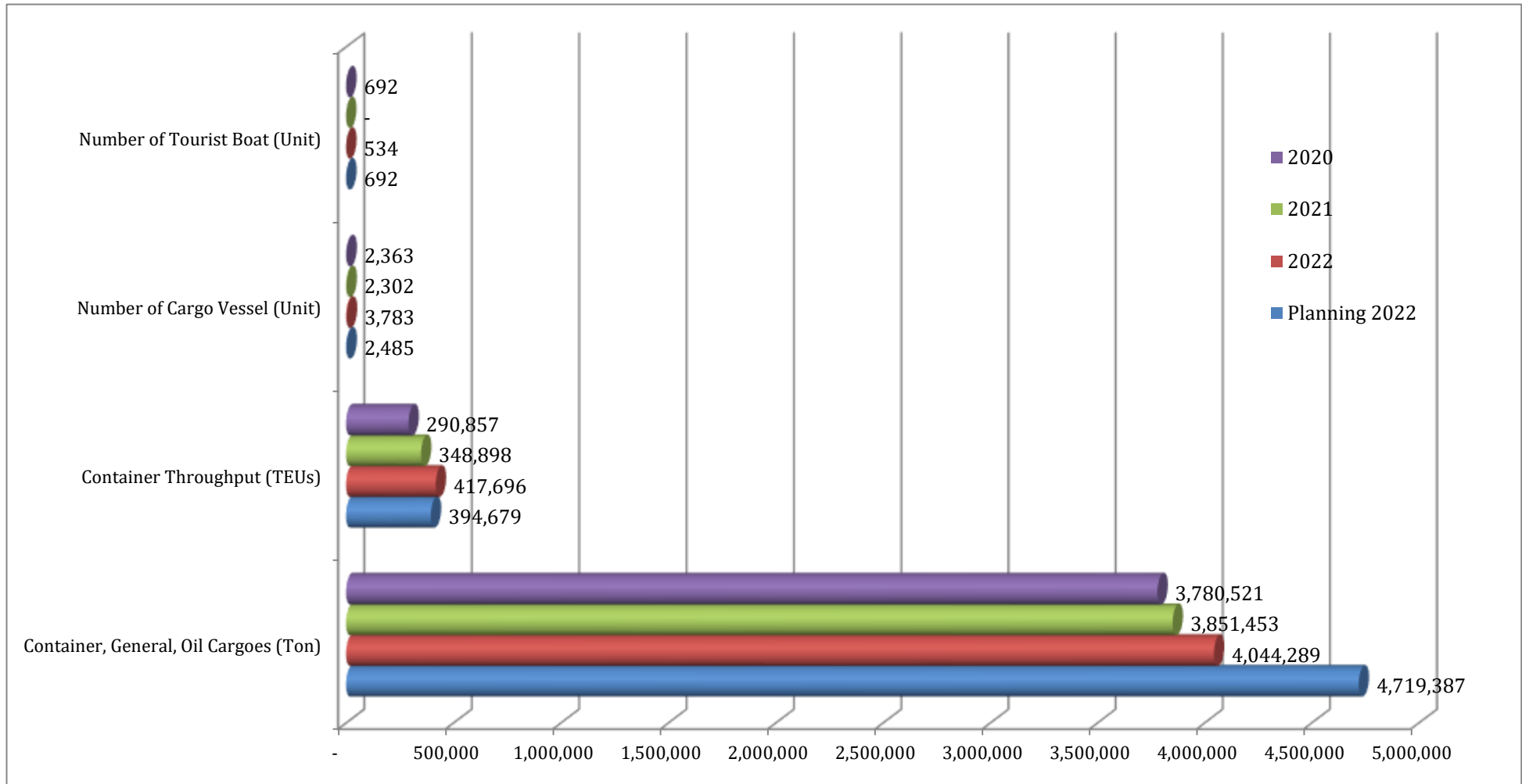
No.	Description	Unit	Planning 2022	2022	2021	2020	Compare (%)	Up/Down (%)	
A	B	C	1	2	3	4	5=(2/1)	6=(2/3)-100%	7=(3/4)-100%
	- Foreign Vessels and Barge	-	1,044	3,287	1,770	1,824			
	- Cambodian Vessels and Barge	-	843	-	-	-			
	- Oil Vessels and Tanker	-	598	496	532	539			
IV	<u>Number of Local Passenger Boat (In-Out)</u>	<u>Unit</u>	<u>1,915</u>	<u>10,236</u>	<u>5,004</u>	<u>1,828</u>	534.52%	+104.56%	+173.74%
	- PhnomPenh-SeimReap-PhnomPenh	-	-	-	-	-			
	- Vessels in Town	-	1,915	10,236	5,004	1,828			
V	<u>Number of Local Passenger (In-Out)</u>	<u>Passenger</u>	<u>21,348</u>	<u>69,062</u>	<u>28,523</u>	<u>11,932</u>	323.51%	+142.13%	+139.05%
	- PhnomPenh-SeimReap-PhnomPenh	-	-	-	-	-			
	- Vessels in Town	-	21,348	69,062	28,523	11,932			
VI	<u>Number of Foreign Passenger and Tourist Boat (In-Out)</u>	<u>Voyage</u>	<u>692</u>	<u>534</u>	-	<u>692</u>	77.17%	+534.00%	-100.00%
	- PhnomPenh-ChovDok-PhnomPenh	-	440	328	-	440			
	- Cruise Boat	-	252	206	-	252			

No.	Description	Unit	Planning 2022	2022	2021	2020	Compare (%)	Up/Down (%)	
A	B	C	1	2	3	4	5=(2/1)	6=(2/3)-100%	7=(3/4)-100%
VII	<u>Number of Foreign Passenger and Tourist (In-Out)</u>	<u>Person</u>	<u>18,334</u>	<u>10,600</u>	-	<u>18,334</u>	57.82%	+10600.00%	-100.00%
	- PhnomPenh-ChovDok-PhnomPenh	-	8,601	3,653	-	8,601			
	- Tourist on Cruise Boat	-	9,733	6,947	-	9,733			

(Source: Department of Planning/Marketing)

- Cargo-fuel and gas throughput in 2022: 4,044,289 Tons, increased by 5.01% compared to 2021 (3,851,453 Tons). For 2022, PPAP has accomplished 85.70% compared to planning 2022 (4,719,387 Tons).
- Cargo vessels throughput in 2022: 3,783 Units, increased by 64.34% compared to 2021 (2,302 Units). For 2022, PPAP has accomplished 152.23% compared to planning 2022 (2,485 Units).
- The number of international International passengers and tourist cruises throughput via Cambodia-Vietnam in 2022: 534 Voyages, increased by 534.00% compared of to 2021 (0 Voyages). For 2022, PPAP has accomplished 77.17% Voyage compared to planning 2022 (692 Units).
- Containers throughput in 2022: 417,696 TEUs, increased by 19.72% compared to of 2021 (348,898 TEUs). For 2022, PPAP has accomplished 105.83% compared to planning 2022 (394,679 TEUs).
- The number of international passengers and tourists throughput via Cambodia-Vietnam in 2022: 10,600 Passengers, increased by 10600.00% compared to 2021 (0 Passengers). For 2022, PPAP has accomplished 57.82% Passengers compared to planning 2022 (18,334 Passengers).

Graphs on performance comparisons of the 2022 - 2021 - 2020 and 2022 plan



2. The implementation of Hydrographic work and the construction of port infrastructure and machinery installation

❖ Sand Dredging Management

- Rehabilitated Sdao Naval Canal to facilitate navigation, implement 100% of planning 2022
- Maintained and erected navigation signs from lead pot to Tonle Beit Port, Tbong Khmum Province, implemented 100% of planning 2022.
- Conducted water depth measurements at various port locations to facilitate navigation, 100% implementation of planning 2022.

❖ The construction of port infrastructure

Container Terminal LM17

- Construction of Container Yard, Phase 3, Step 2 (Plan B) with a project cost of USD 4,617,600, achieved 100% of the project.
- Construction of the third gate at the Phase IV, size 21 meters x 30 meters, height 10 meters, AC road size 1055 square meters and electrical system with a project value of USD 375,607, achieved 100% of the project.
- Construction of 16m x 40m container truck scanner with project cost of USD 161,974 achieved 100% of the project.
- Construction of additional foundations to equip the RPM engine and lightning protection system at the third gate with a project cost of USD 30,731, achieving 100% of the project.
- Construction of 16m x 149m pier bridge (3rd pier) with project cost of USD 6,876,341, achieved 12% of the project
- Construction of 24.4m x 60m LCL warehouse and pouring 1,510 square meters of reinforced concrete north of Exit Phase 3, with a project cost of USD 379,669 achieved 7% of the project.

Sub-Feeder Multipurpose Terminal Koh Rokar LM26

- Construction of 14,842 square meters of concrete field with a project cost of USD 302,104, achieved 100% of the project.
- Construction of 3 steel and concrete bridges and 4 concrete foundations for the project with a project cost of USD 153,560 achieved 100% of the project.
- Construction of 832-meter-long concrete road, 2,638-meter-wide concrete pitch and 200-meter-long drainage network with a project cost of USD 324,579 - Achieved 55% of the project.

Sub-Feeder Multipurpose Terminal Tonel Bet UM2

- Construction of 12m x 46.9m bridge, 1 9m x 9m FCC base, 1 9m x 5m DOLPHIN, 1 12m x 10m DOLPHIN and 50 meters riverbank with a project value of USD 3,550,000 achieved 100% of the project.
- Filling of 5,495 cubic meters of brittle stone with a project cost of USD 41,481 achieved 100% of the project.
- Filling of 5,495 cubic meters of fossil fuels with a project cost of USD 41,481 achieved 100% of the project.

MultiPurpose Terminal TS3

- Construction of 3 tourist port bridges with a total project cost of 307,877 USD achieved 100% of the project.
- Construction of Tourist Hall has total project cost of USD 646,585 achieved 32% of the project.

❖ Purchase/installation of machinery or new equipment

- Purchased 26 solar lamps to repair and maintain airbags at a cost of USD 29,000, equivalent to 89% of planning 2022.
- Ordered a copy boat, 20.10 meters long, 4.40 meters wide, bark type (arrived) at a cost of USD 35,000
- Has been studying to buy or rent 3 RTG units
- Has been studying to buy or rent 4 Reach-stacker
- Purchase of Firewall Management System for USD 29,150, Equivalent to 68% of planning 2022.
- Purchase of network equipment costs USD 5,600, equivalent to 78% of planning 2022.
- Equipped with measuring software (Dongle license) cost USD 16,129, equivalent to 77% of planning 2022.

B- Revenue Structure

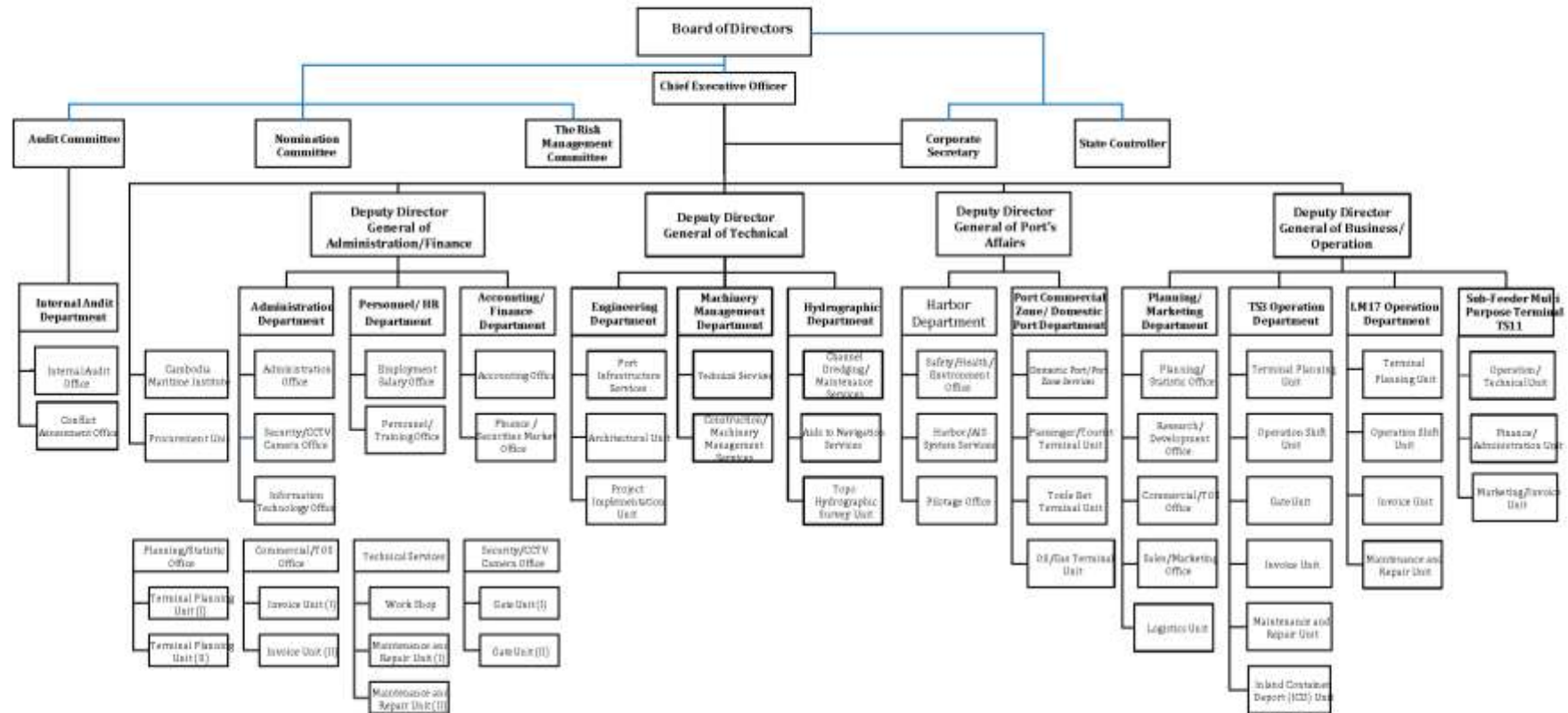
Source of Revenue	2022		2021		2020	
	Period Ended 31 December 2022		Period Ended 31 December 2021		Period Ended 31 December 2020	
	KHR'000	Compared to total revenue	KHR'000	Compared to total revenue	KHR'000	Compared to total revenue
Stevedoring	65,527,611	44.03%	55,424,149	44.26%	47,976,516	43.50%
Lift On Lift Off (LOLO)	51,901,124	34.88%	45,181,860	36.08%	40,076,814	36.33%
Port dues and charges	17,695,897	11.89%	14,477,910	11.56%	14,889,133	13.50%
Gate fees	4,354,065	2.93%	3,614,658	2.89%	2,844,482	2.58%
Storage fees	4,076,701	2.74%	3,356,495	2.68%	2,593,041	2.35%
Weighting fees	80,158	0.05%	41,136	0.03%	18,714	0.02%
Stuffing/unstuffings	106,262	0.07%	130,127	0.11%	125,949	0.11%
Trucking fees	3,890,391	2.61%	1,733,175	1.38%	981,571	0.89%
Logistic Service	1,172,519	0.79%	1,129,968	0.90%	245,402	0.22%
Sand dredging management fee	10,839	0.01%	126,470	0.10%	551,802	0.50%
Survey Service	-	0.00%	12,204	0.01%	-	0.00%
Total:	148,815,567	100%	125,228,152	100%	110,303,424	100%

Part 3

Information on Corporate Governance

A- Organization Structure (2022)

PPAP ORGANIZATION STRUCTURE



Note:
 - Office Manager and Services Manager are assistant of Head of Department (No Deputy Head of Department)
 - Office Manager - Services Manager - Procurement Unit Manager
 - Unit Manager - Deputy Office Manager - Deputy Services Manager

Head Office: # 649, Peah Sisowath Quay, Sangkat Sras Chork, Khan Daun Penh, Phnom Penh

Fax/Phone: (855) 23 427 802, Email: ppapmpwt@online.com.kh

B- Board of Director

Board of Directors's Member

N.	Name	Position	Date of Term Being Director	Expired Date of Being Director
1	H.E HEI Bavy	Chairman	June 27 th , 2022	June 27 th , 2025
2	H.E SUON Rachana	Member	June 27 th , 2022	June 27 th , 2025
3	H.E KEN Sambath	Member	June 27 th , 2022	June 27 th , 2025
4	H.E PENN Sovicheat	Member	June 27 th , 2022	June 27 th , 2025
5	Mr. GUI Anvanith	Member	June 27 th , 2022	June 27 th , 2025
6	Mrs. POK Pheakdey	Member	June 27 th , 2022	June 27 th , 2025
7	Mr. KONG Sothea	Member	June 27 th , 2022	June 27 th , 2025

PPAP's Secretary is Mr. KONG Channy, Head of Secretary Office

C- Senior Officer

N.	Name	Gender	Position
1	H.E HEI Bavy	M	Chairman and CEO
2	H.E CHOUN Sokhem	F	Deputy Director General of Administration/Finance
3	Mr. KOY Bunthorn	M	Deputy Director General of Technical
4	Mr. HIEK Phirun	M	Deputy Director General of Maritime Service/Traffic
5	Mrs. HEI Phanin	F	Deputy Director General of Operation
6	Mr. KONG Channy	M	Head of Corporate Secretary
7	Mr. KEO Sophanara	M	Head of Internal Audit Department
8	Mr. KONG Sothea	M	Head of Administration Department
9	Mrs. SENG Kunthea	F	Head of Personnel/HR Department
10	Ms. CHHEAV Vanthea	F	Head of Accounting/Finance Department
11	Mr. SAY Chantha	M	Head of Machinery Management Department
12	Mr. CHIEAP Vyraya	M	Head of Hydrographic Department
13	Mr. TOL Sokhom	M	Head of Harbor Service Department
14	Mr. CHHIV Songkaing	M	Head of Sub-Feeder Multipurpose Terminal UM1
15	Mr. HUN Sokhalay	M	Head of LM17 Operation Department
16	Mr. HOEU Song	M	Head of TS3 Operation Department
17	Mr. IM David	M	Acting Head of Engineering Department
18	Mr. PRAK Samit	M	Acting Head of Port Commercial Zone/Domestic Port Department
19	Mrs. MEAS Visal	F	Acting Head of Planning/Marketing Department

Note: Detail information of corporate governance is attached as appendix.

PART4

**Information on Security Trading and
PPAP's Shareholders**

A- General Information on Offered Shares

Name of Offered Shares	:	Class A (Voting) Shares
Stock Code	:	KH1000040001
Class of Offered Shares	:	Class A (Voting) Shares
Par Value	:	4,000 Riels
Offering Price	:	5,120 Riels
Number of Offered Shares	:	4,136,873 Class A (Voting) Shares
Market Capitalization	:	105,903,948,800 Riels
Securities Exchange	:	Cambodia Securities Exchange
Official Listed Date	:	09 December 2015

B- Price and Trading Amount of Shares

Offered Shares		January	February	March	April	May	June	July	August	September	October	November	December
Trading Price	Maximum	14,980	15,200	15,760	15,600	15,980	15,800	15,340	14,960	14,780	14,420	14,000	14,000
	Minimum	14,560	14,860	14,900	15,200	15,400	15,000	14,700	14,620	14,280	13,980	13,960	13,940
	Average	14,859	14,956	15,297	15,466	15,785	15,612	15,090	14,823	14,508	14,246	13,992	13,981
Trading Value	Maximum	3,016	1,967	24,744	4,199	41,639	751	350,092	892	244,156	4,370	991	666
	Minimum	9	6	108	77	5	2	1	2	4	1	2	10
	Average	355	539	1,930	589	2,438	194	17,312	207	12,597	496	212	217

C- Shareholders Holding Largest Voting Shares (From 30% Up)

No.	Name	Nationality	Address	Investor ID	Allotted Amounts (Shares)	Percentage Ownership
1	Ministry of Economy and Finance of Cambodia	Cambodia	Street 92, Sangkat Wat Phnom, Khat Daun Penh, Phnom Penh	N/A	16,547,492	80%
Total					16,547,492	80%

D- Information on Dividend Distribution in the last 3 (three) years

No.	Dividend Distribution	2021	2020	2019
1	Net Profit for the Year (Riel)	51,695,457,000	40,212,649,000	46,806,244,000
2	Total Dividend to be Paid (Riel)	4,376,751,334	4,126,751,334	4,126,751,334
3	Dividend in Total Equity Securities	N/A	N/A	N/A
4	Other Dividend	N/A	N/A	N/A
5	Dividend Payout Ratio (%)	8.46%	10.26%	8.82%
6	Dividend Yield (%)	1.44%	1.71%	1.60%
7	Dividend per Share (Riel)	211.60	199.51	199.51

Part 5

Audit Report On

the Internal Control Compliant for 2022



Phnom Penh Autonomous Port
Internal Audit Department

**Yearly Report
On Internal Audit for the Year 2022**

N° 013 IAD

Date: February 2023

Report overview

Description:

Department of Internal Audit	Phnom Penh Autonomous Port (PPAP)
Title	Yearly Report on the Internal Audit for the Year 2022
Head of Department	Mr. Keo Sophannara
Inspector	Internal Auditors of PPAP
Auditee(s)	<ul style="list-style-type: none"> • First Quarter <ul style="list-style-type: none"> - LM17 Operation Department - Safety/Health/Environment Office - Technical Services - Operation Shift Unit • Second Quarter <ul style="list-style-type: none"> -Administration Department -Administration Office -CCTV Camera/Security Office • Third Quarter <ul style="list-style-type: none"> -LM17 Terminal Planning Unit -LM17 Invoice Unit • Fourth Quarter <ul style="list-style-type: none"> -Harbor Department -Pilotage Office
Sources (Hard Copy)	<ul style="list-style-type: none"> • First Quarter <ul style="list-style-type: none"> - LM17 Operation Department - Safety/Health/Environment Office - Technical Services - Operation Shift Unit • Second Quarter <ul style="list-style-type: none"> -Administration Department -Administration Office -CCTV Camera/Security Office • Third Quarter <ul style="list-style-type: none"> -LM17 Terminal Planning Unit -LM17 Invoice Unit • Fourth Quarter <ul style="list-style-type: none"> -Harbor Department -Pilotage Office
Sources (Soft Copy)	<ul style="list-style-type: none"> • First Quarter <ul style="list-style-type: none"> - LM17 Operation Department - Safety/Health/Environment Office - Technical Services - Operation Shift Unit • Second Quarter <ul style="list-style-type: none"> -Administration Department -Administration Office -CCTV Camera/Security Office

	<ul style="list-style-type: none"> • Third Quarter -LM17 Terminal Planning Unit -LM17 Invoice Unit • Fourth Quarter -Harbor Department -Pilotage Office
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Document Distribution:

Name	Position	Place of Distribution
H.E. Gui Anvanith	Head of Audit Committee	Phnom Penh Autonomous Port

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Yearly Report
On the Internal Audit at Phnom Penh Autonomous Port
For 2022 and Previous Observations in the Years then Ended

Part A: Introductory summaries

1. Background of Audit Work

Approved by His Excellency, the Head of Audit Committee, and, also part of internal audit departmental plan for the year 2022, periodical audits were conducted on departments, services, units, and offices under Phnom Penh Autonomous Port's supervision, such as *LM17 Operation Department, Safety/Health/Environment Office, Technical Services, Operation Shift Unit, Administration Department, Administration Office, CCTV Camera/Security Office, LM17 Terminal Planning Unit, LM17 Invoice Unit, Harbor Department, and Pilotage Office*. Within this report, procedural details such as audit findings, corrective recommendations and, as well, managerial agreement related to the audit, are also presented.

2. Key Risk Definition

In general, risks could be identified as:

- Operational risk: the risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations.
- Financial risk: errors occurred resulting from the failure to provide accurate financial information to the top managements, which affects the decision makings.
- Compliance risks: the failure to maintain the capability to be in compliance with applicable laws and regulations.

Periodical audits were conducted on *LM17 Operation Department, Safety/Health/Environment Office, Technical Services, Operation Shift Unit, Administration Department, Administration Office, CCTV Camera/Security Office, LM17 Terminal Planning Unit, LM17 Invoice Unit, Harbor Department, and Pilotage Office*; upon making evaluation on the findings obtained from the audit, we were able to determine key risks as follows:

- A potential impact on the quality of the services provided
- A potential impact associated with paperwork standardization and productivity
- Capability to remain in compliance with applicable laws and regulatory compliance

3. Scope of Audit

This audit work covers on all operational and managerial aspect of the *LM17 Operation Department, Safety/Health/Environment Office, Technical Services, Operation Shift Unit, Administration Department, Administration Office, CCTV Camera/Security Office, LM17 Terminal Planning Unit, LM17 Invoice Unit, Harbor Department, and Pilotage Office*. Means of data collection such as query, on-site inspection, report examination, were conducted on the aforementioned auditees, being the source of the information within this audit work.

4. Audit Objective

The purpose of this audit is to make assessment and provide corrective action plans to raise the current effectiveness of existing processes such as risk management process, inspection process, and governance process within the determined scope of audit.

Generally, audit work has an objective in providing assurance that the internal control system is capable of achieving objectives as follows

- Operation objective : Able to demonstrate capability to effectively accomplish operation objectives
- Financial objective : Providing accurate financial information in full account to the top managements
- Conformity objective : Able to remain pursuant to legal and regulatory requirements.

To help in risk management, we have set six main objectives as follows:

- Reinforcement on the company's existing operation and services;
- Reinforcement on staff management, disciplinary activities, and work performance;
- Reinforcement on the company's management on all sources that generates incomes
- Reinforcement on the company's management of finances
- Reinforcement on the company's management on state's properties
- Reinforcement on the competency to remain pursuant to applicable laws, regulations and legal procedures.

5. Approach:

With the auditees' cooperation, we established expected criteria for this audit work process. Also, risk-based approach was used within this audit, which comprises of three steps as follows:

- Recording of internal control system through document examination and query made on staff of the auditees
- Determining the current internal control system as a key to compare with the established criteria
- Testing the current internal control system to determine its operational flow

6. Briefing of Key Findings

We have categorized errors, failures, shortcoming, based on the findings obtained, into two sections as shown below:

Operation effectiveness findings:

First quarter:

- The failure to fully act on the assigned roles and responsibilities;
- The lack of documented information on machinery (RTG) maintenance;
- The lack of procedural document on machinery maintenance and reparation;
- Errors with the calculation within few monthly reports; and
- An error in the allocation of roles and responsibilities.

Second Quarter

- An error in the management of property within the office building at LM17 New Container Terminal
- A lapse of the stocking of spare parts associated with electronic and water supply
- The failure to project and view quality images of the CCTV Camera onto certain spots within the LM17 New Container Terminal
- A lapse found on paperwork associated with the extra signatures and lack of signatures on LOLO Scan report for subsidiary income

Third Quarter

- A lack of accountability found within the current procedure, not via TOS, when request for LOLO Scanning
- An error found on the storing of abandoned cargo and dangerous goods within the container yard of the LM17 New Container Terminal
- A shortcoming with current method in the invoicing of containers in “Storage Export”

Fourth Quarter

- The shortfall of pilotage staff
- An inadequate amount of portable radio phones for pilotage staff

Compliance-related findings:

First Quarter

- The failure to make annual departmental plan of the LM17 Operation Department
- The failure to fully execute the approved departmental plan of the year 2022 of the SHE office
- The failure to make an annual activities summary report
- A lack of official document on technical procedure regarding vehicle and machinery oil filter and engine oil change.

Second Quarter

- The failure to complete the office’s monthly report making within the first week of the month
- A lack of procedural plan for company’s vehicle and transportation management
- A lack of officer to fill the office’s structure of the CCTV Camera/Security Office
- A failure to make identification on truck drivers at Gate in/Gate out at the LM17 Terminal

Third Quarter

- A recurrent number of items listed on the monthly request for office supplies
- A lapse in the consideration of updating the current roles and responsibilities of the LM17 Terminal Planning Unit
- A lapse in the consideration of updating the current structure of the LM17 Terminal Planning Unit
- A lapse in the consideration of updating the current structure of LM17 Invoice Unit

Fourth Quarter

- A lack of the abroad training for pilotage staff

7. Auditor’s opinion

We have made an observation and remarked on the active participation and co-operation of the auditees through which a successful conclusion has been reached. In addition, the findings illustrate the effectiveness of performance and the achievement of, to some degree, regulatory conformity. *LM17 Operation Department, Safety/Health/Environment Office, Technical Services, Operation Shift Unit, Administration Department, Administration Office, CCTV Camera/Security Office, LM17 Terminal Planning Unit, LM17 Invoice Unit, Harbor Department, and Pilotage Office.* Despite the effectiveness of performance

and regulatory conformity achieved, still, there were few lapses and errors that needs to be taken into account, such as a failure in the making of annual departmental plan that of LM17 Operation Department; a failure to fully implement departmental plan that of Safety/Health/Environment Office; The lack of documented information regarding machinery and truck maintenance, an essential component for monthly report making, and the lack of proper devices used for tasks that involves lifting such as that in spare parts changes that of Techinal Services; and a failure to make an annual report that of Operation Shift Unit.

8. Corrective action plan

These recommendations we provided, as we strongly believe, aim to improve operational workflow, such as stuffing/unstuffing, stocking, machinery and drayage truck maintenance, and other related reparations; meanwhile, all documentations must be in conformity with laws, regulations, and other legal procedures in order to improve the effectiveness of the current procedures. Furthermore, making correction on the shortfalls as in “Summaries of key findings” by following the recommendations that of which will be shown in Part B. And, also, in Part B, responses related to the recommendations and the findings will be presented.

9. Remark

Mr. Keo Sophanara, Head of Internal Audit Department, would like to express his sincere gratitude towards those meaningful cooperation from the heads of audited entities and its personnel for participating and facilitating this auditing procedure through the provision of requested documents, cooperative responses to key questions, and valuable opinions expressed, all of which led us to this successful conclusion and, as well, went according to the schedule.

Part B: Details of audit procedure

1. Participants of the audit

1.1 Internal auditor

1. Mr. Un Touch Manager of Internal Audit Office
2. Mrs. Var Sreyrath Deputy Manager of Internal Audit Office
3. Mr. So Sinarith Deputy Manager of Internal Audit LT. Office
4. Mrs. Mann Sreyan Head of Section of Internal Audit Office
5. Mr. Kang Visotrith Officer of Internal Audit Office

1.2 Auditee(s)

Acronym:

Safety/Health/Environment Office = SHE
 CCTV Camera/Security Office = CCSO
 LM17 Terminal Planning Unit = LM17 T.P.U.

First Quarter

- | | |
|--|---|
| <ol style="list-style-type: none"> 1. Mr. YIM CHOEUN 2. Mr. AY SOMNANG 3. Mr. MIECH YOTHIN 4. Mr. KHUN VUTHY 5. Mr. HENG SOKHA 6. Mr. HEOM LA 7. Mr. BUOY DARAVUTH 8. Mr. DOEK YIT | <p>Head of LM17 Operation Department LM₀₀</p> <p>Manager of SHE Office</p> <p>Deputy Manager of SHE Office</p> <p>chief of Section</p> <p>chief of Section</p> <p>Deputy chief of Section</p> <p>Manager of Techinal Services</p> <p>Deputy Manager of Techinal Services</p> |
|--|---|

9. Mr. YOUNG LAMO	Deputy Manager of Technical Services
10. Mr. NGORN DIMONG	Deputy Manager of Technical Services
11. Mr. UMRATHA	Chief of Section
12. Mr. LEANG KOSAL	Chief of Section
13. Mr. YANN KOL	Chief of Section
14. Mr. PRAK CHANSELA	Staff at Technical Services
15. Mr. SOUN DINAL	Mechanic at Technical Services
16. Mr. LIM VOITANA	Manager of the LM17 T.P.U.
17. Mr. UK SUN	Deputy Manager of t LM17 T.P.U.
18. Mr. CHAK MEAN	Chief of Section LM17
19. Mr. LOEK VANNEN	Chief of Section LM17
20. Mr. OUK CHEANPENHBORMEY	Chief of Section LM17
21. Mr. MIECH SAMPOLIN	Staff of LM17 T.P.U.
22. Mr. ROS SENG	Foreman of LM17 T.P.U.
23. Mr. SOUN CHHUY	Foreman of LM17 T.P.U.
24. Mr. KHEM MONOR	Chief of Shift LM17
25. Mr. SOK KIMSENG	Assistant of Foreman LM17
26. Mr. TOUCH SIDEN	Chief of Shift LM17
27. Mr. KEO SINDARA	Full service worker LM17
28. Mr. Din Reach	Hired worker

Second Quarter

29. Mr. KONG SOTHEA	Head of Administration Department
30. Mrs. CHOV CHANSOMA	Manager of Administration Office
31. Mr. KAU SOKUN	Manager of CCTV Camera/Security Office
32. Mr. KEO VANDETH	Deputy Manager of Administration Office
33. Mrs. SENG BOPHA	Deputy Manager of Administration Office
34. Mr. TETH CHANVEASNA	Deputy Manager of Administration Office
35. Mrs. NHEM PARADY	Deputy Manager of Administration Office
36. Mr. TANN LEANGCHHAN	Deputy Manager of CCTV Camera
37. Mr. NEOU NOY	Deputy Manager of CCTV Camera
38. Mrs. KHLOK SINET	Chief of Section
39. Mr. YEM MAB	Chief of Section
40. Mr. OUK SATHYA	Chief of Section of Administration Office
41. Mr. DOUNG ENG	Chief of Section CCTV Camera (LM17)
42. Mr. SOR SOVAN	Chief of Shift CCTV Camera (TS3)
43. Mr. KHIM BORIN	CCTV Camera personnel (TS3)

Third Quarter

44. Mr. LONG CHHUNY	Manager of LM17 Planning Unit
45. Mr. TOUCH SOPHEA	Deputy Manager of LM17 Planning Unit
46. Mr. LAO AMARONG	Chief of Section
47. Mr. PHOEUN RATANAK	Chief of Section
48. Mrs. SIN KALLYA	Deputy Chief of Section
49. Ms. VONG SREYLIN	Staff of LM17 Terminal Planning Unit
50. Mr. OUCH MONIROTH	Tally/Weight
51. Mr. TIM SARIN	Container visual inspector
52. Mr. CHEM SOPHEA	Yard Planning
53. Mr. DOEUN CHANNARET	Vessel Plan/LCL
54. Mr. SANN LYSUN	Reefer/LCL

55. Mr. SOUNG CHAMROEUN	ICD
56. Mr. THY VICHET	Gate IN/OUT
57. Mr. KHUTH SARITH	General Cargo
58. Mr. PHEANG SOTHEA	VS/TR Tally
59. Mr. SUONG SOKHA	Container visual inspector
60. Mr. HEANG LAIHOUNG	Vessel Plan/LCL
61. Mr. SOK VANN	General Cargo
62. Mr. RATH SOKMANAN	VS/Tally/weight
63. Mr. DOEUN RATHANA	VS/TR Tally
64. Mr. VOENG MALIN	Gate IN/OUT
65. Mr. HAI MARADY	Manager of LM17 Invoice Unit
66. Mr. KEN CHAMRONG	Deputy Manager of LM17 Invoice Unit
67. Mr. YIM SARUN	Chief of Section
68. Mr. HORN PANHA	Chief of Section
69. Mr. NOU SINET	Chief of Section
70. Mr. HEAN SOVANNAROTH	Deputy Chief of Section
71. Mrs. NGO POLIN	Deputy Chief of Section
72. Mr. CHAO PHYPA	Deputy Chief of Section
73. Mr. PHAM SOPHY	Staff
74. Mr. KEO PAN	Staff
75. Mr. RUON PISETH	Staff

Fourth Quarter

76. Mr. TOL SOKHOM	Head of Harbor Department
77. Mr. CHAN CHAMNA	Deputy Manager of Pilotage Office
78. Mr. NOU VANNAK	Deputy Manager of Pilotage Office
79. Mr. SUY PAGNABOT	Deputy Manager of Pilotage Office
80. Mr. HUOT MEAN	Chief of Section
81. Mr. KAO BUNCHHOEUR	Chief of Section
82. Mr. OPB SAMNANG	Admin at Pilotage Office
83. Mr. TEM BONA	Staff of Pilotage Office

1.3 Phases of Audit Documentation

Below are four phases of the audit documentation:

First quarter

- Date of the completion of the audit work	16 May 2022
- Date of first draft's completion	31 May 2022
- Latest responses received from managements	13 June 2022
- Date of report completion	14 June 2022

Second quarter

- Date of the completion of the audit work	03 October 2022
- Date of first draft's completion	05 October 2022
- Latest responses received from managements	16 November 2022
- Date of report completion	21 November 2022

Third quarter

- Date of the completion of the audit work	06 December 2022
- Date of first draft's completion	12 December 2022
- Latest responses received from managements	14 December 2022

- Date of report completion	16 December 2022
Fourth quarter	
- Date of the completion of the audit work	19 December 2022
- Date of first draft's completion	26 December 2022
- Latest responses received from managements	28 December 2022
- Date of report completion	30 December 2022

2. Overview of Audit Work

The aim of internal auditing is to facilitate the top managements in achieving objectives that were set to improve their governance, internal control assessment and risk management. Internal control system is implemented by the top managements and relevant officers to ensure the achievement of the three objectives as follows:

- Make valid the activities summary report and the reliability of the company's operations such as stuffing/unstuffing, shipping and trucking;
- Achieving effectiveness, efficiency and cost effectiveness of the company's operations;
- Achieving competence as to be in conformity with law, standards, regulations, and other legal procedures.

This report includes the establishment of internal control system and determining of its operational abilities, the internal auditing and, as well, the implementation and preparation of the internal management system.

3. Internal management review

We have made an observation on the internal control system by observing on each of its processes so as to compare with the seven established criteria as follows:

- Authorization;
- Completeness;
- Accuracy;
- Validity;
- Work safety;
- Rectification; and
- Role allocation.

4. About auditees

Phnom Penh Autonomous Port was established under Sub-Decree no, 51 dated 17 July, 1998. Abbreviated as (PPAP), the port is under the technical supervision of the Ministry of Public Works and Transport and with financial support from the Ministry of Economy and Finance. PPAP functions in accordance with the Royal-Decree no.0693/03 dated 28 May, 1996; and laws and regulations of employment of PPAP, according to the decision made following the 12th Board of Director meeting, on the 5th mandate, dated 24 July 2015.

Following with the departmental plan for the year 2022, we have conducted audits on departments/units/services/offices as follows:

- ❖ LM17 Operation Department includes:
 - LM17 Operation Department (First quarter)

- Operation Shift Unit (First quarter)
- LM17 Terminal Planning Unit (Third quarter)
- LM17 Invoice Unit (Third quarter)

❖ Harbor Department includes:

- Harbor Department (Fourth quarter)
- Pilotage Office (Fourth quarter)
- Safety/Health/Environment Office (Fourth quarter)

❖ Machinery Management Department

- Technical Services (First quarter)

❖ Administration Department

- Administration Department (Second quarter)
- Administration Office (Second quarter)
- CCTV Camera/Security Office (Second quarter)

There were 268 participants involves in a total of four quarters of the audit; 254 are PPAP personnel, 23 of which are female and the other 14 are contracted workers, 2 of which are female.

5. Audit observations

Operation efficiency section

1st quarter section

5.1 The failure to fully act in accordance with the established roles and responsibilities

Audit Objective: To reinforce on the act in line with roles and responsibilities. *(SHE Office)*

Through report examination, such as quarterly report and the document on the roles and responsibilities of the office, and upon query, we learned that there were two main points, as listed below, that office had yet to implement:

- *Making assessment on all units as to determine its scope of work, its related risks and request for a reform*
- *Report to top managements regarding the related risks and request for a reform policy.*

- ❖ Criteria : According to the documented roles and responsibilities, the office had yet to fulfill its role as in the case above.
- ❖ Root cause : The covid-19 epidemic.
- ❖ Consequence : May be deemed as potential indicator of lack of effectiveness of performance
- ❖ Recommendation : The office should resume its implementation of the aforementioned two main points when the covid-19 epidemic begin to cease.
- ❖ Auditee's response : Accepted the recommendation.

Audit objective: To thoroughly investigate monthly activities of the Services. *(Technical Services)*

Upon query and through report examination, we observed that on a monthly report in January 2022—section II.1. On engine oil change, II.2. On vehicle tire change— had errors with calculation.

- ❖ Criteria : Problem in calculation.
- ❖ Root cause : A lapse in paperwork control.
- ❖ Consequence : Resulted in misleading total number of items.
- ❖ Recommendation : The Services should rectify the problem in their monthly report making before submitting it to the management.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

5.5 Allocation of roles and duties for staff within the services

Audit objective: To reinforce the work performance of the services. *(Technical Services)*

Upon query and through report examination, we observed that the Technical Services had yet to update and document regarding the allocation of roles and responsibilities of the staff within the Services.

- ❖ Criteria : Roles confusion.
- ❖ Root cause : A lapse in the consideration of the Services.
- ❖ Consequence : Might affect daily activities due to roles confusion within the Services.
- ❖ Recommendation : The Services should consider documenting the roles and responsibilities for its staff as to facilitate the functioning of its daily activities.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : Having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the sequent years.

2nd quarter section.

5.6 An error in the management of property inside the office building at LM17 New Container Terminal

Audit Objective: To reinforce on the existing duty of the Administration Office. *(Administration Office)*

By making inspection, we observed that the “comfort rooms”—those inside the office building at LM17 New Container Terminal—were in usable but poor condition.

- ❖ Criteria : A lapse of maintenance.

- ❖ Root cause : A failure to conduct proper maintenance and changes of toilet equipment.
- ❖ Consequence : Might affect the aesthetic the building.
- ❖ Recommendation : The office should plan for maintenance by including which into the office annual planning report.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

5.7 A lapse of the stocking of spare parts associated with electronic and water supply

Audit Objective: To learn of the maintenance activities within the administration scope.
(Administration Office)

Upon query, we learned that the maintenance person had made no stocking of spare parts, such as LED tubes, capacitors, switches, and pump tapes. When there was a need for maintenance, furthermore, the maintenance person had to proceed at (his) own expense, and then made a request to claim at a later time.

- ❖ Criteria : A lapse of maintenance.
- ❖ Root cause : A failure to conduct proper maintenance and changes of toilet equipment.
- ❖ Consequence : Might affect the aesthetic the building.
- ❖ Recommendation : The office should plan for maintenance by including which into the office annual planning report.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

5.8 Reports on the conditions of the CCTV Camera equipped with the LM17 Container Yard

Audit Objective: To improve the terminal security aspect of the CCTV Camera/Security Office at the LM17 Terminal. (CCTV Camera/Security Office)

Upon query, and through report examination, we learned about CCTV Camera conditions at the LM17 New Container Terminal, as in monthly reports from January to August 2022 of the CCTV Camera/Security Office with the descriptions listed below:

- **Terminal gate in:** A total of 24 cameras, 2 of which did not function, and 4 display poor quality images.
- **Former container yard:** A total of 15 cameras but technically errored; however, 8 of which had been fixed, and, among the 8 cameras, at a later time, 2 of which failed to function; 21 cameras were newly installed, afterwards 8 of which errored. *Only 13 cameras were still functioning.*
- **LM17 terminal office building:** a total of 12 cameras, 1 of which had technical errors.
- **Current container yard:** a total of 6 cameras were in good condition, those installed by a Chinese company.

A total number of CCTV Cameras installed at the LM17 New Container Terminal was 78, of which 13 had technical errors, and 4 were displaying poor quality images.

- ❖ Criteria : Having rooms for potential risks within the unseen areas.
- ❖ Root cause : A potential delay in the paperwork processing.
- ❖ Consequence : Inability to observe all relevant areas within the terminal.
- ❖ Recommendation : The office should include the current conditions of the CCTV Camera into their monthly reports for the managements and other relevant offices for further resolutions.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

A total number of CCTV Cameras installed at the LM17 New Container Terminal was 78, of which 13 technically errored, and 4 were displayed poor quality images.

5.9 Errors with enumeration in the paperwork and the lack of signatures on the list to receive subsidiary income from LOLO SCAN work

Audit Objective: To reinforce staff the responsible. *(CCTV Camera/Security Office)*

Through report examination, we observed that the name list of security personnel, who were to receive subsidiary income from LOLO SCAN work, had errors as listed below:

- Duplicated enumeration on monthly reports on June-July 2022: (06/22 S.G.)
- The lack of signature from the manager of the CCTV Camera/Security Office on monthly reports of January and February 2022

- ❖ Criteria : Not in compliance with paperwork standards.
- ❖ Root cause : A combination paperwork completion via electronic devices, a lapse in the review process and report keeping.
- ❖ Consequence : A delayed workflow.
- ❖ Recommendation : The CCTV Camera/Security Office should review on the name lists for the subsidiary income before submitting the report to the manager, and, as well, make copy of the official report before submitting it to relevant departments and/or offices.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

3rd quarter section.

6. The approval signature required within the LOLO Scan procedure and the lack of accountability in performing via Terminal Operating System (TOS), in particular, the process of counting the containers using PPAP's vehicles in LOLO Scanning

Audit Objective: To improve the procedural process in the counting via TOS of containers that require PPAP's vehicle in LOLO Scanning. *(LM17 Terminal Planning Unit)*

Upon query, we learned that the LM17 Terminal Planning Unit was adopting a procedural process, using unofficial paperwork, in which the approval signature from the Unit was required in order to have the requested containers undergo LOLO Scan. This paperwork, in addition, was a means for the customer to communicate to the weight station and the LM17 Invoice Unit for the creation of bills.

- ❖ Criteria : Not in compliance with the intended purpose of the TOS.
- ❖ Root cause : A lapse in the creation of procedural process between the Unit itself and the relevant others in regards to operation via TOS.
- ❖ Consequence : A complication in procedural process.
- ❖ Recommendation : The LM17 Terminal Planning Unit should make a discussion with other relevant units and offices in giving the role to the customers to make the booking via the system and the LM17 Terminal Planning Unit will verify and confirm the booking, while the tallyman make remarks on the vehicle used and containers' number, and in the end of the procedure, the LM17 Invoice Unit will have the responsibility in the creation of bills based on the data from the system.
- ❖ Auditee's response : Accepted the recommendation
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

6.1 The storing of containers of dangerous goods and the apparent abandoned containers within the container yard

Audit Objective: To raise awareness on the potential harm it could cause on the company's operation and income.

Through observation, and upon query, we learned that there were containers of dangerous goods and the apparent abandoned containers stored with the container yard.

- ❖ Criteria : The drafting of a law on "Hazardous Goods Management" Government Decision, No.08, dated 27 January 2018.
- ❖ Root cause : A lack of law to control the import of hazardous goods.
- ❖ Consequence : Potential incident associated with the storing of containers of hazardous goods and the paying the cost of storage become a responsible of PPAP.
- ❖ Recommendation : The LM17 Terminal Planning Unit should report the top managements and relevant authority in order to seek for resolutions.
- ❖ Auditee's response : Accepted the recommendation
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

6.2 Invoicing of storage export

Audit Objective: To optimize the invoicing procedural process. *(LM17 Invoice Unit)*

Upon query, and through observation, we learned that, when creating invoices, the LM17 Invoice Unit was still doing in manual, as opposed to an automate one.

- ❖ Criteria : A lapse in the usage of the system.
- ❖ Root cause : A lapse in making discussion with relevant offices/parties in finding solutions.
- ❖ Consequence : Potential errors with container numbers filling, and service fees when creating invoices.
- ❖ Recommendation : The LM17 Invoice Unit should make a cooperation with other related parties in order to allow invoices on storage export be created from the system.
- ❖ Auditee's response : "We have raised awareness on the current invoicing process on storage export, which was done manually, as opposed to the automate one, in the meeting on the Terminal Operation System Modernization. Currently, the technicians of PPAP was conducting a test on the new version of the system in which automated invoice creation will be in function.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

4th quarter section.

6.3 The shortfall of pilotage staff

Audit Objective: To improve workflow. (Harbor Service Department)

Upon query, we learned that the total number of pilotage staff who were in service was 28, and based on observation, the current number of the staff employed had not met the current demand of its scope of work.

- ❖ Criteria : A lack of staff.
- ❖ Root cause : A lapse caused by the department in the consideration to request for more staff.
- ❖ Consequence : A lack of staff in the pilotage office.
- ❖ Recommendation : Due to the progressive development of PPAP's sub-feeder multipurpose terminals along both the Upper Mekong River—the UM2 and UM1, and the Lower Mekong River—LM26 and TS11, therefore, the Harbor Service Department should consider making a request or a recruit of pilotage staff in its annual department plan.
- ❖ Auditee's response : "The reason for the lack of pilotage staff is that, formerly, PPAP had a training center for pilotage skills, and had finished a total of the two phases of training completely. As for in third phase of training, the department had planned for a total of twenty-five new recruits but was canceled due to the covid-19 epidemic; In 2021, the 'Cambodia Maritime Institute' (CMI) had changed to 'Techo Sen Institute of Public Works and Transport', and thus PPAP did not manage to conduct a training program for its pilotage staff. Currently, at Techo Sen Institute of Public Works and Transport, there are nine students who are majoring in pilotage, and all of which are not of

Sihanoukville Autonomous Port's. We made a request for financial help, in the same way the Sihanoukville Autonomous Port did for its personnel, to those nine students who are in pursuit of their Bachelor Degree, and a later time making a work contract with PPAP the time they will have graduate, but we have not received any response We, in addition, would like to make a suggestion to the Personnel/HR Department in the consideration of selecting the aforementioned nine students—the first generation, as well, those who will be in second and third generation in preparation to fulfill the current and future demand of PPAP scope of work.

- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

6.4 An inadequate amount of portable radio phones for pilotage staff

Audit Objective: To reinforce on the achievement of work effectiveness. (Harbor Service Department)

Upon query, we learned that the pilotage office had a lack of portable radio phones.

- ❖ Criteria : Inadequate amount of equipment as compared with the personnel currently in service.
- ❖ Root cause : A lapse caused by the department in the consideration to request for the purchasing of more portable radio phones and lack of follow up with related parties.
- ❖ Consequence : Possible rooms for errors and a challenging work.
- ❖ Recommendation : The Harbor Service Department should report on difficulty the department may face in this regard and, as well, make a request for the purchase of portable radio phones to the top managements.
- ❖ Auditee's response : "We would like give details on the current portable radio phones we have been using; we have been using portable radio phones—ICOM VFH/UHF & Repeater, and we have experienced difficulty in its usage due to the fact that they have been used for long. The Repeater, as well, had been outdated, and may need frequent maintenance service, in addition to which, the spare parts for replacement were difficult to find in nearby or most of the workshops around the areas. Currently, we have been testing another portable radio phones—ICOM UHF/4G, and we found that its quality and function is better than the previous ones as it makes long-range communication possible. Therefore, the department will request for more purchase of the recently tested portable radio phones in order to facilitate daily work of pilotage staff."
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

Compliance section

1st quarter section

6.5 A failure to make an annual plan for the LM17 Operation Department

Audit objective: To ascertain the making of annual activities plan of LM17 Operation Department.
(LM17 Operation Department)

Upon query, and through report examination, we learned that the Department did not have the annual activities plan documented for the department itself.

- ❖ Criteria : Not in compliance with the “official request to relevant departments for detailed activities plan, to be submitted before the set deadline, as constituents to be included in the company’s business, services, financial plan for the year 2021, No.27/PPAP, dated 13 August 2021.”
- ❖ Root cause : A lapse caused by the department and a lack of human resource.
- ❖ Consequence : Resulting in potential delay for the Planning/Marketing Department to combine the relevant components before the set deadline—31 September.
- ❖ Recommendation : The LM17 Operation Department should make a document of report components for the department itself, ready to be submitted to the relevant party before the set deadline—31 September.
- ❖ Auditee’s response : Accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

6.6 The execution of the year 2022 annual project that of Safety/Health/Environment Office

Audit objective: To make assessment on the implementation of the year 2022 annual project. (SHE Office)

Through report examination, we observed that the execution of the year 2022 annual project of the SHE Office had yet to reach fifty percent.

- ❖ Criteria : The office annual project, dated 17 August 2021 No.01A/S.H.E. and the three accomplished points listed in the project— Point no. 10 requisition of the purchase of skimmers, point no. 13 requisition of the purchase of trash cart, Point no.14 requisition of the purchase of small-sized grass trimmer.
- ❖ Root cause : The covid-19 epidemic.
- ❖ Consequence : Resulting in a delayed of the execution of annual project.
- ❖ Recommendation : The SHE Office should speed up the execution of its annual project.
- ❖ Auditee’s response : Accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

6.7 The making of annual working activities plan

Audit objective: To ascertain annual working activities plan of the Operation Shift Unit.
(Operation Shift Unit)

Upon query, the Operation Shift Unit did not have an annual working activities plan—a combination of monthly summaries reports

- ❖ Criteria : Not in compliance with Instruction no.1225 dated 23 December 2016 on “the making of monthly and yearly report.”
- ❖ Root cause : A lapse in the office’s report review
- ❖ Consequence : A lapse in the execution of office’s roles and responsibilities of the Unit
- ❖ Recommendation : The Unit should combine its summarized monthly activities into an annual report and submit to the top managements.
- ❖ Auditee’s response : Accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

6.8 A lack of officialized version of technical procedures regarding vehicle and machinery oil filter and engine oil change.

Audit objective: To push for an officialized version of technical procedure. *(Technical Services)*

Upon query, and through report examination, we learned that the Technical Services had existing technical procedures documented for daily uses; however, the Services had yet to report the *Deputy Director General of Technical* in regards to the documents for acknowledgement and approval.

- ❖ Criteria : Not in compliance with official procedures.
- ❖ Root cause : A lapse in the office’s document review
- ❖ Consequence : Potential errors with date for vehicle and/or machinery services.
- ❖ Recommendation : The Technical Services should officialized its technical procedures for daily uses, which may help minimize engine and other-related issues.
- ❖ Auditee’s response : Accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

2nd quarter section

6.9 The failure to complete the office’s monthly report making within the first week of the month

Audit objective: To push for a regulatory compliance with the company’s Instruction that had been made effective. *(Administration Office)*

Upon query, and through report examination, we observed that, of the Administration Office, many of the monthly reports on expense were completed on the second week of the month.

- ❖ Criteria : Not in compliance with the company’s Instruction, no. 1225/PPAP, dated 23 December 2016, on “the making of monthly report.”
- ❖ Root cause : A lapse caused by the staff responsible.
- ❖ Consequence : A late submission of reports and not in compliance with the company’s Instruction.

- ❖ Recommendation : The Administration Office should finish their reports within the first week of the month as to achieve compliance with the company's Instruction.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

7. A lack of procedural plan for the company's vehicle and transportation management

Audit objective: to achieve effectiveness in the management of the company's vehicle and transportation. *(Administration Office)*

Upon query, and through report examination, we learned that the Administration Office were responsible for the management of company's vehicle and transportation, especially for visitors, guests, and staff for are in service or mission and other container or sub-feeder terminals of PPAP; the company's vehicle drivers were responsible for the maintenance and basic check-ups, which then report verbally or via telecommunication to the manager.

- ❖ Criteria : not in compliance with the company's Instruction, no. 1225/PPAP, dated 23 December 2016, on "the making of monthly report."
- ❖ Root cause : a lapse in vehicle check-ups.
- ❖ Consequence : a potential room for errors.
- ❖ Recommendation : The Administration Office should finish their reports within the first week of the month as to achieve compliance with the company's Instruction.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

7.1 A lack of officer to fill the office's structure of the CCTV Camera/Security Office

Audit objective: to push improve workflow through the fulfillment the office's structure. *(CCTV Camera/Security Office)*

Upon query, and through report examination, we observed that the Office had yet to make an update on its current office's structure.

- ❖ Criteria : a slot within the office's structure report.
(Deputy Manager of CCTV Camera/Security Office)
- ❖ Root cause : a lack of officer.
- ❖ Consequence : no responsible officer for certain tasks.
- ❖ Recommendation : The CCTV Camera/Security Office should raise this matter through the office's annual plan for the acknowledgement from the top managements.
- ❖ Auditee's response : Accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

7.2 A failure to make identification on truck drivers at Gate in/Gate out at the LM17 Terminal

Audit objective: to improve security with the container terminal areas.

(CCTV Camera/Security Office)

Upon query, we learned that the Office had yet to be able to make identification on truck drivers at gate in/gate out at the LM17 terminal.

- ❖ Criteria : not in compliance with the responsibility listed within CCTV Camera/Security Office responsibilities, in particular, on “point number one” the duty in Ensuring safety, security and order within the terminal
- ❖ Root cause : a lapse in making identification on truck drivers.
- ❖ Consequence : a potential risk in security aspect within the terminal.
- ❖ Recommendation : The CCTV Camera/Security Office should raise this concern with other relevant and related departments who are in contact with other companies who have the driver’s information in the facilitation of making identification
- ❖ Auditee’s response : accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

3rd quarter section

7.3 A recurrent number of items listed on the monthly request for office supplies

Audit objective: to make assessment on the office’s supplies usage. *(LM17 Terminal Planning Unit)*

Upon query, and through report examination, the LM17 Terminal Planning Unit had a recurrent number of items listed on the monthly requisition report for office supplies.

- ❖ Criteria : recurrent number of items of office supplies on many monthly requisition reports.
- ❖ Root cause : a lapse in determining the current demand of office’s supplies.
- ❖ Consequence : a considerably high quantity of items usage that exceed the demand.
- ❖ Recommendation : The LM17 terminal Planning Unit should consider rechecking on the amount of requested office’s supplies in order to fit the demand.
- ❖ Auditee’s response : accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on the implementation of recommendations in the subsequent years.

7.4 A lapse in the consideration of updating the current roles and responsibilities of the LM17 Terminal Planning Unit

Audit objective: to help the Unit achieve effectiveness in the management of and execution of daily tasks. *(LM17 Terminal Planning Unit)*

We observed that the slots within the unit’s structure, upon inquiry, had yet to be filled with competence personnel who will occupy the two available posts: Deputy Manager of the LM17 Terminal, who will be responsible for terminal yard planning; Deputy Manager of the LM17 Terminal, who will be responsible for the management of Inland Container Yard (ICD)/Weight inspection.

- ❖ Criteria : not fully conform to the office structure of the Unit.

- ❖ Root cause : a transfer of officers from the Unit to others those of PPAP.
- ❖ Consequence : lack of officers responsible for certain tasks.
- ❖ Recommendation : The LM17 Terminal Planning Unit should consider making report to the top managements on the challenges and the shortfalls it has been facing due to a lack of officers responsible for certain tasks.
- ❖ Auditee's response : accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on implementation of recommendations in the subsequent years

7.5 A lapse in the consideration of updating the current structure of the LM17 Terminal Planning Unit

Audit objective: to help the Unit achieve effectiveness in the management of and execution of daily tasks. *(LM17 Terminal Planning Unit)*

Through report examination, we learned that the Invoice Unit's structure, dated 15 August 2022, displayed three available posts which were yet to be filled with competence officers: the manager of LM17 invoice unit, deputy manager of LM17 invoice unit – responsible for administration and income, and deputy manager of LM17 invoice unit – responsible for LOLO Scan, stuffing/unstuffing section.

- ❖ Criteria : not fully conform to the office structure of the Unit.
- ❖ Root cause : a transfer of officers from the Unit to others those of PPAP.
- ❖ Consequence : lack of officers responsible for certain tasks.
- ❖ Recommendation : The LM17 Invoice Unit should consider making report to the top managements on the challenges and the shortfalls it has been facing due to a lack of officers responsible for certain tasks.
- ❖ Auditee's response : accepted the recommendation.
- ❖ Auditor's opinion : having seen auditee's response, we will plan for further assessment on implementation of recommendations in the subsequent years

4th quarter section

7.6 A lack of the abroad training for pilotage staff

Audit objective: to push for getting additional knowledge for pilotage work through training as to comply with the International Maritime Organization (IMO) standards. *(Harbor Service Department)*

Upon query, and through observation, we learned that there were still rooms for some, if not all, pilotage staff to gain additional knowledge on their current field of work.

- ❖ Criteria : not fully conform to IMO standards on basic trainings such as, fire prevention and firefighting, elementary first aid, and personal safety and social responsibility, ship security awareness.
- ❖ Root cause : a lapse in consideration to include short-term abroad trainings to nearby countries such as Vietnam and other whose maritime affairs with which the company is involved.
- ❖ Consequence : the staff missed the opportunity to gain more knowledge on the field.

- ❖ Recommendation : The Harbor Department Service should plan for the short-term maritime training for its pilotage staff in order to gain more knowledge on their current field.
- ❖ Auditee’s response : “We did not manage to plan for our pilotage staff to get the opportunity to gain more knowledge on the field and, as well, failed to make an update on the “Certificate CTCW”, expired in 2021, due to the Covid-19 epidemic. We will plan for the update on the “Certificate CTCW” and provide the opportunity to have the trainings needed to comply with the IMO standards.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on implementation of recommendations in the subsequent years

7.7 A lack of annual summary activities report

Audit objective: to push for the making of annual summary activities report. *(Pilotage Office)*

Upon query, and through report examination, we learned that the Pilotage Office did not combine the monthly activities summary report into an annual one.

- ❖ Criteria : not in compliance with the company’s Instruction, no. 1225/PPAP, dated 23 December 2016, on “the making of monthly report.”
- ❖ Root cause : a lack of annual summary report.
- ❖ Consequence : lapse in roles and responsibilities.
- ❖ Recommendation : The Harbor Department Service should consider the making of annual activities summary report.
- ❖ Auditee’s response : accepted the recommendation.
- ❖ Auditor’s opinion : having seen auditee’s response, we will plan for further assessment on implementation of recommendations in the subsequent years

8. Conclusion

Based on the audit results obtained in our audit in 2021 and the years then ended, we could say that the **11 audited entities**—*LM17 Operation Department, Safety/Health/Environment Office, Technical Services, Operation Shift Unit, Administration Department, Administration Office, CCTV Camera/Security Office, LM17 Terminal Planning Unit, LM17 Invoice Unit, Harbor Department, and Pilotage Office*—have illustrated remarkable performance; however, there were errors, failures and lapses found within their performance, and the auditees promised to make rectification on the affected parts in the subsequent years.

9. Plan for rectification

Plan for rectification, given in the form of recommendations, and also can be found in Appendix II, have been accepted by the *11 abovementioned audited entities*. The Conflict Assessment Office, in addition, will plan for assessment on the recommendations provided to the auditees in the subsequent years, based on the office’s plan.

Seen and approved
(Signature)
 Date: 08 February 2023
 Head of Audit Committee

Anvanith Gui

(Signature)
 Date: 07 February 2023
 Head of Internal Audit Department

Keo Sophanara

Appendix I-Previous Audit Observations**Auditee(s):****First quarter**

- Safety/Health/Environment Office
- Operation Shift Unit
- Technical Services

Second quarter

- Administration Department
- Administration Office
- CCTV Camera/Security Office

Third quarter

- LM17 Terminal Planning Unit
- LM17 Invoice Unit

Fourth quarter

- Harbor Department
- Pilotage Office

- **Risk level:**

- **Critical (C)** : to reduce key risks those with the potential of causing harm to the company's brand name.
- **Average (A)** : to take into account on matters that need improvement and to reinforce on the system and procedures.
- **Low (L)** : to review on the existing control system and the storing of documents at places with less significance.

- **Assessment on the progress of implementation of previous recommendations.**

- **Fully Implemented (FI)**: having fully implemented the provided audit recommendation and minimizing risks into acceptable and manageable state.
- **Partially Implemented (PI)**: having implement the provided audit recommendation to some degree yet risks are posing threat and are in an unacceptable state.
- **Yet to Implement (YI)**: have yet to implement the provided audit recommendation and the risks are still posing threat.
- **Irrelevant (IR)**: No risks related and no threat posed.

TABLE OF PREVIOUS AUDIT OBSERVATIONS							
No.	RECOMMENDATION	RATING	RESPONSIBLE PERSON	DATE OF AUDIT COMPLETION	DATE OF ASSESSMENT	EVALUATION	EVIDENCE
First quarter:							
Auditee: Safety/Health/Environment Office (SHE), the year 2016							
1	Based on Anukret no 36, chapter 2, article 4 on Solid Waste Management of Ministry of Environment of the Kingdom of Cambodia, the SHE office should make a report on the collection of disposed wastes from all motor or river vessels and areas within PPAP territory to ensure the well-being of human health, environment, and the conservation of bio-diversity.	Average	Mr. Ay Samnang	2019	2022	PI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
2	Based on letter no 545 P.P.A.P., dated 02 July 2015, on the establishment of Committee of Safety and Environment, and letter no 546 P.P.A.P., dated 02 July 2015, on the establishment of Committee of Safety/Health/Environment, we observed that the office had not kept or made report related to the meeting to be held every three months period as presented in the aforementioned letters of P.P.A.P. The meeting should be about the discussion on terminal inspection, the making of report on risk identification, examination on report about terminal related incidents, and raising awareness of safety, health, and environment.	Average	Mr. Ay Samnang	2019	2022	PI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
3	All the documented information that the office made should be translated to Khmer and then issues to other relevant department, offices, services those are under the supervision of PPAP as to be informed on the management of safety, health, environment of the terminal.	Average	Mr. Ay Samnang	2019	2022	PI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
Auditee: Safety/ Health/Environment Office, (SHE), the year 2019							

4	<p>The lapse in the making of monthly report Through report examining, we observed that the office had made report combining all the eight months period in the year 2019 without making one for every month period, which is not in accordance with instruction no. 1225 P.P.A.P., dated 23 December, 2016 on "The making of monthly report"</p>	Average	Mr. Ay Samnang	2019	2022	PI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
5	<p>The reinforcement on and instruction of policy of work safety to private ports those alongside upper Mekong river, lower Mekong river, Tonle Sap river, and Tonle Basaac river. After the inquiry on the office's personnel, we observed that, in the year 2018, the office had been to several private ports for the purpose of giving instruction on work safety policy. However, several other private ports had yet to be informed of the policy due to the inconvenience the office might have faced, and thus, resulting in the lack of awareness of the policy, causing risk of injury for pilots due to the lack of safety when climbing up and down the rigging, and the building of terminals not in line with standards.</p>	Average	Mr. Ay Samnang	2019	2022	PI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
6	<p>The organizational structure of the office Based on our observation and examination made on documented information of the office's organizational structure, we saw that it was insufficient to be used as an official one due to a lack signature from of head of human resources department and the approval of the CEO.</p>	Average	Mr. Ay Samnang	2019	2022	PI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
Auditee: Operation Shift Unit, the year 2017							
7	<p>We have observed that most of the transport trucks lack side support, a fence-like metal built to prevent shipping containers sliding off, and all the vehicles used to for shipping container carriage should be put in a specified area within the terminal.</p>	Average	Mr. Lim Vathana	2020	2022	YI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
8	<p>The Unit should organize or propose to have a short-course on technical skills such are maintenance skills and basic repairing skills for those within the field, as to prevent operation-related incidents within the terminal, as well, proper coordination with those involved in the process, such as KAMSAB, Sovereign Logistics, and those responsible for lift on/lift off process, would facilitate the operation workflow.</p>	Average	Mr. Lim Vathana	2020	2022	YI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
9	<p>We have observed that there were logbooks, used for follow up on history of the vehicle or machinery and some details on oil spending, called</p>	Average	Mr. Lim Vathana	2020	2022	YI	- Internal Audit Report on Internal Control for the Year

	"books for transport"; However, "the books" should include more relevant technical detail to ensure that the resources were appropriately used and, as required from legal procedures, a signature from the manager of the unit is needed.						2019 no. 008/20 I.A.D., dated 30 January 2022.
Auditee: Operation Shift Unit, the year 2019							
10	Updating on roles and responsibilities After thorough inquiry upon the manager of the Operation Shift Unit, we have observed that the unit have yet to make an update on the existing roles and responsibilities, given that some personnel had transferred to other units or department.	Average	Mr. Lim Vathana	2020	2022	YI	- Internal Audit Report on Internal Control for the Year 2019 no. 008/20 I.A.D., dated 30 January 2022.
11	The place for staff or workers, those on night shift, lacks quality and is in bad condition. With the responses from the inquiry upon the staff and observing on site, we have observed that the place, for the staff who are on night shift, has insufficient bedrooms and is in bad condition, failing to provide a proper living quality.	Average	Mr. Lim Vathana	2020	2022	PI	- Internal Audit Report on Internal Control for the Year 2019, no. 008/20 I.A.D., dated 30 January 2022.
Auditee: Technical Services, the year 2022							
12	The lapse in filling out machinery data into a computer application for documentation purposes We observed that, on 09 September 2020, operation machinery work responsibilities have been shifted from Terminal Planning Unit, which then become Technical Services, based on the inquiry with the services' personnel. To ensure a smooth operation workflow, the services should fill out the details of operation machinery into a computer application for reference or analysis.	Average	Mr. Buoy Daravuth	2020	2022	YI	- Internal Audit Report on Internal Control for the Year 2022, no. 010 I.A.D., dated 29 January 2021.
13	To propose for a short-course training for skills related to machinery operation, maintenance, and truck driving We observed that the services should propose to the to have a short-term training course, through the services annual planning report, for skills related to operation workflow, such as machinery operation and maintenance, truck driving for its own staff.	Average	Mr. Buoy Daravuth	2020	2022	IR	- Internal Audit Report on Internal Control for the Year 2022, no. 010 I.A.D., dated 29 January 2021.
14	Filling out details on machinery record books After a thorough examination on record books of machinery, an inquiry with the staff of the services, we observed that the record	Average	Mr. Chheng Srun	2020	2022	YI	- Internal Audit Report on Internal Control for the Year 2022, no. 010 I.A.D., dated 29 January 2021.

	books lacked details on the history of machinery and maintenance record.						
	Second quarter: Auditee: Administration Department, the year 2022						
15	The lapse in the making of monthly report Through a thorough report examination, and inquiry upon the auditee, we have observed that the administration department had yet to make a monthly report as pursuant to instruction no. 1225, dated 23 December, 2016 on "the making of monthly report".	Average	Mr. Kong Sothea	2019	2022	FI	- Table of assessment on previous audit observations of the second quarter of the year 2019 no. 089/20 I.A.D., dated 31, August, 2020, Phnom Penh.
	Auditee: Administration Office (2019)						
16	The lapse in the establishment of a Protocol and Reception Section of the administration Office Upon report examination, we observed that the office had established a section for protocol and reception, but the roles and responsibilities remained unclear.	Average	Mrs. Khov Chansoma	2019	2020	FI	- Table of assessment on previous audit observations of the second quarter of the year 2019 no. 089/20 I.A.D., dated 31, August, 2020, Phnom Penh.
17	A failure to distribute the updated relevant legislation letters to entities those under the supervision of PPAP We observed that those responsible for the Legislation Section of the administration office had yet to issue relevant legislation that had been made effective, intended for information purpose, to entities those under the supervision of PPAP.	Average	Mrs. Khov Chansoma	2019	2020	PI	- Table of assessment on previous audit observations of the second quarter of the year 2019 no. 089/20 I.A.D., dated 31, August, 2020, Phnom Penh.
18	A lapse in the office recording logs Through a thorough examination on the report, we observed that the administrative logs used for the recording of Decisions, Announcements, Letters of Commissions, Invitation Letters, and other relevant letters have the shortfall as follows: - Duplication of letter's number - Evidence of scratches and the writing with pencils - Not clear description of letters - Yet to make "the closing of the book" during year end.	Average	Mrs. Khov Chansoma	2019	2020	FI	- Table of assessment on previous audit observations of the second quarter of the year 2019 no. 089/20 I.A.D., dated 31, August, 2020, Phnom Penh.
19	The monthly and yearly expenditure report Upon report examination, we observed that the annual expenditure report of 2018 and those of the first five months in 2019 lack of both signatures one of the manager and the other of the head of department of administration.	Average	Mrs. Khov Chansoma	2019	2020	FI	- Table of re-assessment on previous audit observations of the second quarter of the year 2019 no. 089/20 I.A.D., dated 31, August, 2020, Phnom Penh.

20	The lack of a monthly report on water and electricity bills management for verification purpose We have observed that the office had yet to make a monthly report on the water and electricity bills paid and submit to the management.	Average	Mrs. Khov Chansoma	2019	2020	FI	- Table of re-assessment on previous audit observations of the second quarter of the year 2019 no. 089/20 I.A.D., dated 31, August, 2020, Phnom Penh
Auditee: Security/CCTV Camera Office, the year 2015							
21	It is recommended that, for the storing purpose, the office should make a copy of report and/or document those related to daily service and other relevant activities within the terminal.	Average	Sir. Kau Sokun	2015	2018	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
22	It is recommended that the signature, either of the head of administration department or the manager of security/CCTV camera office, be present on every report — those done daily, monthly and annually.	Average	Sir. Kau Sokun	2015	2018	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
23	It is recommended that the manager of the security/CCTV camera office to consider the remaking of personnel work shift, as the current one has no day/days off.	Average	Sir. Kau Sokun	2015	2018	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
24	It is recommended that the office to consider on providing opportunities for its personnel those responsibilities involve making remarks on containers export/import at the terminal gate – in and out, so as to improve the office's way of the making reports in line with generally accepted standards.	Average	Sir. Kau Sokun	2015	2018	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
25	It is recommended that the office to have an isolated CCTV Camera Room for the purpose of tracking security personnel working activities, and other working activities in container yard in the event that there is incident occurred.	Average	Sir. Kau Sokun	2015	2018	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
Auditee: CCTV Camera/Security Office, the year 2018							
26	A lapse in the office recording log Upon inquiry and report examination, we observed that, within the office, a recording log is used for the recording of "in and out" letters,	Average	Sir. Kau Sokun	2018	2022	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office

	however, it is recommended that the office should have two recording logs – one for the “in” letters and another for the “out” ones, so as to facilitate the process of letter management the office may have.						in the second quarter of the year 2022, dated 24 August 2022.
27	<p>The update of the roles and responsibilities of the office and its personnel</p> <p>Upon inquiry, we observed that the CCTV Camera/Security Office had documented the roles and responsibilities of the office itself and that of its personnel since 2015; due to the moving out and the changes of duties of the staff, however, the office have yet to make an update on its existing roles and responsibilities for its personnel and that of the office itself. The office, in addition, had had a change in one of its responsibility on “the patrolling at all the locations for the anchoring of ships and inspecting marine buoys and lanterns within the port commercial zone.”</p>	Average	Sir. Kau Sokun	2018	2022	YI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
28	<p>The attendance list of the CCTV Camera/Security Office at LMI17 Container Terminal</p> <p>Upon report examination, we observed that some security personnel didn’t manage to fill in the signature box regularly, a means by which to take attendance, and through which attendance management could be facilitated as to determine the efficiency of the service.</p>	Average	Sir. Kau Sokun	2018	2022	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
29	<p>The follow-up with the related Units on the implementation of tasks as approved in the proposals by the CEO</p> <p>Upon inquiry and report examination, we observed that the CCTV Camera/Security Office had made eight proposals in total as follows:</p> <ul style="list-style-type: none"> - Proposal no.52, dated 18 May 2018, on the request for gate repair on eight specified places at the TS3 Terminal. - Proposal no.97, dated 27 August 2018, on the request for attaching safety threshold on the iron gate at the TS3 Terminal. - Proposal no.68, dated 25 June 2018, on the request for the repair of the damaged wall located at the north of the head office of TS3 Terminal. - Proposal no.41, dated 16 March 2017, on the request for the repair of the CCTV Camera at the TS3 Terminal - Proposal no.123, dated 25 July 2017, on the request for the repair of the CCTV Camera at the LMI17 Terminal. 	Average	Sir. Kau Sokun	2018	2022	FI & PI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.

	<p>- Proposal no. 268, dated 22 August 2016, on the request for the construction of a roof cover for the parking lot of compact vehicles and bikes at the LM17 Terminal.</p> <p>- Proposal no. 60, dated 04 April 2017, on the request for the construction of two guardhouses and four W.C (water closets) and shower rooms.</p> <p>- Proposal on the request for the repair of a flag pole at LM17 Terminal.</p>						
30	<p>A lack of PPE and emergency vehicle for incidents occurred within the terminal</p> <p>Upon inquiry, we observed that the CCTV Camera/Security Office had a shortfall when it comes to equipment and means to deal with incidents occurred such as:</p> <ul style="list-style-type: none"> - Rescue boat - Stand-by vehicle - Fire truck 	Average	Sir. Kau Sokun	2018	2022	FI & PI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
31	<p>A shortfall in the identification of customers and employees within the terminal</p> <p>Upon inquiry and report examination, we observed that the CCTV Camera/Securities Office fell short with the identification of customers and employees within the terminal.</p>	Average	Sir. Kau Sokun	2018	2022	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
32	<p>A shortfall in the maintenance of data of the CCTV Camera</p> <p>Upon inquiry and report examination, we observed that the CCTV Camera/Securities Office fell short when it comes to maintaining data in the Digital Video Record (DVR).</p>	Average	Sir. Kau Sokun	2018	2022	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
33	<p>Ascertain the location for CCTV Camera installation at LM17 Terminal (Phase I)</p> <p>Upon inquiry and observation, we learned that the traffic flow within the terminal, particularly at RTG lanes, had a history of incidents, which caused damages to the containers; and, the CCTV Camera, installed in the height of 32 meters, and in four corners surrounding the container yard, could only capture the exterior view.</p>	Average	Sir. Kau Sokun	2018	2022	FI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
34	<p>A shortfall in the making of activities report</p> <p>Upon inquiry, we learned that the CCTV Camera/Securities Office had been making reports, ones related to gate activities, with the electronic data received from the LM17 Gate Unit, and thus, the reports lack initial signature of the report maker, making the report fell short in administrative procedure.</p>	Average	Sir. Kau Sokun	2018	2022	PI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.

35	<p>A shortfall in the container yards for dangerous goods container at the LM17 Terminal</p> <p>Upon inquiry, we observed that the warning signs at the container yard of the LM17 terminal were accurate and well exhibited. However, as we noticed, empty containers and dangerous goods containers were placed together.</p>	Average	Sir. Kau Sokun	2018	2022	PI	- Reference to an audit on Administration Department, Administration Office, and CCTV Camera/Security Office in the second quarter of the year 2022, dated 24 August 2022.
<p>Third quarter Auditee: LM17 Terminal Planning Unit, the year 2019</p>							
36	<p>A lapse in the office recording log</p> <p>Through report examination, we observed that the Unit had been using one log – for out of office letters, and the sequential number for contents was seen joining with that of previous year(s); the log, in addition, lacked signature that of the head of the unit, and thus indicating an error in way of managing the office letters.</p>	Average	Mr. Touch Sopheak	2019	2022	PI	-
37	<p>A shortfall in Equipment Interchange Receipt (EIR)</p> <p>Upon inquiry, we learned that the EIR, printed directly from the Terminal Operating System, did not contain date, found in 2 to 3 cases, thus the containers remained in the stock. Therefore, the verification to be made on the in-out container stock is still a challenge.</p>	Average	Mr. Touch Sopheak	2019	2022	YI	-
38	<p>A share of responsibilities in the making of the Container Weighing Report</p> <p>Upon inquiry and through report examination, we observed that the LM17 Terminal Planning Unit were responsible for the creation of receipts used for weighing purposes. However, within the reports, we did not find any signature from both parties – the weigh inspector and the trucker. Furthermore, we also observed that the Unit did not make daily, monthly, and annual activities summary report, a lack of which produce difficulty when in needs for verification. It, therefore, became a factor that contribute to difficulty when it comes to determining the validity of the information due to the fact of a lack thereof.</p>	Average	Mr. Touch Sopheak)	2019	2022	PI	-

39	<p>The storing of relevant documents</p> <p>Upon inquiry, we observed that most relevant office work documents of LM17 Terminal Planning Unit, already submitted, such as attendance list, monthly proposal for office supplies and daily work shift, did not have its copies but only found to be stored in the computer memory. In the event an error occurred to the computer, the information thereof could be deleted. It, therefore, may indicate a lapse in the in-office documents management.</p>	Average	Mr. Touch Sopheak)	2019	2022	PI	-
Auditee: LM17 Invoice Unit, the year 2018							
40	<p>A lapse in the office recording log</p> <p>Upon inquiry and through report examination, we observed that the LM17 Invoice Unit did not have both office recording logs – ones used for “into” and “out of” office and other relevant documents in which details of contents are found. It, therefore, could be a contributing factor for the lapse in documents management thereof.</p>	Average	Mr. Hay Marady	2018	2022	PI	-
41	<p>Proving opportunity for the Unit's staff to undergo Terminal Operating System (TOS) training</p> <p>Upon inquiry, we learned and observed that the newly employed had never undergone TOS training, but learned from their seniors. It, therefore, could indicate a reasonably limited understanding of the terminal operating system.</p>	Average	Mr. Hay Marady	2018	2022	FI	-
42	<p>The follow-up on late payments</p> <p>Upon inquiry and observation, we learned that a number customer was able have their goods loaded into the ship, while had yet to proceed to pay for the services but done afterward. It is, therefore, observed that this error could be the result of the lack of understanding of the terminal operating system from the customer's side and the delay to inform the port caused by the ship, and, thus impacting the work flow in export stock of both – the LM17 Invoice Unit and LM17 Terminal Planning Unit.</p>	Average	Mr. Hay Marady	2018	2022	PI	-
43	<p>A lack of function in the TOS to make daily, monthly, annual report</p> <p>Upon inquiry, we learned that the Terminal Operating System did not have the function to make daily, monthly, annual report, and thus requiring the alternative approach, the Unit had to make reports by collecting data from the cashier section and doing it in Microsoft Excel. It could, therefore, be the contributing factor to the delay of workflow.</p>	Average	Mr. Hay Marady	2018	2022	YI	-

44	<p>The storing of relevant documents</p> <p>Upon inquiry, we observed that most relevant in-office documents did not have its copies from the original but only stored in the computer. This may indicate an error in documents management within the office.</p>	Average	Mr. Hay Marady	2018	2022	PI	-
45	<p>The lack of signatures on the documentation of Tax Invoice</p> <p>Upon report examination, we observed that on most tax invoices did not have the signatures that of the customers, head of department, and relevant authority, and thus resulted in unofficial documents.</p>	Average	Mr. Hay Marady	2018	2022	PI	-
46	<p>The work shift list of LMI7 Invoice Unit</p> <p>Through report examination, we observed that the Unit had created lists for its staff but lack the signature, that of the head of department, on the lists thereof. This may indicate a lapse in the shift lists, allowing rooms for responsibilities error.</p>	Average	Mr. Hay Marady	2018	2022	PI	-
47	<p>The roles and responsibilities and organizational structure of the Unit</p> <p>Upon inquiry, and through report examination, we observed that the roles within the organizational structure of the Unit had been filled. However, a number of personnel had yet to fully execute the roles as listed in the job descriptions. It could, therefore, indicate a lapse in the executions of roles within the Unit.</p>	Average	Mr. Hay Marady	2018	2022	PI	-
<p>Fourth quarter: Auditee: Harbor Department, the year 2019</p>							
48	<p>The lapse in the making of a documented annual departmental activities plan</p> <p>Through report examination, and upon inquiry, we observed that the Harbor Department did not have a documented annual departmental activities plan, and thus indicated a lack of effectiveness of performance.</p>	Average	Mr. Tol Sokhom	2019	2022		-
49	<p>The announcement of the relevant policy to private ports those along the Upper Mekong River, Lower Mekong River, Tonle Sap River, and Tonle Bassac River</p> <p>Upon inquiry, we observed that a number of private ports those along the Upper Mekong River, Lower Mekong River, Tonle Sap River, and Tonle Bassac River, and who had been running its operation, did not comply with the technical standards – a lack of dock ladders, and actual terminals, a lack of speed boats or boats. It, therefore, could be the contributing factor to risks of</p>	Average	Mr. Tol Sokhom	2019	2022		-

	injuries and the challenges the pilots had been facing.						
Auditee: Pilotage Office, the year 2016 - 2019							
50	The PPE requirement Upon inquiry, we observed that the office had been lacking of some PPE for its staff, such as gloves and life jackets. The lack of such equipment when performing might pose a threat to the personnel and may result in minor injuries to lethal ones in some circumstances.	Average	Mr. Chan Chomma	2016	2022		-
51	Inadequate tourist terminals within some relevant provinces for scheduled tourist destinations Upon inquiry, we observed that there was a lack of tourist terminals within some relevant provinces for scheduled tourist destinations, and, thus, making it challenging when it comes to docking river vessels during their voyage.	Average	Mr. Chan Chomma	2016	2022		-

Conclusion: The total number of recommendations provided to the auditees are **51**, of which **Fully Implemented (FI)**, are **16**, **Partially Implemented (PI)**, **22**, **Yet to Implement (YI)**, **11**; **Irrelevant (IR)**, **2**.

(Signature)
Date: 07 February 2023
Head of Internal Audit Department

Keo Sophanara

(Signature)
Date: 08 February 2023
Head of Audit Committee

Anvanith Gui

Prepared by: Mrs. Var Sreyrath & Mr. So Sinarith

Reviewed by: Mr. Un Touch

Appendix II: Rectification Plan**Auditee(s):****First quarter**

- LM17 Operation Department
- Safety/Health/Environment (SHE) Office
- Operation Shift Unit
- Technical Services

Second quarter

- Administration Office
- CCTV Camera/Security Office

Third quarter

- LM17 Terminal Planning Unit
- LM17 Invoice Unit

Fourth quarter

- Harbor Department
- Pilotage Office

- **Risk level (If any):**

- **Critical (C):** to reduce key risks those with the potential of causing harm to the company's brand name.
- **Average (A):** to take into account on matters that need improvement and reinforce on the system and procedures.
- **Low (L):** to review on the existing control system and the storing of documents at places with less significance.

ASSESSMENT TABLE					
No.	RECOMMENDATION	AUDITEE'S RESPONSE	RATING	RESPONSIBLE PERSON	DATE OF COMPLETION
First quarter:					
Auditee: LM17 Operation Department					
1	The department should organize and keep the reports submitted by the entities under its supervision, and thus submit the reports to the planning/marketing department before the deadline.	Accepted	A	Mr. Yim Choeun	May 2022
Auditee: Safety/Health/Environment (SHE) Office					
2	It is recommended that the auditee should make haste in order to fully execute the plan.	Accepted	A	Mr. Ay Samnang	May 2022
3	It is recommended that the safety/health/environment office should, therefore, begin to fully perform and comply with the established roles and responsibilities when Covid-19 epidemic begin to cease.	Accepted	A	Mr. Ay Samnang	May 2022
Auditee: Technical Services					
4	The services, therefore, should reconsider on the shortfall occurred and include the data of machinery maintenance in the report.	Accepted	A	Mr. Bouy Daravuth	May 2022
5	The services should consider their cooperation with SHE office in the making of request for proper lifting devices.	Accepted	A	Mr. Bouy Daravuth	May 2022
6	The services, therefore, should thoroughly review reports before submitting to top managements.	Accepted	A	Mr. Bouy Daravuth	May 2022
7	It is recommended that the Services to have the documented information formalize in a way that facilitate oil filter and engine oil change, and thus, should minimize engine-related problems, being a result of proper maintenance.	Accepted	A	Mr. Bouy Daravuth	May 2022
8	It is recommended that the auditee should allocate roles and duties of their staff in order to strengthen the work performance and responsibility of the staff. - Note: Based on the organizational structure of the Machinery Management Department, created on 13	Accepted	A	Mr. Chheng Srun	May 2022

	January 2022, there are two services: Technical Services and Construction/Machinery Management Services.				
	Auditee: Operation Shift Unit				
9	The unit, as it is recommended, should consider making an annual working activities summary report, and report to the top managements for acknowledgment.	Accepted	A	Mr. Lim Vathana	May 2022
	Second quarter: Auditee: Administration Office				
10	The making of monthly report Upon inquiry, we observed that a number of reports on expenses that of the administration office were completed within the second week of the month, which may be an indicator of delayed workflow.	Accepted	A	Mrs. Khov Chansoma	November 2022
11	An error in the management of property inside the office building at LM17 New Container Terminal Upon inspection, we observed that the comfort rooms, those within LM17 office building, have long been used and is in rather poor condition.	Accepted	A	Mrs. Khov Chansoma	November 2022
12	The stocking of household materials and spare parts those of regular uses Upon inquiry, we learned from the staff responsible that household materials and spare parts those of regular uses such as LED light tubes, electrical capacitors, switches, and tapes, were yet to be held in store. In the event that an equipment is in need for repair, the person responsible had to fix it at their own expense, and then make a proposal to claim it back a later time.	Accepted	A	Mrs. Khov Chansoma	November 2022
13	An error regarding company's vehicle management Upon inquiry, we observed that the administration office was responsible for the transportation of many of the company's personnel who had duty at LM17 Terminal, other personnel who were on mission at other locations, and also PPAP's visitors. However, regarding vehicle	Accepted	A	Mrs. Khov Chansoma	November 2022

	inspection, the drivers who are in service are given the responsibilities to perform basic check-ups before using and verbally report to their manager.				
	Auditee: CCTV Camera/Security Office				
14	<p>Errors in vision of CCTV Camera those equipped at LM17 terminal</p> <p>Through report examination, and upon inquiry, we observed that activities monthly report from January to August of 2022 included the current conditions of CCTV Camera as follows:</p> <ul style="list-style-type: none"> - CCTV Camera at Gate In: a total of 24 cameras, two did not function, and four did not display quality images. - CCTV Camera at former Container Yard location: a total of 15 cameras, based on data prior to next installment, did not work; 8 of which were successfully repaired at a later phase. The office installed a total of 21 new cameras the following months, however 8 of the newly installed cameras did not function; currently only 13 cameras were in function. - CCTV Camera at the LM17 office building: a total of 12 cameras, one of which did not function. - CCTV Camera at current Container Yard: a total of 6 cameras, all of which were functioning well. <p>Therefore, the total number of CCTV Cameras installed at LM17 terminal were 78: 13 of which did not function, and 4 did not display quality images.</p>	Accepted	A	Mr. Kau Sokun	November 2022
15	Errors with enumeration in the paperwork and the lack of signatures on the list to receive subsidiary income from LOLO SCAN work	Accepted	A	Mr. Kau Sokun	November 2022

	<p>Through report examination, we observed that the name list of security personnel, who were to receive subsidiary income from LOLO SCAN work, had errors as listed below:</p> <ul style="list-style-type: none"> - Duplicated enumeration on monthly reports on June-July 2022: (06/22 S.G.) - The lack of signature from the manager of the CCTV Camera/Security Office on monthly reports of January and February 2022 				
16	<p>A lack of officer to fill the office's structure of the CCTV Camera/Security Office</p> <p>Upon query, and through report examination, we observed that the Office had yet to make an update on its current office's structure.</p>	Accepted	A	Mr. Kau Sokun	November 2022
17	<p>A failure to make identification on truck drivers at Gate in/Gate out at the LM17 Terminal</p> <p>Upon query, we learned that the Office had yet to be able to make identification on truck drivers at gate in/gate out at the LM17 terminal.</p>	Accepted	A	Mr. Kau Sokun	November 2022
<p>Third quarter: Auditee: LM17 Terminal Planning Unit</p>					
18	<p>A recurrent number of items listed on the monthly request for office supplies</p> <p>Upon query, and through report examination, the LM17 Terminal Planning Unit had a recurrent number of items listed on the monthly requisition report for office supplies.</p>	Accepted	A	Mr. Touch Sopheak	
19	<p>A lapse in the consideration of updating the current structure of the LM17 Terminal Planning Unit</p> <p>Upon inquiry, through report examination, we observed that the roles and responsibilities and job descriptions those of the staff and the Unit itself had yet to be considered for an update.</p>	Accepted	A	Mr. Touch Sopheak	

20	<p>A lapse in the consideration of updating the current roles and responsibilities of the LM17 Terminal Planning Unit</p> <p>We observed that the slots within the unit's structure, upon inquiry, had yet to be filled with competence personnel who will occupy the two available posts: Deputy Manager of the LM17 Terminal, who will be responsible for terminal yard planning; Deputy Manager of the LM17 Terminal, who will be responsible for the management of Inland Container Yard (ICD)/Weight inspection.</p>	Accepted	A	Mr. Touch Sopheak	
21	<p>The approval signature required within the LOLO Scan procedure and the lack of accountability in performing via Terminal Operating System (TOS), in particular, the process of counting the containers using PPAP's vehicles in LOLO Scanning</p> <p>Upon query, we learned that the LM17 Terminal Planning Unit was adopting a procedural process, using unofficial paperwork, in which the approval signature from the Unit was required in order to have the requested containers undergo LOLO Scan. This paperwork, in addition, was a means for the customer to communicate to the weight station and the LM17 Invoice Unit for the creation of bills.</p>	Accepted	A	Mr. Touch Sopheak	
22	<p>The storing of containers of dangerous goods and the apparent abandoned containers within the container yard</p> <p>Through observation, and upon query, we learned that there were containers of dangerous goods and the apparent abandoned containers stored with the container yard.</p>	Accepted	A	Mr. Touch Sopheak	
Auditee: LM17 Invoice Unit					
23	<p>The Unit's structure to be filled with competence officers</p> <p>Through report examination, we learned that the Invoice Unit's structure, dated 15 August 2022,</p>	Accepted	A	Mr. Hay Marady	

	displayed three available posts which were yet to be filled with competence officers: the manager of LM17 invoice unit, deputy manager of LM17 invoice unit – responsible for administration and income, and deputy manager of LM17 invoice unit – responsible for LOLO Scan, stuffing/unstuffing section.				
24	Invoicing on containers in “Storage Export” Upon query, we learned that the Invoice Unit were still operating via Terminal Operating System on manual, as opposed to the automation alternative.	Accepted	A	Mr. Hay Marady	
Fourth quarter: Auditee: Harbor Department					
25	Upon query, and through observation, we learned that there were still rooms for some, if not all, the pilotage staff to gain additional knowledge on their current field of work.	Accepted	A	Mr. Tol Sokhom	
26	Upon query, we learned that the total number of pilotage staff who were in service was 28, and based on observation, the current number of the staff employed had not met the current demand of its scope of work.	Accepted	A	Mr. Tol Sokhom	
27	Upon query, we learned that the pilotage office had a lack of portable radio phones.	Accepted	A	Mr. Tol Sokhom	
Auditee: Pilotage Service					
28	Upon query, and through report examination, we learned that the Pilotage Office did not combine the monthly activities summary report into an annual one.	Accepted	A	Mr. Chan Chamna	

(Signature)
Date: 07 February 2023
Head of Internal Audit Department

Keo Sophanara

Seen and approved
(Signature)
Date: 08 February 2023
Head of Audit Committee

Anvanith Gui

Prepared by: Mrs. Var Sreyrath & Mr. So Sinarith

Reviewed by: Mr. Un Touch

Part 6

**Financial Statements Audited by
the External Auditor**

**Audited Financial Statements and
Independent Auditor's Report
will be Attached as Appendix II**

Part 7

**Information on Related Party Transactions
and Conflict of Interest**

A. Material Transactions with Shareholder(s) who hold at least 5% or more shares of outstanding equity securities

For 2022, there is no such transaction occurred.

B. Material Transactions with Director(s) and Senior Officer(s)

For 2022, there is no such transaction occurred.

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

For 2022, there is no such transaction occurred.

D. Material Transaction with Immediate Family Members of the Director(s), Senior Officer(s) and Shareholder(s) who hold at least 5% or more shares

For 2022, there is no such transaction occurred.

E. Material Transactions with the Person, who associated with Director(s) of PPAP, its Subsidiary or Holding Company

For 2022, there is no such transaction occurred.

F. Material Transactions with Former Director(s) or a Person who involved with Former Director(s)

For 2022, there is no such transaction occurred.

G. Material Transactions with Director(s) who is holding any position in a non-profit organization or in any other company other than PPAP

For 2022, there is no such transaction occurred.

H. Material Transactions with Director(s) who get benefit whether finance or non-financial from PPAP

For 2022 there is no such transaction occurred.

Part 8
Management's Discussion and Analysis
(MD&A)

A. Overview of Operations

PPAP is one of the Cambodia's two international port. The port commercial zone covered from Phnom Penh to lower Mekong River (Neak Leoung) and Phnom Penh to upper Mekong River (Tonle Bet) in accordance to the sub-decree number 01 dated 5th January 2009. PPAP has two function as a port operation and port authority. *Please refer to Section 1.2 of Yearly Report 2022.*

The container throughput of PPAP in the 2022 has increased 68,798 TEUs or +19.72% compared to 2021. For vessels in 2022 increased by 1,481 voyages or 64.34% compared to 2021. However, Cambodian and international cruises (534 units) in the 2022 has increased 534 units or 534.00% compared to 2021. On the other hand, general cargo in 2022 has also decreased 46,227 TONs or -5.53% compared to 2021.

The following discussion and analysis of PPAP's top management on the financial position and result of operation is conducted base on the Audited Financial Report for Year End 31 December 2022 and 2021 as *set out in Section 6 of yearly report 2022.*

PPAP has four main revenue source:

1. **Stevedoring:** refer to revenue from the service of loading or discharging goods/containers into/from vessel and moving cargo from quay to container yard and vice versa.
2. **Lift On/Lift off (LOLO):** refer to revenue from service of loading or discharging good/containers from container yard to truck and vice versa.
3. **Port Dues & Charges:** refer to revenue from maritime service and berthing service which include tonnage due, berthing due, channeling due, pilotage fee, tug boat fee, mooring/unmooring fee, open/close vessel's hatch fee, and cleaning service for vessel.
4. **Storage Fee:** refer to revenue from storage of goods/containers in the container yards or warehouse. General cargos are exempted from stroage fee for 5 days for both import and export cargos, and container cargos as exempted from storage fee for 7 days for both export and import.

1. Revenue Analysis

1.1. Revenue Analysis

For The Period Ended 31 December 2022 Compared to The Period Ended 31 December 2021

Description	2022		2021		Change			
	Period Ended 31 December 2022		Period Ended 31 December 2021					
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Port Operation	31,792,589	129,936,312	26,912,881	109,481,600	4,879,708	18.13%	20,454,712	18.68%
Port Authority	4,329,801	17,695,897	3,558,975	14,477,910	770,826	21.66%	3,217,987	22.23%
Other Revenue	289,542	1,183,358	311,859	1,268,642	(22,317)	-7.16%	(85,284)	-6.72%
Total:	<u>36,411,932</u>	<u>148,815,567</u>	<u>30,783,715</u>	<u>125,228,152</u>	<u>5,628,217</u>	<u>18.28%</u>	<u>23,587,415</u>	<u>18.84%</u>

Total revenue increased by KHR 23,587,415,000 (USD 5,628,217) or 18.84% from KHR 125,228,152,000 (USD 30,783,715) in 2021 to KHR 148,815,567,000 (USD 36,411,932) in 2022. This increase in revenue is due to the increase of revenue from port operation (stevedoring, lift on lift off (LOLO)), port authority (port dues and charges) and other revenue (logistic service).

1.2. Revenue by segment analysis

For The Period Ended 31 December 2022 Compared to The Period Ended 31 December 2021

Source of Revenue	2022		2021	
	Period Ended 31 December 2022		Period Ended 31 December 2021	
	KHR'000	Compared to total revenue	KHR'000	Compared to total revenue
Stevedoring	65,527,611	44.03%	55,424,149	44.26%
Lift On Lift Off (LOLO)	51,901,124	34.88%	45,181,860	36.08%
Port dues and charges	17,695,897	11.89%	14,477,910	11.56%
Gate fees	4,354,065	2.93%	3,614,658	2.89%
Storage fees	4,076,701	2.74%	3,356,495	2.68%
Weighting fees	80,158	0.05%	41,136	0.03%
Stuffing/unstuffings	106,262	0.07%	130,127	0.11%
Trucking fees	3,890,391	2.61%	1,733,175	1.38%
Logistic Service	1,172,519	0.79%	1,129,968	0.90%
Sand dredging management fee	10,839	0.01%	126,470	0.10%
Survey Service	-	0.00%	12,204	0.01%
Total:	148,815,567	100%	125,228,152	100%

For 2022 as well as 2021, PPAP has increased in 3 main revenue which represent 91% of total revenue from operation and services. Those revenue included stevedoring, lift on lift off (LOLO) and port dues and charges.

For The Period Ended 31 December 2022 Compared to The Period Ended 31 December 2021

Description	2022		2021		Change			
	Period Ended 31 December 2022		Period Ended 31 December 2021					
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Stevedoring	16,033,181	65,527,611	13,624,422	55,424,149	2,408,759	17.68%	10,103,462	18.23%
Lift On Lift Off (LOLO)	12,699,076	51,901,124	11,106,652	45,181,860	1,592,424	14.34%	6,719,264	14.87%
Port dues & charges	4,329,801	17,695,897	3,558,975	14,477,910	770,826	21.66%	3,217,987	22.23%

For 2022, 3 main revenues of PPAP increased by KHR 20,040,713,000 (USD 4,772,009) or 17.41% compared to 2021.

2. Gross profit margin analysis

Gross profit is presented in the statement of profit or loss of PPAP came from the total revenue minus the cost of services (operating costs).

For The Period Ended 31 December 2022 Compared to The Period Ended 31 December 2021

Description	2022		2021		Change			
	Period Ended 31 December 2022		Period Ended 31 December 2021					
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Revenue	36,411,932	148,815,567	30,783,715	125,228,152	5,628,217	18.28%	23,587,415	18.84%
Cost of Service								
Depreciation	3,151,067	12,878,411	2,641,381	10,745,138	509,686	19.30%	2,133,273	19.85%
Crane charge	3,260,793	13,326,861	2,372,449	9,651,123	888,344	37.44%	3,675,738	38.09%

Salaries and wage	2,070,401	8,461,729	1,739,687	7,077,047	330,714	19.01%	1,384,682	19.57%
Fuel and gasoline	1,826,353	7,464,305	961,849	3,912,802	864,504	89.88%	3,551,503	90.77%
Maintenance costs	1,394,321	5,698,590	1,237,340	5,033,499	156,981	12.69%	665,091	13.21%
Sand dredging management cost	-	-	4,625	18,815	(4,625)	-100.00%	(18,815)	-100.00%
Logistic Costs	282,045	1,152,718	273,830	1,113,940	8,215	3.00%	38,778	3.48%
Others	458,838	1,875,271	580,156	2,360,075	(121,318)	-20.91%	(484,804)	-20.54%
Total Cost of Service	12,443,818	50,857,885	<u>9,811,317</u>	<u>39,912,439</u>	2,632,501	26.83%	10,945,446	27.42%
Gross profit	<u>23,968,114</u>	<u>97,957,682</u>	<u>20,972,398</u>	<u>85,315,713</u>	<u>2,995,716</u>	<u>14.28%</u>	<u>12,641,969</u>	<u>14.82%</u>
Gross Profit Margin	65.82%	65.82%	68.13%	68.13%				

- Gross Profit Margin Analysis

Gross Profit Margin decreased by 2.31% from 68.13% in 2021 to 65.82% in 2022. The decreased is mainly due to the increase of total revenue by KHR 23,587,415,000 (USD 5,628,217) or 18.84%. However, the total Cost of Service for 2022 increased by KHR 10,945,446,000 (USD 2,632,501) or 27.42% compared to 2021 due to the increase of cost of service from fuel and gasoline, crane charge, maintenance costs, and logistic costs, etc.

3. Profit before tax analysis

Profit before income tax derived from gross profit plus other income, minus general administration and selling expenses and finance costs.

For The Period Ended 31 December 2022 Compared to The Period Ended 31 December 2021

Description	2022		2021		Change			
	Period Ended 31 December 2022		Period Ended 31 December 2021					
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%

Gross profit	23,968,114	97,957,682	20,972,398	85,315,713	2,995,716	14.28%	12,641,969	14.82%
Other income	5,204,768	21,271,887	3,334,091	13,563,083	1,870,677	56.11%	7,708,804	56.84%
General administration and selling expenses								
Salaries and other benefits	4,390,165	17,942,604	3,965,647	16,132,252	424,518	10.70%	1,810,352	11.22%
Donation expenses	571,414	2,335,369	490,340	1,994,703	81,074	16.53%	340,666	17.08%
Utilities and fuel	671,154	2,743,006	545,015	2,217,121	126,139	23.14%	525,885	23.72%
Depreciation	734,423	3,001,587	708,888	2,883,756	25,535	3.60%	117,831	4.09%
Repairs and maintenance	160,691	656,744	163,594	665,500	(2,903)	-1.77%	(8,756)	-1.32%
Business entertainments	220,821	902,495	101,202	411,690	119,619	118.20%	490,805	119.22%
Travelling expenses	66,097	270,138	61,732	251,126	4,365	7.07%	19,012	7.57%
Professional fee	45,699	186,772	43,271	176,026	2,428	5.61%	10,746	6.10%
Board of Directors' fee	246,331	1,006,755	247,809	1,008,087	(1,478)	-0.60%	(1,332)	-0.13%
Office supplies	203,538	831,860	226,174	920,076	(22,636)	-10.01%	(88,216)	-9.59%
Communication expenses	69,091	282,375	70,924	288,519	(1,833)	-2.58%	(6,144)	-2.13%
Other tax expenses	79,719	325,812	245,156	997,295	(165,437)	-67.48%	(671,483)	-67.33%
Others	445,912	1,822,442	166,110	675,735	279,802	168.44%	1,146,707	169.70%
Impairment loss on receivables	664,431	2,715,529	415,503	1,690,266	248,928	59.91%	1,025,263	60.66%
Property, Plant and Equipment Written-off	8,309	33,959	-	-	8,309	N/A	33,959	N/A
Loss on disposal of PPE	11,930	48,758	-	-	11,930	N/A	48,758	N/A

Loss on termination of sublease	1,046,966	4,278,950	-	-	1,046,966	N/A	4,278,950	N/A
Total general administration and selling expenses	9,636,691	39,385,155	7,451,365	30,312,152	2,185,326	29.33%	9,073,003	29.93%
Operating profit	<u>19,536,191</u>	<u>79,844,414</u>	<u>16,855,124</u>	<u>68,566,644</u>	2,681,067	15.91%	11,277,770	16.45%
Finance costs	(1,086,538)	(4,440,681)	(1,142,786)	(4,648,853)	56,248	-4.92%	208,172	-4.48%
Profit before income tax	<u>18,449,653</u>	<u>75,403,733</u>	<u>15,712,338</u>	<u>63,917,791</u>	<u>2,737,315</u>	<u>17.42%</u>	<u>11,485,942</u>	<u>17.97%</u>

For 2022, General and Administrative expenses increased by KHR 9,073,003,000 (USD 2,185,326) or 29.93% compared to 2021. The increased in General and Administrative expenses is due to the increased in utilities and fuel, business entertainments, travelling expenses, and others.

4. Profit after tax analysis

PPAP is subject to the Law on Commercial Enterprise for taxation sector and value added tax (VAT), thus PPAP has the obligation to pay tax at 20% of taxable profit. However, from 2019 onward PPAP will have obligation to pay tax as normal after received 50% reduction on the tax on profit for three year (from 2016 to 2018).

For The Period Ended 31 December 2022 Compared to The Period Ended 31 December 2021

Description	2022		2021		Change			
	Period Ended 31 December 2022		Period Ended 31 December 2021					
	USD	KHR'000	USD	KHR'000	USD	%	KHR'000	%
Profit before income tax (a)	18,449,653	75,403,733	15,712,338	63,917,791	2,737,315	17.42%	11,485,942	17.97%
Income tax expense (b)	4,136,370	16,905,344	3,004,507	12,222,334	1,131,863	37.67%	4,683,010	38.32%
Net profit for the year	14,313,283	58,498,389	12,707,831	51,695,457	1,605,452	12.63%	6,802,932	13.16%

Other comprehensive income	14,565,043	59,527,332	12,686,797	51,609,891	1,878,246	14.80%	7,917,441	15.34%
Effective tax rate (b)/(a)	22.42%	22.42%	19.12%	19.12%				

PPAP Earns Profit After Tax KHR 58,498,389,000 (USD 14,313,283) in 2022 and KHR 51,695,457,000 (USD 12,707,831) in 2021, representing an increase of KHR 6,802,932,000 (USD 1,605,452) or 13.16%. The increase of effective tax rate of 3.30% from 19.12% in 2021 to 22.42% in 2022, due to the increased of 17.97% of profit before income tax and the increase of income tax expense KHR 4,683,010,000 (USD 1,131,863) or 38.32%.

5. Factors and trends analysis affecting financial conditions and results

5.1. Level of regional, global trade and globalization

The financial condition and results of PPAP are dependent on throughput volumes and transshipment activity at ports. There rely heavily on the domestic, and global trade volume as well as the regional export and import. These may be significantly affected by the changes in regional and global economic, financial and political condition that are beyond PAPP's control.

5.2. Capacity at the Container Terminal LM17

The main handling operation is conducted at the Container Terminal LM17. PPAP has container cargo handling capacity of approximately 417,696 TEUs annually as at 31st December, 2022. In order to accommodate this increase, PPAP has plan to finish the Phase III of port infrastructure project which will increase its capacity more 200,000 TEUs/year of the handling capacity at Container terminal LM17.

Description	Output				
	2019	2020	2021	2022	Planning 2022
Container Terminal LM17 (TEUs)	281,045	290,857	348,898	417,696	394,679

5.3. Operation Efficiency

In order to increase the efficiency of operation, PPAP seeks to reduce its costs and achieve optimal operating efficiency by utilizing its existing resources and install the modern equipment and handling machinery. PPAP, therefore, has the following methods to increase the efficiency of operation:

- Continue introducing new handling machinery in order to speed up the process of cargo handling and reduce wait time cause by the malfunction of machinery.
- Improving capability of operation by providing employee training.
- Expand the terminal in order to ensure that vessels are quickly and efficiently transport cargo to and from PPAP.
- Utilizing external depot to increase the container storage capacity at LM17 such as the ICD depot, Sub-Feeder Multipurpose Terminal TS11, Multipurpose Terminal TS3, and Mekong Sentosa Logistic (MSL).
- Efficiently managing the container yard by reducing the duration of storage of container at the container yard.
- Efficiently utilizing the terminal by formulating a clear the berthing plan.

5.4. Price

In order to retain existing customers and attract more new customers, PPAP Has offered favorable tariffs on cruise ships, cruise ships, retail and container ships and other types of freight vessels. PPAP also offers preferential prices for both freight services at both inside and outside of the container terminal. In addition to the preferential shipping costs, PPAP also offers preferential package prices for container service (Stevedore) to all container carriers based on the volume of containers that are shipped. This means that if the container carrier of any company shipping more containers will receive a much higher discount.

5.5. Connection to Feeder Port

The connection to feeder port plays an important role when Transport Company selecting a port to transport cargo. Efficient connectivity enable shipper to reduce shipping time. Efficient transportation between feeder-ports depend on the service of other feeder port that managing the flow of transportation. PPAP's location in Phnom Penh Capital is advantageous in consolidating cargo for waterway transshipment.

5.6. Depreciation

Depreciation arise from the depreciated of property, plant and equipment of PPAP such as quay, storage facilities, and handling machinery. The useful lives is estimated on key assets such as harbours and building (10-50 years), plants and machinery (10-15 years), furniture and fixtures (5 years), computer (5-15years), office equipment and others (5-15 years), moto vehicles (8-15 years). Depreciation method, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

B. Significant factors affecting profit

1. Factors and trends analysis affecting financial conditions and results

Cargo volume of PPAP is directly related to the national, Regional and Global Economy. PPAP must conduct analysis on the economy and trade in order to recognize the trend of increase or decline in the demand of transportation. It is the base for a timely response on the matters as well as creating proper investment plan on the port infrastructure and machinery. It can avert losses on the expenditure of capital by avoiding excessive investment over the demand of transportation.

2. Fluctuation in prices of cost of service analysis

Maintaining competitiveness in the market is an important factors for the long-term growth of PPAP which include the quality and price of service provided. To ensure quality and competitiveness of our service, PPAP focus on the management of some operating expense as below:

2.1. Staff salaries and other benefits

A large portion of the company's expense is related to staff salaries and other benefits, which is **17.75%** (5.69% from operation staff and 12.06% from administration staff and other benefits) of

total revenue in 2022 which recorded in Cost of Services and General Administration Expense. However, PPAP have plan which arrange appropriate human resource according to the scope of work and pay salaries base on the number of container throughput (TEU) in order to ensure that staff cost will not significantly affect our profit.

2.2. Staff salaries and other benefits

Another large portion of cost of service is crane charges which is **8.96%** of total revenue in 2022. PPAP has signed contract with three business partner in using the Traveling Cargo Crane to provide the handling service. According to the contracts, the percentage of revenue sharing to the business partners drop to 80% after 3 to 4 years of operation. PPAP expect that crane charge will increase as the number of container throughput is also expected to increase. However, crane charge will not significantly affect our profit because the increase in container throughput also lead to the increase in revenue. Table below shows the revenue sharing scheme with the business partners:

Crane Owner	Crane Name	Unit	Capacity (Ton)	% of Revenue To Crane Owner	% of Revenue To PPAP	Date
Sovereign	Floating Crane 1	1	80	80%	20%	01/01/2022-31/12/2023
	Floating Crane 2	1	60	80%	20%	
Jeong Myeong International Co.,Ltd	Traveling Cargo Crane 1	1	41	90%	10%	01/01/2013-31/12/2013
				85%	15%	01/01/2014-31/12/2014
				80%	20%	01/01/2015-31/12/2024
Port Stevedoring Company Limited	Fixed Crane	3	40	90%	10%	07/09/2021-07/09/2024
				85%	15%	08/09/2024-08/09/2025
				80%	20%	09/09/2025-09/09/2041

3. Tax analysis

PPAP is subject to the Law on Commercial Enterprise for matter of taxation. PPAP has an obligation to pay tax as stipulated in the laws and regulation in force. The General Department of Taxation require PPAP to pay tax under the real regime tax system and is a large taxpayer.

3.1. Tax on profit

PPAP has the obligation to pay tax at 20% of taxable profit by preparing tax, by preparing tax on a monthly basis based on 1% of monthly turnover. This prepayment tax of 1% turnover will be settled with the payment of 20% profit tax at the end of fiscal year. PPAP's share was officially listed on the 9th of December 2015. According to Anukret No.01 ANK.BK dated on the 8th of January 2015 on Tax Incentive in Securities Sector, Listed enterprise will received 50% reduction on the tax on

profit for three year from the date of the Anukret enforce. Therefore, from 2019 onward PPAP will not received Tax Incentive in Securities Sector, thus PPAP will have obligation to pay tax as normal.

3.2. Value added tax (VAT)

PPAP is a VAT registered company. PPAP has to charge VAT of 10% on invoice amount when issuing invoice to its customers. This tax is collected for the government as an output VAT. This output VAT is settled with the 10% input VAT that PPAP has to pay to its supplier when making purchase.

3.3. Tax withheld on Interest Income

PPAP has an obligation to pay withholding tax on interest income at the rate of 4% on deposit and 6% on fixed deposit. PPAP has fixed deposit at the Foreign Trade Bank (FTB).

3.4. Import Tax

PPAP has an obligation to pay import tax on materials and raw materials at rates ranging from 7% to 35%, depending on the type of goods, as determined by the General Department of Customs and Excise. According to the Project of Port infrastructure at LM17 in 2022, PPAP will import additional container handling equipment. As such, the expense on import tax will rise.

C. Material changes in sales and revenue

The main revenue from PPAP are from handling container cargo service such as Stevedor, LOLO and Port Due & Charge which represent about **91%** of the total revenue in 2022. This revenue increase mainly contributed by the increase of container throughput and number of vessel which mainly due the growth of construction of industry and other commercial industries such as textile, apparel & footwear manufacturing industry. Moreover, the opening of Cap Mei Hub Port in Vietnam also contribute to the increase of container throughput from our terminals as it provide a more direct and faster route to East pacific country and U.S West.

D. Impact of exchange rate, interest rate and commodity prices

1. Impact of Exchange Rate

PPAP maintain its accounting record in USD which is its functional currency because most of the revenue from the business is USD currency. In addition, most of the payment on machinery maintaining, fuel and gasoline, and other expense is also in USD currency except salary and tax expense. Therefore, the impact from exchange rate is minimum for PPAP.

2. Impact of Interest Rate

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

The exposure of PPAP to interest rate risk arises primarily from fixed deposits. PPAP manages its interest rate exposure by closely monitoring the market interest rate. PPAP does not use derivative financial instruments to hedge any debt obligations.

3. Impact of Flunctuation of Gasoline Price

The operation of PPAP depend heavily on the machinery which require high consumption of gasoline. The flunctuation of gasoline price will impact on the cost of service. Hence, PPAP is work to improve our operation by efficient management of container yard which can lead to the reduction of gasoline usage, reduction in unnecessary movement of machinery. Therefore, PPAP equipped with modern marchinery in lifting by substitute to electicity base machinery.

E. Impact on Inflation

Increase in inflation rate may impact the expenditure and investment of the company because of the increase in price of commodity, thus diminish in purchasing power. According to Worldbank.org, the Cambodia inflation rate is averaging of 2.6% in 2022 which we believe that it will not materially impact our financial position and operation of PPAP.

F. Economic/ Fiscal/ Monetary Policy of Royal Government

PPAP is benefiting from the some of the government policy as the following:

- ❖ Rice Export policy of Cambodia is showing positive effect by increasing the export of rice via PPAP.
- ❖ The government policy which exempt the import tax on agriculture equipment/machinery which encourage investment in agriculture sector.
- ❖ The government's effort to establish quota or exemption with trade-partner country encourages high volume of export.
- ❖ The establishment of Special Economic Zone and Bonded Warehouse attracted direct investment from foreign country.
- ❖ Cambodia Development Industrial Policy 2015 – 2025 is attracting investment in Cambodia and large entriprise as well as some small and medium size enterprise.
- ❖ Government policy to encourage waterway transportation.
- ❖ The National Bank of Cambodia continued the adoption of tight monetary policy and managed floating exchange rate system. It has boosted public confidence in the macroeconomic environment of Cambodia and facilitated the private sector in carrying out business.
- ❖ The tax incentive in securities sectors which provided to the listed enterprise in Cambodia is encouraging more private and public enterprise to goes IPO. This will contributed to the development of Cambodia economy.

Part 9

**Other Necessary Information for
Investor Protection**

For 2022, PPAP has necessary information for the investor protection as follow:

- Reviewed and discussed the case of Chean Chhoeug Thai Group's debt of 4,731,376 USD (as of December 31st, 2021) and the amount of 126,501 USD (as of January 10th, 2022)
- Reviewed and approved Mekong Oryza Trading Company to transfer the leasing rights of the land leased from PPAP to PTLs Cooperation Co., Ltd. with the rights and obligations and all conditions set out in the original contract, PTLs Cooperation Co., Ltd. must ensure to continued the implementation
- Reviewed and approved on result of business/services performance of 2021
- Reviewed and discuss on the mandate renewal of PPAP Board of Directors
- Reviewed and approved the request for investment cooperation with PTLs COOPERATION CO., LTD to develop the UM1 sub-feeder multi-purpose terminal of PPAP following the principles achieved on TS11 sub feeder multi-purpose terminal investment cooperation
- Approved for PPAP to register LM17 container terminal as a branch and also register for other sub feeders multi-purpose terminals when starting the operation
- Decided that the Customs and Excise Department of Phnom Penh International Port should ask for review and decision from the Ministry of Economy and Finance on the request to waive the container storage fee at PPAP
- Checked and discussed on the construction of a new 16-meter x 149-meter port bridge, which is in the project to expand the port infrastructure, Phase 3, Phase 2, at LM17, and cooperation with the private sector on the installation of 3 FCCs
- Checked and decided on the deposit of 5 million USD as a fixed deposit to replenish the 15 million USD at FTB Bank and request to use Overdraft in case of need
- Checked and approved on the financial report of 2021
- Reviewed and discussed on the incentive distribution to PPAP's employees and the profit to other fund for 2021
- Checked and discussed on the plan of dividend distribution to shareholders (class A and class B) for 2021
- Checked and approved on the organization of PPAP's 7th General Shareholder Meeting
- Checked and discussed the request for 50% fee waiver for 2021 and 50% fee waiver for 2022 of 9.3-Hectares ICD container land of Yunnan Sheng Mao Investment (Cambodia)
- Reviewed and approved on result of business/services performance of 1st Quarter, 2022
- Reviewed and approved on the agreement of Sub-Feeder Multipurpose Terminal UM2 Development Investment Cooperation and proceed to request for approval from both guardian ministries

- Reviewed and approved to select candidates for Independent Director and Non-Executive Director as a Representative of Private Shareholders election to be elected by shareholders in PPAP 7th General Shareholders Meeting
- Acknowledged the members of the 8th mandate Board of Directors of PPAP and members of the 8th mandate Board of Directors' Secretary
- Checked and approved the request to cooperate with a private company on the construction of a new administrative building of PPAP and Tourist Hall
- Checked and approved the request to select a new External Auditor for PPAP
- Checked and approved the request to study on the 6 locations to develop as sub-feeder terminals of PPAP
- Reviewed and approved the result of business/services and financial performance for the 9 months of 2022 and estimated results for 2022 and the business/services and financial plan for 2023
- Acknowledged a report on the progress of the construction of Tourist Hall
- Acknowledged a report on the progress of the construction project of Chien Chean Chhoeng Thai Group and Yunnan Sengmao Investment (Cambodia) Co., Ltd. and the amount that both companies owed PPAP
- Acknowledged a report on the request of PTL S Cooperation Co., Ltd. and Ms. Ly Channy to sublease the land of PPAP, which was transferred 50% of the total land lease from Huybang International Investment Group
- Allowed PPAP to study further the 5% fund management policy on profits for social benefit.

Signature of Director of the Listed Entity

Date...31/03/2023...
Read and Approved by:

Hei Bavy

H.E. HEI Bavy
Chairman of BOD
And CEO

Date...31/03/2023...
Read and Approved by:

Soun Rachana

H.E. Soun Rachana.
Member (Rep. of Ministry of
Public works&Transport)

Date...31/03/2023...
Read and Approved by:

Ken Sambath

H.E. Ken Sambath
Member (Rep. of Ministry of
Economy& Finance)

Date...31/03/2023...
Read and Approved by:

Penn Sovicheat

H.E. Penn Sovicheat
Member (Rep. of Ministry
of Commerce)

Date...31/03/2023...
Read and Approved by:

Gui Anvanith

Mr. Gui Anvanith
Member (Independent
Director)

Date...31/03/2023...
Read and Approved by:

Pok Pheakdey

Mrs. POK Pheakdey
Member (Non-Executive
Director, Rep.of Private
Shareholders)

Date...31/03/2023...
Read and Approved by:

Kong Sothea

Mr.KONG Sothea
Member (Rep. of PPAP
Employees)

Appendix I
Phnom Penh Autonomous Port
2022 Annual Report
Annual Corporate Governance Report

Appendix I

Phnom Penh Autonomous Port 2022 Annual Report Annual Corporate Governance Report

Part 1. Shareholders

A. Shareholders Structure (as of December 31st, 2022)

1. Shareholders' Information

Description	Nationality	Type of Shareholders	Number of shareholders	Number of shares	%
Less than 5%	Cambodian	Individual	1076	1,069,063	5.17%
		Cooperation	5	536,988	2.60%
	Foreigner	Individual	307	1,054,905	5.10%
		Cooperation	4	1,475,917	7.13%
From 5% to less than 30%	Cambodian	Individual	N/A	N/A	N/A
		Cooperation	N/A	N/A	N/A
	Foreigner	Individual	N/A	N/A	N/A
		Cooperation	N/A	N/A	N/A
From 30% above	Cambodian	Individual	N/A	N/A	N/A
		Cooperation	1	16,547,492	80%
	Foreigner	Individual	N/A	N/A	N/A
		Cooperation	N/A	N/A	N/A

2. Shareholders as Directors, Senior Officers, and Employees of PPAP

Shareholders	Number of shareholders	Number of shares	%
Directors	5	130,535	0.63%
Senior Officers	8	62,856	0.30%
Employees	42	46,949	0.23%
Total	55	240,340	1.16%

B. Rights of Shareholders and Protection of Shareholders

1. Rights of Shareholders

PPAP shareholder's rights are classified into 3 types as follows:

1.1. Rights of Shareholders Holding Class A Shares

- **Rights to Vote:** The shareholders holding Class A share shall be entitled to have full voting rights, with 1 share equal 1 vote.
- **Rights to Dividend:** The shareholders holding Class A share shall be entitled to dividend to be divided among the shareholders holding Class A share and Class B share according to the proportion of shares in each class. Minimum dividend shall be guaranteed only for the shareholders holding Class A share. This guaranteed minimum dividend shall be (distributed) in cash or share at 5% rate of the total Class A share before the Ex-dividend date multiplied by the price of share at the Initial Public Offering (IPO). The distribution of the minimum dividend shall be guaranteed within a period of 5 years from the time PPAP was listed on the Cambodia Securities Exchange. The guaranteed minimum dividend for Class A share shall be transferred from retained earnings by the resolution of the Board of Directors.

(Guaranteed minimum dividend calculated in cash = 5% × total Class A share held before Ex-dividend date × IPO price)

In case that PPAP distributes the guaranteed minimum dividend in share, the number of guaranteed minimum share shall be calculated by the guaranteed minimum dividend divided by the closing price, 1 trading day before the Ex-dividend date.

Number of guaranteed minimum share = guaranteed minimum dividend ÷ the closing price, 1 trading day before the Ex-dividend date)

In case that the guaranteed minimum dividend cannot be fully distributed in any fiscal year, the portion of the guaranteed minimum dividend shall be accumulated to the following year of to any appropriate time decided by the Board of Directors.

- **Rights to assets:** The shareholders holding Class A shall be entitled to obtain assets of PPAP remaining from liquidation dissolution or termination of business, respecting the preferential rights of shareholder holding Class C share.

1.2. Rights of Shareholders Holding Class B Shares

- **Rights to Vote:** The shareholders holding Class B share shall be entitled to fully vote, with 1 share equal 1 vote.
- **Rights to Dividend:** The shareholders holding Class A share shall be entitled to dividend to be distributed among the shareholders holding Class A share and Class B share according to the proportion of shares in each class. However, the shareholders holding Class B share shall not be entitled to share dividend within a period of 5 years from the time PPAP was listed on the Cambodia Securities Exchange and in case that the guaranteed minimum dividend has yet to be fully distributed to the shareholders holding Class A share.

- **Rights to assets:** The shareholders holding Class B share shall be entitled to assets of PPAP remaining from the liquidation, dissolution or termination of business, by respecting the preferential rights of the shareholders holding Class C share.
- **Rights to convert share:** The shareholders holding Class B share shall be entitled to make conversion in order to convert all their shares into Class A share, in which 1 Class B share can be converted into 1 Class A share, by complying with the following conditions:
 - The conversion shall be made for all and at the same time;
 - The minimum dividend guaranteed for a period of 5 years shall be fully distributed to the shareholders holding Class A share.
- **Rights to sell share:** The shareholders holding Class B share shall be entitled to sell Class B share on the Cambodia Securities Exchange or sell (share) to a third party only in case of compliance with the conditions the guaranteed minimum dividend within 5 years shall be fully distributed to the shareholders holding Class A share.

1.3. Rights of Shareholders Holding Class C Shares

- **Rights to Vote:** The shareholders holding Class C share is not entitled to vote, unless it is related to any of the following conditions:
 - Amendment to Articles of Incorporation: that directly or indirectly affects the privilege right, limitation and conditions associated with the class of share of the shareholders holding Class C share;
 - Request for merging PPAP with other legal entities;
 - Request for dissolution of PPAP;
- **Rights to assets:** In case of company dissolution, by will or law, the shareholder holding Class C share shall have the preferential right to obtain assets of PPAP, remaining from the liquidation, before shareholder holding Class A share and Class B share, obtaining distribution or payment in advance equivalent to the total amount according to the number of Class C share based on the par value.
- If the remaining asset from the company liquidation is not sufficient to settle in full as determined for Class C share, all remaining assets shall be divided only to shareholder holding Class C share.

Rights and characteristics of each class of share determined above may be changed by the General Shareholders Meeting with two-thirds (2/3) resolution, at the request of the Board of Directors.

1.4. Rights of Shareholders Holding Class C Shares

- **Pre-emptive Rights:** All existing shareholders shall have the pre-emptive rights to first acquire the new shares issued by PPAP in proportion to their respective shareholding, and those new shares fall into the same type of share with those they are holding.

- **Rights to information:** All shareholders have the rights to access corporate information related to PPAP according to the formalities stipulated in laws and relevant legal norms;
- Other rights of shareholders stipulated in laws on Commercial Enterprises.

2. Protection of Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

For 2022, PPAP's shareholders participated in the 7th General Shareholders Meeting on May 10th, 2022 to acknowledge the results achieved in 2021 and the future plan for 2022, and also participated in the vote to approve the dividends distributed to shareholders for 2021 and the Vote for the Independent Director and Non-Executive Director as a Representative of Private Shareholders for the 8th mandate of PPAP's Board of Directors.

3. Protection of Minority Shareholders' Rights and the Company's Practice of the Protection of Shareholders' Rights

PPAP's minority shareholders also received equal rights protection the same as other shareholders.

C. General Shareholders Meeting

1. Procedure of General Shareholders Meeting and the Election

The General Shareholder Meeting shall be held 1 (once) a year during the 1st quarter following the end of the fiscal year. The date and agenda of which shall be decided by Board of Directors.

The Extraordinary General Shareholder Meeting can be held only if there is a request (from shareholders) holding at least 51% (fifty-one percent) of Class A Share and Class B Share.

The request to convene a General Shareholders Meeting shall be submitted at least 21 (Twenty-one) days before the meeting day to the Board of Directors bearing the signature and agenda.

If the General Shareholders Meeting cannot be held in accordance with the procedures as stipulated above, each member of the Board of Directors or any shareholders entitled to vote in the General Shareholders Meeting or the Ministry of Commerce may request the court to convene the General Shareholders Meeting in accordance with any procedures which the court considers appropriate.

The General Shareholders Meeting shall be held under the presidency of the Chairman of the Board of Directors. In case that the Chairman of the Board of Director is absent, the Director-General shall act as the Chairman.

The Chairman of the General Shareholders Meeting shall not be entitled to vote unless he/she obtains the delegation of rights from any shareholder or he/she is the shareholders.

The General Shareholders Meeting shall be held at the registered office of PPAP unless otherwise decided by the Board of Directors as circumstances require.

The notice of the General Shareholders Meeting shall be made in writing and sent to the shareholders via letter or e-mail or any appropriate means specifying the date, time, venue and agenda.

The notice shall be sent to the voting shareholders, director, internal auditor and independent auditor of PPAP, at least 21 (twenty-one) days before the date of the General Shareholders Meeting.

2. Information of General Shareholders Meeting

No.	Date	Type of Meeting	Quorum	Agenda	Decision
1.	May 10 th , 2022	Ordinary	50+1	<ul style="list-style-type: none"> - Business results achieved in 2021 and future plan for 2022 - Request for review and approval on dividend distribution to shareholders for 2021 - The Vote for the Independent Director and Non-Executive Director as a Representative of Private Shareholders for the 8th mandate of PPAP's Board of Directors. 	<ul style="list-style-type: none"> - Dividend distribution to shareholder for 2021 is 6.5% - Mr. GUI Anvanith was voted as Independent Director and Mrs. POK Pheakdey was voted as Non-Executive Director as a Representative of Private Shareholders.

D. Dividend Distribution

1. Dividend Policy

To encourage the investors who purchase Class A Share, PPAP has adopted a dividend policy with the minimum guaranteed dividend yield of 5% based on the IPO price for the period of 5 years after being listed. This minimum guaranteed dividend yield of 5% is only available for the shareholders of Class A Share. The Royal Government, which is holding Class B Share, and Class C Shareholders are not entitled to receive the guaranteed dividend. This minimum guaranteed dividend shall distribute in the form of cash or shares.

In case that the minimum guaranteed dividend distributed in cash, it shall be the 5% of total Class A share (holding before Ex-Dividend Date) multiplies by the IPO price.

If the minimum guaranteed dividend could not be made during any fiscal year, the unpaid amount will be accumulated to the following year or any appropriate time decided by the Board of Directors.

In case that the minimum guaranteed dividend distributed in share, the number of minimum guaranteed dividend shall be calculated by taking the minimum dividend guaranteed divided by the closing price 1 day before the Ex-Dividend Date.

Following approval of the annual financial statement by the Board of Directors, if there is profit, the Board of Directors of PPAP can decide to distribute the profit to:

- ❖ Settle payment for the loss of the previous fiscal year
- ❖ After settling payment for the loss of the previous fiscal year, and if there is still profit, the Board of Directors may distribute the profit as follows:
 - Appreciation to the management and employees according to the following conditions:
 - In case the net profit remains from 5% to 10% of the total operating expense of PPAP in that year, the amount to show appreciation is equivalent to 1 month of the total annual average salary of the management and each employee;
 - In case the net profit remains from 10% to 20% of the total operating expense of PPAP in that year, the amount to show appreciation is equivalent to 2 months of the total annual average salary of the management and each employee;
 - In case the net profit remains at a rate exceeding 20% of the total operating expense of PPAP in that year, the amount to show appreciation is equivalent to 3 months of the total annual average salary of the management and each employee.
 - Creation of 5% (of net profit) for legal reserve and 5% of net profit for free reserve;
 - 5% of profit for Corporate Social Responsibility (fund) which will be recorded as expense in this fiscal year when the operating expense is incurred;
 - Profit remaining after the above distribution shall be distributed as dividend to the shareholders according to the resolution of the Board of Directors;
 - The final remaining profit shall be transferred into the development fund of PPAP.

2. Historical Information on Dividend Distribution (for the last 3 years)

No.	Detail of dividend distribution	2021	2020	2019
1	Announcement Date of Dividend Distribution	11 May 2022	5 May 2021	26 June 2020
2	Record date	24 May 2022	20 May 2021	01 July 2020
3	Dividend Payment Date	2 June 2022	28 May 2021	08 July 2020

Part 2. Board of Directors

A. Board of Directors

1. Board Composition

N.	Name	Position	Appointing Date	Ending Date
1	H.E. HEI Bavy	Chairman	June 27 th , 2022	June 27 th , 2025
2	H.E. SUON Rachana	Member	June 27 th , 2022	June 27 th , 2025
3	H.E. KEN Sambath	Member	June 27 th , 2022	June 27 th , 2025
4	H.E. PENN Sovicheat	Member	June 27 th , 2022	June 27 th , 2025
5	Mr. GUI Anvanith	Member	June 27 th , 2022	June 27 th , 2025
6	Mrs. POK Pheakdey	Member	June 27 th , 2022	June 27 th , 2025
7	Mr. KONG Sothea	Member	June 27 th , 2022	June 27 th , 2025

2. Directors Biography



H.E. HEI Bavy
Chairman and CEO
of Phnom Penh Autonomous Port

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** September 7th, 1955
- ❖ **Study Records**
 - 1974 High school graduation from Daun Penh High School
 - 2008 Graduated Master of Business Administration from Charles Sturt, Australia
 - 2009 Graduated PhD in Economic from Chamroeun Polytechnic University of Cambodia.
- ❖ **Work Experiences**
 - 1979 Started working at PPAP
 - 2000-Present Chairman and CEO of PPAP.



H.E. SUON Rachana
Member of the Board of Directors
Representative of Ministry of Public Works and Transport

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** June 7th, 1954
- ❖ **Study Records**
 - 1973 High school graduation from 18-March high school (Preah Yukunthor High School)
 - 1975 Graduated from Faculty of Medicine.
- ❖ **Work Experiences**
 - 2009 - Present Secretary of State, Ministry of Public Works and Transport
 - 2015 – Present Member of PPAP’s Board of Directors.



H.E. KEN Sambath
Member of the Board of Directors
Representative of Ministry of Economy and Finance

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** February 7th, 1968
- ❖ **Study Records**
 - 1995 Graduated Master Degree of Economic from University of Lomonosov State, Russia
 - 2000 Graduated Master Degree of Public Policy from Saitama University, Japan
 - 2008 Graduated PhD of Economic from International University, England.
- ❖ **Work Experiences**
 - 2009 – 2013 Advisor and Deputy Director of the Cabinet of the Deputy Prime Minister and Minister of Economy and Finance

- 2013 – Present + Deputy Director General of General Department of Taxation
- + Member of PPAP’s Board of Directors.



H.E. PENN Sovicheat
Member of the Board of Directors
Representative of Ministry of Commerce

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** November 1st, 1963
- ❖ **Study Records**
 - 1990 Graduated Bachelor Degree of Economic from Cambodia Institute of Economics
 - 1997 Graduated Master Degree of Business from New England University, Australia.
- ❖ **Work Experiences**
 - 1998 – 2000 Deputy Head of FTA system department
 - 2000 – 2007 Deputy Head of Intellectual Property Rights Department
 - 2007 – 2012 Head of Information and Legal Verification Department of Ministry of Commerce
 - Early 2012-2014 Deputy Director General of General Department of Domestic Trade
 - 2014 - Nov 2019 Director General of General Department of Domestic Trade, Ministry of Commerce
 - 2014 – Present + Member of the National Committee for the Management of Intellectual Property Rights of Cambodia
+ Member of PPAP’s Board of Directors.
 - Nov 2019 – Jan 2023 Under Secretary of State, Ministry of Commerce
 - Jan 2023 – Present Secretary of State, Ministry of Commerce



Mr. GUI Anvanith
Member of the Board of Directors
Independent Director

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** November 15th, 1953
- ❖ **Study Records**
 - 1959 - 1970 Graduated from Lycée Descartes High School, Phnom Penh, Cambodia
 - 1972 Graduated Mathematic in France Language from Stanislaus College of Montreal, Canada
 - 1976 Graduated B.A.Sc. of Industrial Engineering from Universite de Montreal Baccalaureate, Canada
 - 1980 Graduated Master of Business Management from Western Ontario University, London, Canada.
- ❖ **Work Experiences**
 - 1976 - 1978 Assistant of Technical Manager of Bechtel Quebec Ltd/ James Bay Energy Corporation
 - 1980 - 1982 Credit Analyst of Toronto Dominican Bank, Toronto, Canada
 - 1982 - 1983 Regional Officer of Toronto Dominican Bank, Toronto, Canada
 - 1983 - 1984 Assistant Director of Toronto Dominican Bank, Toronto, Canada
 - 1984 - 1986 Accounting Officer (Corporate and Government Bank) of Toronto Dominican Bank, Toronto, Canada
 - 1986 - 1988 Director of Accounting (Corporate and Government Bank) of Montreal Bank, Montreal City
 - 1988 - 1994 Assistant Treasurer of The Laurentian Group Corporation, Montreal
 - 1994 - 2004 Director and Chief in Section of Corporate of Credit Agricole Indosuez Bank, Phnom Penh
 - 2003 - 2004 Secretary General of Phnom Penh International Airport
 - 2004 - 2005 Head of Cabinet of Ministry of Public Works and Transport
 - Jun 2005 - Dec 2005 Senior Director, ANZ Royal Bank, Phnom Penh

- Dec 2005 - Apr 2009 Deputy Director General and Member of the Board of Directors of Foreign Trade Bank (FTB)
- Apr 2009 - Jan 2019 General Director and Member of the Board of Directors
- Mar 2003 - Present Professor, Mekong Project Development Facility (MPDF)/IFC
- Jun 2016 - Present Member of the Board of Directors of PPAP
- Jan 2019 - Present Vice Chairman of FTB Board of Directors.



Mrs. POK Pheakdey
Member of the Board of Directors
Non-Executive Director, Representative of Private Shareholders

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** February 7th, 1982
- ❖ **Study Records**
 - 2002 Bachelor of Accounting and Finance, National University of Management
 - 2007 ACCA (Association of Chartered Certified Accountants) F1-F6
 - 2022 Associate Member of Chartered Certified Accountants, Australia
Associate Member of Institute of Public Accountants, Australia
- ❖ **Work Experiences**
 - Oct 2002 – June 2003 Internal Auditor, World Relief Cambodia/Credit Micro Finance
 - July 2003 – May 2005 Assistant Auditor, KPMG Cambodia Ltd
 - May 2006 – Mar 2008 Marketing Finance Executive, British American Tobacco (Cambodia)
 - July 2006 – Mar 2008 Management Accounting Manager, British American Tobacco (Cambodia)
 - Mar 2008 – Nov 2009 Finance Manager, ANZ Royal Bank (Cambodia)
 - Nov 2009 – April 2010 Senior Finance Manager, ANZ Royal Bank (Cambodia)
 - April 2010 – Aug 2019 Chief Financial Officer, ANZ Royal Bank (Cambodia)
 - Aug 2019 – Present Chief Financial Officer, J Trust Royal Bank



Mr. KONG Sothea
Member of the Board of Directors
Employee's Representative

- ❖ **Nationality** Cambodian
- ❖ **Date of Birth** May 15th, 1968
- ❖ **Study Records**
 - 1988 High School Graduated, Secondary Diploma Level II
 - 1993 Associate Degree Secondary School of Finance/Accounting
 - 2002 Bachelor Degree of Enterprise Management
 - 2006 Master Degree of Economics
- ❖ **Work Experiences**
 - 1989 – 1990 Staff of Technical School of Communication of the Ministry of Transportation
 - 1993 – 2004 Staff of Accounting / Finance of Phnom Penh Autonomous Port
 - 2004 – 2011 Deputy Manager of Accounting / Finance Office
 - 2011 – 2013 Manager of Accounting / Finance Office
 - 2014 – 2015 Manager of Personnel / HR
 - 2015 – 2019 Head of Personnel / HR Department
 - 2019 – Feb 2023 Head of Administration Department
 - Feb 2023 – Present Head of Internal Audit Department

3. If Any Director is Director, Shareholder, or Co-Owner of other company

No.	Name	Company	Director or Shareholder or Co-Owner
1	Mr. GUI Anvanith	Foreign Trade Bank of Cambodia (FTB)	Vice Chairman of the Board of Directors

4. Roles and Responsibilities of the Board of Directors

The Board of Directors has the roles and responsibility to set the goal and control general affairs of PPAP. In this framework, the Board of Directors has the power to:

- Make decisions on development plans within a framework set by the Government
- Review and approve PPAP's investments as well as business, service, and financial plans
- Approve the annual reports of business activities, accounting and finance
- Manage general obligations of PPAP
- Manage the process of the committee and commission using the context of the establishment of PPAP or the articles of incorporation of PPAP and create new committee if necessary
- Determine the number of the employees as approved for PPAP
- Regularly evaluate the level of achievement in regards to goals set by PPAP and introduce any necessary measures for improvement
- Approve the CEO's requests in regards to the changes in organizational structure, internal regulations of corporation, articles of incorporation, basic salary, bonus, allowance, and other benefits of the employees in accordance with to the effective law and regulations
- Plan recruitment, promotion, and remuneration of all members of the management
- Select and set the bonus for the commissioner of accounting
- Request to amend the Articles of Incorporation
- Review and determine the services business-related charges of PPAP
- Approve procurements in according to the effective law and regulation
- Determine the opening and closing of any necessary office/service, agent or representative branch to achieve the goals and duties of PPAP
- Approve any contracts that are not related to tariff and follow-up on the Announcement on the Procurement of Public Enterprise which the CEO needs to discuss with the Board of Directors.

5. Board of Directors Meeting

No.	Date	Type of Meeting	Name of Directors Attended the Meeting
1	February 2 nd , 2022	Ordinary	H.E. HEI Bavy H.E. SUON Rachana H.E. KEN Sambath H.E. PENN Sovicheat Mr. GUI Anvanith Mr. DITH Sochal Mr. YIM Choeurn

2	March 10 th , 2022	Extraordinary	H.E. HEI Bavy H.E. SUON Rachana H.E. KEN Sambath H.E. PENN Sovicheat Mr. GUI Anvanith Mr. DITH Sochal Mr. YIM Choeurn
3	March 23 rd , 2022	Extraordinary	H.E. HEI Bavy H.E. SUON Rachana H.E. KEN Sambath H.E. PENN Sovicheat Mr. GUI Anvanith Mr. DITH Sochal Mr. YIM Choeurn
4	April 29 th , 2022	Ordinary	H.E. HEI Bavy H.E. SUON Rachana H.E. KEN Sambath H.E. PENN Sovicheat Mr. GUI Anvanith Mr. DITH Sochal Mr. YIM Choeurn
5	July 5 th , 2022	Ordinary	H.E. HEI Bavy H.E. SUON Rachana H.E. KEN Sambath H.E. PENN Sovicheat Mr. GUI Anvanith Mrs. POK Pheakdey Mr. KONG Sothea
6	October 21 st , 2022	Ordinary	H.E. HEI Bavy H.E. SUON Rachana H.E. KEN Sambath H.E. PENN Sovicheat Mr. GUI Anvanith Mrs. POK Pheakdey Mr. KONG Sothea

B. Board of Directors' Committees

1. Structure of the Board of Directors' Committees

1.1. Audit Committee

No.	Name	Position	Appointing Date	Number of the Meeting Attended	Total Number of Meetings
1	Independent Director	Chairman	November 28 th , 2019	5	5
2	State Controller	Vice Chairman	November 28 th , 2019	5	
3	Deputy Director General of Administration/Finance	Member	November 28 th , 2019	5	
4	Head of Planning /Marketing Department	Member	November 28 th , 2019	5	
5	Head of Accounting /Finance Department	Member	November 28 th , 2019	5	
6	Head of Internal Audit Department	Member	November 28 th , 2019	5	
7	Staff of Internal Audit Department	Secretary	November 28 th , 2019	5	

Roles and Responsibilities of Audit Committee

- Review reports related to finance, operations and management
- Check the internal control of finance, operation and management
- Review the internal audit of finance, operations and management
- Examine the external audit
- Review risk management in case there is no risk management committee
- Report to the Board of Directors
- Perform other duties as determined by the Board of Directors.

Performance of the Audit Committee

For 2022, the Audit Committee held 5 meetings as follows:

1. Session on March 20, 2022

- Review and discuss the draft financial statements for the year 2021 after being audited by an independent auditor.

2. Session on May 01, 2022

- Review and discuss the draft financial statements for the first quarter of 2022 after being audited by an independent auditor

- Review and approve the internal audit report for the first quarter of 2022.

3. Session on June 10, 2022

- Review and approve the selection of KPMG as the new independent auditor of the PAC. For a period of 5 years (2023-2027) to submit to the Board of Directors for final review and decision
- Review and approve the internal audit report for the second quarter of 2022.

4. Session on August 09, 2022

- Review and discuss the draft interim financial statements by the independent auditor for the first 6 months of 2022
- Examine and approve the change of the internal audit report format in accordance with the standard format of the audit report of the Ministry of Economy and Finance
- Review and approve the internal audit report for the third quarter of 2022

5. Session on December 29, 2022

- Review and approve on the three year audit plan (2023-2025) of the Internal Audit Department
- Review and approve on the establishment plan of the Internal Audit Department
- Review the performance of the Internal Audit Department for the first 9 months of 2022
- Review and discuss on key issues identified by BDO Independent Audit
- Review and discuss the draft interim financial statements by the independent auditor for the first 9 months of 2022

1.2. Remuneration and Nomination Committee

No.	Name	Position	Appointing Date	Number of the Meeting Attended	Total Number of Meetings
1	Director, Representative of Ministry of Public Works and Transport	Chairman	November 28 th , 2019	N/A	N/A
2	Director, Representative of Ministry of Economic and Finance	Vice Chairman	November 28 th , 2019	N/A	N/A
3	Non-Executive Director, Representative of Private Shareholders	Member	November 28 th , 2019	N/A	N/A

4	Director, Representative of PPAP's Employees	Member	November 28 th , 2019	N/A	N/A
5	Head of Personnel/ HR Department	Member	November 28 th , 2019	N/A	N/A
6	Staff of Personnel/HR Department	Secretary	November 28 th , 2019	N/A	N/A

Roles and Responsibilities of Remuneration and Nomination Committee

- Review and recommend on the conditions and procedure for choosing candidate as Directors and Senior Officers
- Evaluate on the candidates as Director and Senior Officer to be submitted to the Board of Directors
- Review and modernize the mechanism and evaluate the work effectiveness of the Board of Directors and committees at least once a year.
- Organize the procedure, review and recommend of salary or bonus for Directors and Senior Officer
- Perform other duties as determined by the Board of Directors.

Performance of Remuneration and Nomination Committee

In 2022, the Remuneration and Nomination Committee of PPAP has no any performance yet.

1.3. Risk Management Committee

No.	Name	Position	Appointing Date	Number of the Meeting Attended	Total Number of Meetings
1	Independent Director	Chairman	November 28 th , 2019	N/A	N/A
2	Chief Executive Officer	Vice Chairman	November 28 th , 2019	N/A	N/A
3	Director, Representative of Ministry of Economic and Finance	Member	November 28 th , 2019	N/A	N/A
4	Director, Representative of Ministry of Commerce	Member	November 28 th , 2019	N/A	N/A
5	Deputy Director General of Maritime Service/Traffic	Member	November 28 th , 2019	N/A	N/A
6	Deputy Director General of Business/ Operation	Member	November 28 th , 2019	N/A	N/A
7	Head of Planning/ Marketing Department	Member	November 28 th , 2019	N/A	N/A
8	Head of Corporate Secretary	Secretary	November 28 th , 2019	N/A	N/A

Roles and Responsibilities of Risk Management Committee

- Review the analysis of risks including: risk description, risk identification, risk estimation related to business/operation and finance
- Review the risk assessment related to business/operation and finance
- Review risk reporting related to business/operation and finance
- Review risk measures related to business/operation and finance
- Review risk monitoring related to business/operation and finance
- Perform other duties as determined by the Board of Directors.

Performance of Risk Management Committee

In 2022, the Risk Management Committee of PPAP has no any performance yet.

2. Changing of Committee Member

In 2022, there has no changed in PPAP's committee member.

C. Remuneration or Compensation

1. Brief Policies of Remuneration of Compensation for Directors and Senior Officers

Remuneration or compensation for Directors and Senior Officers of PPAP has been stated in PPAP's Staff Statute and PPAP's Article of Incorporation. Likewise, Member of the Board of Directors has the rights to receive remuneration or compensation in which the amount shall be decided by General Shareholders Meeting according to the request of the Board of Directors.

2. Remuneration or Compensation Receivers

(Unit: Thousand Riel)

No.	Directors	Position at PPAP	Remuneration for 2022
1	H.E. HEI Bavy	Chairman and CEO	279,113
2	H.E. SUON Rachana	Director	144,000
3	H.E. KEN Sambath	Director	144,000
4	H.E. PENN Sovicheat	Director	144,000
5	Mr. GUI Anvanith	Independent Director	144,000
6	Mrs. POK Pheakdey	Non-Executive Director Representative of Private Shareholders	72,000
7	Mr. KONG Sothea	Employee Representative	72,000
Total			999,113

(Unit: Thousand Riel)

N.	Executive Directors	Position at PPAP	Remuneration for 2022
1	H.E. HEI Bavy	Chairman and CEO	279,113
2	Mr. KONG Sothea	Employee Representative	72,000
Total			351,113

(Unit: Thousand Riel)

No.	Senior Officers	Position at PPAP	Remuneration for 2022
1	H.E. HEI Bavy	Chairman and CEO	279,113
2	H.E. CHOUN Sokhem	Deputy Director General of Administration/Finance	95,391
3	Mr. KOY Bunthorn	Deputy Director General of Technical	96,571
4	Mr. HIEK Phirun	Deputy Director General of Maritime Service/Traffic	95,391
5	Mrs. HEI Phanin	Deputy Director General of Business/Operation	95,391
6	Mr. KONG Channy	Head of Corporate Secretary	89,793
7	Mr. KEO Sophanara	Head of Internal Audit Department	71,773
8	Mr. KONG Sothea	Head of Administration Department	144,093
9	Mrs. SENG Kunthea	Head of Personnel/HR Department	35,833
10	Ms. CHHEAV Vanthea	Head of Accounting/Finance Department	83,433
11	Mr. SAY Chantha	Head of Machinery Management Department	83,433
12	Mr. CHIEAP Vyraya	Head of Hydrographic Department	71,553
13	Mr. TOL Sokhom	Head of Harbor Department	71,842
14	Mr. CHHIV Songkaing	Head of Sub-Feeder Multipurpose Terminal UM1	71,733
15	Mr. HUN Sokhalay	Head of LM17 Operation Department	83,613
16	Mr. HOEU Song	Head of TS3 Operation Department	71,673
17	Mr. IM David	Acting Head of Engineering Department	22,898
18	Mrs. MEAS Visal	Acting Head of Planning/Marketing Department	19,504
19	Mr. PRAK Samit	Acting Head of Port Commercial Zone/Local Port	9,262
Total			1,592,293

(Unit: Thousand Riel)

No.	Highest Remuneration receiving Officers	Position at PPAP	Remuneration for 2022
1	Mr. OUK Poly	Manager of Personnel/Training Office	61,913
2	Mr. AY Samnang	Manager of Port Safety/Health/Environment Office	61,613
3	Mr. SOK Channara	Manager of Harbor / AIS System Service	55,530
4	Mr. CHENG Srun	Manager of Project Monitoring / Implementation Unit	55,506
5	Mr. PORK Piseth	Manager of Canal Rehabilitation/Maintenance Service	55,396
Total			289,252

D. Annual Performance Evaluation of Board of Directors, Directors, Committee and CEO

For 2022, PPAP has no performance evaluation on Board of Directors, Directors, Committee and CEO.

E. Training for Directors and Senior Officers

For 2022, Directors and Senior Officers of PPAP attended the training courses as follows:

No.	Name	Courses	Date of Attending	Venue
Local Training				
1	Mrs. SENG Kunthea	Training on Public Procurement	1-4 February 2022	MEF
2	Mr. HUN Sokhalay Mr. HOEU Song	Training on the Upgrading of TOS System	14-27 March 2022	LM17
3	Mr. KONG Sothea	Workshop on Dissemination of the Annual Report on the Implementation of the Transitional Master Plan on the Connection of Multipurpose Transport and Logistics Systems in Cambodia 2021	14 July 2022	MPWT
4	Mr. KUY Buthorn Mr. CHIEAP Vyraya	Workshop on "Aids to Navigation: Capacity building"	3 August 2022	Sofitel Hotel
5	H.E. CHOUN Sokhem	Consultation Workshop on Draft Amendments to the Law on Public Procurement	31 August 2022	MEF

6	Mrs. HEI Phanin Mr. HUN Sokhalay	Second Private Sector Consultation Workshop on The Digitizing Maritime Trade Project (DMTP)	29 September 2022	National Customs School
7	Mr. TOL Sokhom	The Integration Workshops	11 October 2022	MPWT
8	Mrs. SENG Kunthea Ms. CHHEAV Vanthea Mr. KONG Sothea	Training on the procedure for paying contributions and providing workers' reports for the social security pension system.	13 October 2022	TS3
9	Ms. CHHEAV Vanthea	workshop on bond issuance progress and feasibility assessment	17 October 2022	SERC
10	Mrs. HEI Phanin Ms. CHHEAV Vanthea Mr. KONG Channy	Consultation Workshop on Draft Strategy for Public Enterprise Management Reform organized by the Ministry of Economy and Finance	25 November 2022	Siem Reap Province
Oversea Training				
1	Mrs. HEI Phanin Mr. HOEU Song Mr. CHIEAP Vyraya	Seminar on Advanced Program for Maritime Safety Administration in the post stage of Covid-2019	6-8-10 May 2022	China (Via Zoom)
2	Mr. IM David	Training on Port Maintenance Planning	13 June-25 July 2022	Japan
3	Ms. CHHEAV Vanthea	Training on Women in Port Management	20 June-1 July 2022	France
4	Mr. TOL Sokhom	Training on Inland Waterway Aids to Navigation master plan"	29 August - 3 September 2022	Korea
5	Mr. HIEK Phirun	Workshop on Countering Maritime Sanction Evasion	1-2 December 2022	Thailand

Part 3. Business Code of Ethics

A. Policy related to Code of Ethics for Directors, Senior Officer, and Employee

❖ Principle of Code of Ethics

This code of ethics serves as a code of conduct for staff in their capacity as Board members and also applies to senior officers employed by PPAP.

Code violations may result in sanctions imposed under the Procedures adopted by the Board. The principles and requirements that comprise the code and procedures are based on and are designed to ensure full compliance by PPAP and its officers, directors, and employees with Cambodian laws and regulations. At the same time, the code and procedures are not designed to supplant courts of law in the resolution of disputes.

Moreover, the checks and balances built into the code and procedures are designed to strike the proper balance between ensuring full compliance with the legal obligations described here and ensuring the integrity and efficacy of the code on the one hand and, on the other, the protection of Board members and senior officer, through the use of reasonable due process procedures, against patently false, malicious, or groundless accusations that could result in significant business or personal harm if not properly handled. The Directors and senior officer affirm their endorsement of the code and acknowledge their commitment to uphold its principles and obligations.

❖ Definitions

- Board** : refer to the Board of Directors of the Phnom Penh Autonomous Port.
- Director** : means a member of the Board, and may be an executive director, a non-executive director, or an independent director.
- Independent Director** : mean the independent members who satisfies the requirements of Chapter V of the Prakas on Corporate Governance for the Listed Public Enterprise (2010), and which are generally capable of carrying out their duties without conflicts of interest arising from their association with PPAP.
- Executive Director** : means a director who holds position as senior officer in PPAP.
- Non-Executive Director** : mean a director, who doesn't execute daily operation in PPAP, who is a non-executive director as the representative of private shareholders and public shareholders.
- Senior Officer** : means, individually or collectively as context requires, an employee of PPAP holding a position from head of department to chief executive officer, or equivalent, including the corporate secretary and head of internal audit and any other important positions of PPAP.

❖ **Legal Compliance**

Each member of the Board of Directors and all the Senior Officer must comply with all laws and regulations applicable in Cambodia.

❖ **Conduct of business**

Directors and Senior Management will conduct the business affairs of PPAP in good faith and with honesty, due diligence, integrity, and reasonable competence. It means that each Director or Senior officer:

- act with sufficient information about the subject matter related to a decision;
- act with good faith and proper purposes;
- act without personal interests which may affect their performance of their duties; and
- make decisions which the Director or Senior Officer is confident will truly serve the best interest of all shareholders.

Directors and Senior Officers shall not engage directly or indirectly in insider trading or unfair self-dealing. Directors and Senior Officers shall make a public announcement on his or her conflicts of interest related to PPAP. Directors and Senior Officers of PPAP shall not be allowed to trade PPAP's securities during the following periods:

- Ten (10) working days before the release of financial information to one (01) day after the release of financial information; and
- Seven (07) working days before a board meeting to one (01) day after the board meeting.

Directors and Senior Officers may enter into transactions on behalf of PPAP in which they have an interest where such Director or Senior Officer complies with all approved policies and procedures, and Cambodian laws and regulations.

❖ **Confidentiality**

Except as the Board may otherwise require or as otherwise required by law, no Director or Senior Officer shall share, copy, reproduce, transmit, divulge or otherwise disclose any confidential information related to the affairs of PPAP and each Director will uphold the strict confidentiality of all meetings and other deliberations and communications of the Board.

No Director or Senior Officer will use any information provided by PPAP or acquired as a consequence of the Director's service to PPAP in any manner other than in furtherance of his or her board duties. Special care must be taken when dealing with the company's results, forecasts and other financial information, know-how and technologies and human resources information. All employees – including all members of the Board of Directors and Senior Officer – are under a duty of confidentiality even after they leave PPAP.

❖ **Respect for employees**

Directors and Senior Officers will exercise proper authority and good judgment in their dealings with PPAP staff, suppliers, and the general public and will respond to the needs of PPAP's members in a responsible, respectful, and professional manner.

In general, the relationship that is formed among employees must be built on the principles of trust and mutual respect, with the aim of treating every person with dignity.

PPAP shall ensure its human resources policy is both fair and complies with the law. It will not tolerate any slander or discrimination. Any pressure, harassment, persecution or violence of a moral or sexual nature is prohibited.

These principles apply to all Directors and employees of PPAP regarding their conduct towards any person who is not employed by PPAP.

❖ **Protection of Assets**

Directors and Senior Officers must protect the integrity of PPAP's assets. This includes the furniture, property and intangible items as well as ideas, know-how elaborated by PPAP.

No Director or Senior Officer may misuse PPAP's property or resources for personal reasons or to benefit a third party, and will at all times keep PPAP's property secure and not allow any person not authorized by the Board to have or use such property.

❖ **Internal Audits**

Every member of Board of Directors and Senior Officer must adopt a transparent and honest approach when dealing with internal audits and inspections in order to ensure that any major weaknesses or shortcomings can be identified and corrected.

Nothing must be done to hamper any audit or inspection, whether conducted internally or by PPAP's auditors, and no information must be concealed. Any such practice is forbidden and constitutes a serious breach of this Code of Ethics.

❖ **Development Activities**

Each Director and Senior Officer will use his or her best efforts to regularly participate in professional development activities and will perform his or her assigned duties in a professional and timely manner pursuant to the Board's direction and oversight.

❖ **Interest of PPAP**

The Board of Directors and senior officers dedicate themselves to leading by example in serving the needs of PPAP.

The Directors must act at all times in the best interests of PPAP and not for personal or third-party gain or financial enrichment. All employees - including Directors and Senior Officers - must in all circumstances remain loyal to and act in the best interests of PPAP. They must refrain from any public defamation and attacks on the honor and honesty of PPAP and the professionalism of its work.

❖ **Conflict of interest**

PPAP's Directors and Senior Officers must ensure that any outside activity or personal interest is kept separate from their position at PPAP and does not influence their business judgment on PPAP's

behalf. They need to use common sense and keep the interests of PPAP paramount at all times. In addition to avoiding actual conflicts of interests, they should avoid situations that could appear to be a conflict of interest.

When encountering potential conflicts of interest, Directors and Senior Officers will identify the conflict, make public announcement of the conflict of interest and, as required, remove themselves from all discussion and voting (if applicable) on the matter.

❖ **Corruption**

All employees of PPAP, including Directors and Senior Officers must not directly or indirectly provide a donation or gift, make a promise or provide any benefit to a public official or a citizen entrusted with a public mandate through election in order that such public official or elected public official: (i) performs any acts of his/her functions or facilitate any acts by using his/her functions; or (ii) refrain from performing his/her duties or facilitating any acts by using his/her function.

Directors and Senior Officers must not accept gifts which are offered or appear to be offered to such Director or Senior Manager as a result of their position at PPAP.

❖ **Political activity**

PPAP respects the commitments of members of the Board of Directors and Senior Officers, who, as citizens, wish to participate in public affairs, but PPAP shall at all times remain politically neutral. A Director or Senior Officer may, therefore, exercise their freedom of speech and political activity outside of working hours, at their own cost, and on a strictly personal basis.

Directors and Senior Officers must not morally involve PPAP in their personal activities. Directors and Senior Officers must not discuss their membership of PPAP in any political context.

❖ **Termination**

Upon termination of service, a retiring Director or Senior Officer will promptly return to PPAP all documents, electronic and hard files, reference materials, and other property entrusted to them for the purpose of fulfilling his or her job responsibilities. Such return will not abrogate the retiring Director or Senior Officer from his or her continuing obligations of confidentiality with respect to information acquired as a consequence of his or her tenure on the Board of Directors or high position in PPAP.

❖ **Interpretation**

Director or Senior Officer shall understand and strictly comply with the terms of this Code. If any Director or Senior Officer has a problem interpreting these rules, they should contact the legal division, allowing enough time for it to provide relevant advice or take a suitable decision.

❖ **Revision**

This code may be revised by the Board of Directors of PPAP in accordance with the disclosure requirement and applicable laws.

❖ **The Implementation of Code of Ethics**

This Board of Directors code of ethics was adopted by the Board of Directors of PPAP on August 27, 2015 and shall be effective upon the date that PHNOM PENH AUTONOMOUS PORT (PPAP) is approved for initial public offering by Securities and Exchange Commission of Cambodia (SECC) and listing on the Cambodia Securities Exchange (CSX). The Board shall take an appropriate measure in response to the code violation.

B. Publishing Code of Ethic to Directors, Senior Officers, and Employee

PPAP's code of ethic has been shown in this Annual Corporate Governance Report in order to share to Directors, Senior Officers, Employee, Publics, and especially, PPAP's investors. At the same time, PPAP also formally announced this code of conduct to all employees through orientation training by introducing the flow of operations and work, as well as the main points of the staff's statute and code of ethic of PPAP.

C. Mechanisms and Procedures for Monitoring the Implementation of Code of Ethic

As of 2022, PPAP has no mechanisms and procedure for monitoring the implementation of the code of ethic yet. In the event of unethical practices by Directors and Senior officers, the Board of Directors shall review and find a solution. However, employees who make mistakes in violation of the staff statute and ethics will be examined and punished by the Disciplinary Council of PPAP.

D. Transaction with Related Parties

1. Policy for Monitoring Transaction with Related Parties

No.	Related Parties	Policies
1	Holding Company	N/A
2	Joint Venture	N/A
3	Subsidiary	N/A
4	Majority Shareholders and Controlling Shareholders	N/A
5	Director and Director's family members	N/A
6	Employee and Employee's family members	N/A

2. Important Transaction with Related Parties

As of 2022, there has no important transaction with related parties for PPAP.

Part 4. Risk Management, Internal Control, and Auditing

A. Summary of Risk Management System or Risk Management Policy

As of 2022, PPAP has no system for Risk Management or Risk Management Policy. As of 2021, PPAP has no official system for risk management or risk management policy yet since we are looking for expert services to prepare for us. In practice, in case of any risk, PPAP's management will meet and discuss to find any solutions before requesting a decision from the Board.

B. Summary of Internal Control

As of 2022, PPAP has no official system for internal control yet since we are looking for expert services to prepare for us. In practice, the Internal Audit Department is responsible for supervising, monitoring, and auditing quarterly and annually in the offices and departments of PPAP by reviewing the implementation of work following plans, statutes, and other legal documents.

C. Auditing

1. Internal Audit

1.1. Role and Responsibility of Internal Audit

- Conduct three-years audit strategic plan and annual plan
- Conduct quarterly & annual audit report
- Review on functions, work activities, and programs of PPAP during the fiscal year to comply with the procedures and policy of management as to properly implement on roadmap planning, assignments and examinations
- Determine the appropriateness of internal control results on Accounting, Administration, and Operations of PPAP
- Review on the reliability, punctuality, and accuracy of financial data & operations as well as methods for classification and report making on such data
- Review on existing systems to ensure that the procedures and regulations are legitimate, which particularly impact on the report conducting and operations and at the same time determine that the audited units are following the recommendations and making improvements in accordance with the provided guidelines
- Review on proper management, maintenance, protection, and validation of existing properties.
- Assessment on savings and the effectiveness on resources usage
- Review on operational programs and capital expenditure plan to ensure that the results are match with the objectives and goals
- Participate in project planning, development, implementation, and operations via computer systems to ensure that:
 - The consumers' demands are identified;

- Internal control information is inputted;
 - Testing on computer systems in a proper phase;
 - The copy of data from the input is fully and accurately implemented;
- Conducting auditing via electronic devices on current year, and the after installation assessment on the data processing systems to ensure that the set systems are functioning in accordance with set goals as well as providing safety and efficiency
 - Review on the procedures and the implementations on fraud risk assessment, in the case of fraud occurrence, the systems are able to address it on time;
 - Facilitate internal auditing in Corporation with National Audit Authority to ensure an appropriate workload and lessen the risk of duplicate auditing;
 - Conduct reports to the CEO, sending audit reports and making report conclusions to the National Audit Authority
 - Evaluate on projects or improvements on internal audit findings. In the case of inappropriate recommendations given, should the discussion be made to comply with acceptable suggestions
 - Provided with capability to monitor the improvements on the recommendations
 - The Head of Internal Audit Department conduct reports and verbally report to the PPAP management or the Audit Committee
 - Conduct and conclude audit reports, and send to units under its supervision as well as the National Audit Authority
 - Implement task & other obligations assigned by the management.

1.2. Appointment and Removal/Resignation of Head and/or Deputy Head of Internal Auditor

As of 2022, PPAP has not had any appointment and removal/resignation of head and/or deputy head of internal auditor.

1.3. New Appointment of Head and/or Deputy Head of Internal Auditor

As of 2022, PPAP has not had any new appointment of head and/or Deputy head of internal auditor.

2. External Auditor

No.	Company name	Agreement Date	Auditing Fees	Non-audit Fees
1	BDO (Cambodia) Limited	Year 2018 to year 2020	<ul style="list-style-type: none"> • Year 2018 price USD 24,000 • Year 2019 price USD 26,000 • Year 2020 price USD 28,500 	N/A
		Year 2021 to year 2022	<ul style="list-style-type: none"> • Year 2021 price USD 31,000 • Year 2022 price USD 32,000 	

Part 5. Stakeholders

A. Identify Policies and Actions to the Followings:

No.	Description	Policies	Actions
1	Customer welfare	N/A	N/A
2	Suppliers and Subcontractors Selection	To implement in accordance with Procurement Procedure as determined in Sub-Decree No.105 ANKr.BK dated on 18 th October, 2006, on the Public Procurement	PPAP has been selecting suppliers and subcontractors through competitive bidding internationally /locally based on the amount of the expense plan), price consultation and assessment.
3	Management and Protection of Employees	Employees at PPAP are managed and protected under the Law on Labor and PPAP's Staff Statute.	During working hours, employees with sickness or incurred accidents are urgently sent to nearby hospital and then to be transferred to other specific hospital determined by the NSSF (National Social Security Fund).
4	Environment Protection	PPAP applies the principles of Safety, Health, and Environment to implement the environment protection.	PPAP has been implemented the existing principles to ultimately minimize all the negative environmental harms to the surrounding community.
5	Community Interaction	N/A	N/A
6	Creditors' Rights Protection	N/A	N/A
7	Anti-Corruption Program	At each and every PPAP's bidding procedure is strictly required the participation of a representative of Ministry of Finance and Economics and under the observation of officials from Anti-Corruption Unit.	During bidding, PPAP implement bidding procedure with the participation of a representative of Ministry of Finance and Economics and under the observation of officials from Anti-Corruption Unit.

B. Describe the Corporate Social Responsibilities of PPAP

No.	Beneficiaries	Donation amount		Purpose of donation
		USD	KHR	
1	Red cross of Kandal Province Branch		KHR 10,000,000	Contribution
2	Red cross of Prey Veng Province Branch		KHR 10,000,000	
3	Red Cross Headquarters	USD 10,000		
4	Samdech Techo Bridge Construction at Kampong Thom Province	USD 20,000		
5	Night of Remembrance of the Inscription of Angkor in the UNESCO World Heritage List to Raise Funds for Kantha Bopha Hospital	USD 9,000		
6	Samdech Techo Voluntary Youth Doctor Association (TYDA)	USD 5,000		
7	Soldiers at Preah Vihear Province		KHR 47,200,000	
8	ASEAN Business and Investment Summit 2022	USD 10,000		Sponsored
Total		USD 54,000	KHR 67,200,000	

Part 6. Disclosure and Transparency

A. Identify the Following Information in the Annual Report:

No.	Information	Yes/No	Reason
1	Visions/Missions/Objectives	Yes	N/A
2	Financial Indicator	Yes	
3	Non-financial Indicator	Yes	
4	Main Risk Factors	NO	As of 2022, PPAP has no analysis of main risk factors.
5	Dividend Policy	Yes	N/A
6	Biography of Directors	Yes	
7	Training for Directors	Yes	
8	Number of Board Meeting	Yes	
9	Attendance of Directors in Board Meetings	Yes	
10	Remuneration or Compensation for Directors and Senior Officers	Yes	

B. Describe the Mechanism of Disclosure Including Means, Procedures, and Responsible Person in Charge of Disclosure

PPAP is using disclosure method via Cambodia Securities Exchange (CSX) and PPAP Website. Those disclosures including timely information, periodic information, and voluntary information. The responsible person in charge of PPAP's disclosure is **Mrs. HEI Phanin**, Deputy Director of Business/Operation.

C. Investor Relations

1. Demonstrate Mechanisms and Procedures for Investor Relations

If there are any quires, PPAP's investors could contact to PPAP via E-mail and Telephone Number or visit our head office located at and with the phone number as follows:

- Email : ppapmpwt@online.com.kh
- Phone Number : 023 427 802
- Address : Building N.649, Preah Sisowat Street, Songkat Sras Chork, Khan Daun Penh, Phnom Penh.

2. Briefly Describe on Investor Relation for the Last Year.

As of 2022, PPAP has contacted with our investors via General Shareholders Meeting.

Appendix II

**Audited Financial Statements and
Independent Auditor's Report**

Registration No:
Co.7175 Et/2004

**PHNOM PENH AUTONOMOUS PORT
(INCORPORATED IN CAMBODIA)**

**AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
31 DECEMBER 2022**

Registration No:
Co.7175 Et/2004

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

CORPORATE INFORMATION

DIRECTORS:

H.E. Hei Bavy
H.E. Suon Rachana
H.E. Ken Sambath
H.E. Penn Sovicheat
Mr. Gui Anvanith
Mr. Kong Sothea
Ms. Pok Pheakdey

REGISTERED OFFICE:

No. 649, Preah Sisowat Quay
Sangkat Srah Chork, Khan Daun Penh
Phnom Penh, Cambodia

PRINCIPAL BANKERS:

ACLEDA Bank Plc.
Advance Bank of Asia Ltd.
Bank of China (Hong Kong) Ltd. Phnom Penh Branch
J Trust Royal Bank Plc.
Chip Mong Commercial Bank Plc.
Phnom Penh Commercial Bank Plc.
Foreign Trade Bank of Cambodia

AUDITORS:

BDO (Cambodia) Limited

Registration No:
Co.7175 Et/2004

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

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**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Phnom Penh Autonomous Port ("PPAP") for the financial year ended 31 December 2022.

Principal activities

PPAP is a legal entity with technical, administrative and financial autonomy and its main missions are port services and other related facilities.

PPAP has the objectives to undertake the management, maintenance and operation of the port services as well as related port facilities in order to expand and develop for the need of commercial, industrial, or tourism sectors and takes all necessary measures for the growth of PPAP.

PPAP has responsibilities as port authority and port operator, including but not limited to:

- Provide pilotage navigating the vessel entering into or departing from port;
- Provide vessel's berth;
- Provide a location for vessel repairing and fuel refilling;
- Provide dredging service and maintain navigation channel;
- Monitor operation according to technical standard and ensure safety, environmental sustainability, and orders in the port's commercial zone;
- Check ship documents in order to complete the formalities for vessel entering into-departing from the port;
- Train human resources in navigation and port sector through the Cambodia Maritime Institute;
- Develop port infrastructure through cooperation with the domestic and foreign development partners in order to expand container terminal, general/bulk cargo terminal, feeder port, and passenger/tourist terminal;
- Establish port supporting areas, including special economic zone, industrial zone, agricultural products procession zone and logistics zone;
- Take various measures in order to ensure the enforcement of laws and legal norms related to port and means of water transportation;
- Lift on- lift off, load-unload, and store cargo;
- Transport goods within port area, between the port and industrial area;
- Provide bonded warehouse service, temporary customs warehouse service and container yard;
- Provide tug-boat assistance and mooring-unmooring service;
- Provide logistics supply, pure water, and hygiene service to vessel;
- Provide container stuffing-unstuffing service;
- Provide container repair and maintenance service;
- Provide tourist/passenger terminal and domestic port service; and
- Operate other business of any kinds authorised by the laws and legal norms in force to support the growth of PPAP.

There were no significant changes to those principal activities during the financial year.

Results of operations

	US\$	KHR'000
Profit for the financial year	14,313,283	58,498,389

Dividends

Dividends paid since the end of the previous financial year were as follows:

	US\$	KHR'000
In respect of financial year ended 31 December 2021:		
Class A first and final dividend paid on 2 June 2022	340,190	1,390,357
Class B first and final dividend paid on 2 June 2022	741,290	3,029,652
	<u>1,081,480</u>	<u>4,420,009</u>

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

DIRECTORS' REPORT (continued)

Reserves and provisions

There was a transfer of US\$11,605,317 from retained earnings to legal, general and development reserves, as approved during the Board of Directors meeting on 23 March 2022.

Bad and doubtful debts

Before the statement of profit or loss and other comprehensive income and statement of financial position of PPAP were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad debts or the amount of the allowance for doubtful debts in the financial statements of PPAP inadequate to any material extent.

Current assets

Before the statement of profit or loss and other comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of PPAP have been written down to an amount expected if realised.

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

Valuation methods

At the date of this report, the Directors are not aware of any circumstances, which have arisen and which may render adherence to the existing method of valuation of assets or liabilities of PPAP misleading or inappropriate.

Contingent and other liabilities

At the date of this report, there does not exist:

- (i) any charge on the assets of PPAP which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability of PPAP which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of PPAP to meet its obligations when they fall due.

Change of circumstances

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or in the financial statements of PPAP, which would render any amount stated in the financial statements as misleading.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

DIRECTORS' REPORT (continued)

Items of an unusual nature

The results of the operations of PPAP during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of PPAP for the financial year for which this report is made.

Share capital

PPAP did not issue any shares during the current financial year.

No option to take up unissued shares in PPAP was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in PPAP.

Directors

The Directors who have held for office since the date of the last report are:

H.E. Hei Bavy
H.E. Suon Rachana
H.E. Ken Sambath
H.E. Penn Sovicheat
Mr. Gui Anvanith
Mr. Kong Sothea (appointed on 27 June 2022)
Ms. Pok Pheakdey (appointed on 27 June 2022)
Mr. Yim Choeurn (resigned on 27 June 2022)
Mr. Dith Sochal (resigned on 27 June 2022)

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which PPAP is a party, with the object or objects of enabling the Directors of PPAP to acquire benefits by means of the acquisition of shares in or debentures of PPAP or any other body corporate.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by PPAP or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 30 to the financial statements.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

DIRECTORS' REPORT (continued)

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of PPAP as at 31 December 2022, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards ("CIFRSs") or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (c) maintain adequate accounting records and an effective system of internal controls;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that PPAP will continue its operations in the foreseeable future; and
- (e) control and direct effectively PPAP in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Significant events during the financial year

The significant events during the financial year are disclosed in Note 33 to the financial statements.

Significant event subsequent to the end of the reporting period

Significant event subsequent to the end of the reporting period is disclosed in Note 34 to the financial statements.

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 10 to 45 have been drawn up in accordance with Cambodian International Financial Reporting Standards so as to give a true and fair view of the financial position of PPAP as at 31 December 2022, and of its financial performance and cash flows for the financial year then ended.

For and on behalf of the board of Directors, 



H.E. Hei Bavy
Chairman and Chief Executive Officer

Ms. Chheav Vanthea
Head of Accounting/Finance
Department

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Phnom Penh Autonomous Port ("PPAP"), which comprise statement of financial position as at 31 December 2022, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 10 to 45.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of PPAP as at 31 December 2022, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards ("CIFRSs").

Basis for Opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of PPAP in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of PPAP for the current financial year. These matters were addressed in the context of our audit of the financial statements of PPAP as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Key Audit Matters (continued)

(a) Retirement benefit obligations

The retirement benefit obligations were determined based on a number of actuarial assumptions and calculations, which were subject to significant judgement and estimate. Changes in these assumptions can have a material impact on the quantum of retirement benefit obligation recorded in the statement of financial position. The assumptions include the discount rate, salary growth rate, mortality rate, disability rate and turnover rates.

As at 31 December 2022, the Board of Directors has engaged an actuarial specialist in order to present actuarial estimate of liabilities as at 31 December 2022 and to provide an actuarial estimate of the defined benefit expenses for the financial year ended 31 December 2022. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using average long-term deposit rates from major banks in Cambodia of 6.30% per annum.

Audit response

We performed procedures to place reliance on the actuarial valuation report, which included evaluating the competence, capabilities and objectivity of the actuarial specialist as well as assessing whether the actuarial assumptions are consistently applied and evaluated the rationale for any changes in approach.

(b) Recoverability of trade receivables

The carrying amount of trade receivables of US\$4,087,547 has been disclosed in Note 9 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Company;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by PPAP and historical losses to determine the appropriateness of the forward-looking information used by PPAP; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of PPAP are responsible for the other information. The other information comprises the annual report but does not include the financial statements of PPAP and our auditors' report thereon.

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

In connection with our audit of the financial statements of PPAP, our responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of PPAP or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of PPAP are responsible for the preparation and fair presentation of these financial statements in accordance with CIFRSs. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of PPAP that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of PPAP as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of PPAP, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of PPAP's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on PPAP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of PPAP or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause PPAP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of PPAP, including the disclosures, and whether the financial statements of PPAP represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)
(Registration No: Co.7175 Et/2004) (continued)**

Other Matter

This report is made solely to the shareholders of PPAP, as a body. We do not assume responsibility to any other person for the content of this report.

For and on behalf of
BDO (Cambodia) Limited



Lim Seng Siew
Certified Public Accountant

Phnom Penh, Cambodia
Date: 31 March 2023

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022		2021	
		US\$	KHR'000	US\$	KHR'000
ASSETS					
Non-current assets					
Concession assets	5	8,135,093	33,492,178	-	-
Property, plant and equipment	6	107,632,950	443,124,855	103,328,375	420,959,800
Right-of-use assets	7	5,766,995	23,742,718	3,660,992	14,914,881
Investment properties	8	84,234,687	346,794,206	84,626,863	344,769,840
Lease receivables	7	8,835,986	36,377,754	4,296,588	17,504,300
Other receivable	9	70,289	289,380	67,585	275,341
Deferred tax assets	10	-	-	140,376	571,892
		<u>214,676,000</u>	<u>883,821,091</u>	<u>196,120,779</u>	<u>798,996,054</u>
Current assets					
Inventories	11	714,982	2,943,581	-	-
Trade and other receivables	9	8,298,747	34,165,941	5,134,521	20,918,039
Lease receivables	7	34,497	142,024	13,886	56,572
Cash and bank balances	12	22,202,835	91,409,072	18,614,700	75,836,288
		<u>31,251,061</u>	<u>128,660,618</u>	<u>23,763,107</u>	<u>96,810,899</u>
TOTAL ASSETS		<u><u>245,927,061</u></u>	<u><u>1,012,481,709</u></u>	<u><u>219,883,886</u></u>	<u><u>895,806,953</u></u>
EQUITY AND LIABILITIES					
Equity					
Share capital	13	114,453,485	457,813,940	114,453,485	457,813,940
Share premium	14	155,502	622,008	155,502	622,008
Reserves	15	57,466,697	236,590,391	45,861,380	186,839,262
Retained earnings		14,565,043	59,527,332	12,686,797	51,686,011
Currency translation difference		-	13,846,200	-	8,481,066
TOTAL EQUITY		<u><u>186,640,727</u></u>	<u><u>768,399,871</u></u>	<u><u>173,157,164</u></u>	<u><u>705,442,287</u></u>
LIABILITIES					
Non-current liabilities					
Other payable	16	35,145	144,692	33,793	137,673
Borrowings	17	16,559,793	68,176,668	18,629,767	75,897,671
Provision for retirement benefits	18	362,023	1,490,449	555,829	2,264,447
Lease liabilities	7	11,566,801	47,620,520	6,778,885	27,617,177
Contract liabilities	19	13,350,000	54,961,950	13,650,000	55,610,100
Deferred revenue	20	8,178,292	33,670,028	-	-
Deferred tax liabilities	10	271,230	1,116,654	-	-
		<u>50,323,284</u>	<u>207,180,961</u>	<u>39,648,274</u>	<u>161,527,068</u>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (continued)

	Note	2022		2021	
		US\$	KHR'000	US\$	KHR'000
EQUITY AND LIABILITIES					
(continued)					
LIABILITIES (continued)					
Current liabilities					
Trade and other payables	16	3,233,202	13,311,093	2,393,907	9,752,778
Borrowings	17	2,069,974	8,522,083	2,069,974	8,433,074
Lease liabilities	7	56,396	232,182	9,261	37,729
Contract liabilities	19	300,000	1,235,100	300,000	1,222,200
Current tax liabilities		3,303,478	13,600,419	2,305,306	9,391,817
		<u>8,963,050</u>	<u>36,900,877</u>	<u>7,078,448</u>	<u>28,837,598</u>
TOTAL LIABILITIES		<u>59,286,334</u>	<u>244,081,838</u>	<u>46,726,722</u>	<u>190,364,666</u>
TOTAL EQUITY AND LIABILITIES		<u>245,927,061</u>	<u>1,012,481,709</u>	<u>219,883,886</u>	<u>895,806,953</u>

The accompany notes form an integral part of the financial statements.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022		2021	
		US\$	KHR'000	US\$	KHR'000
Revenue	22	36,411,932	148,815,567	30,783,715	125,228,152
Cost of services	23	<u>(12,443,818)</u>	<u>(50,857,885)</u>	<u>(9,811,317)</u>	<u>(39,912,439)</u>
Gross profit		23,968,114	97,957,682	20,972,398	85,315,713
Other income	24	5,204,768	21,271,887	3,334,091	13,563,083
General and administrative expenses	25	<u>(9,636,691)</u>	<u>(39,385,155)</u>	<u>(7,451,365)</u>	<u>(30,312,152)</u>
Operating profit		19,536,191	79,844,414	16,855,124	68,566,644
Finance costs	26	<u>(1,086,538)</u>	<u>(4,440,681)</u>	<u>(1,142,786)</u>	<u>(4,648,853)</u>
Profit before tax		18,449,653	75,403,733	15,712,338	63,917,791
Tax expense	27	<u>(4,136,370)</u>	<u>(16,905,344)</u>	<u>(3,004,507)</u>	<u>(12,222,334)</u>
Profit for the financial year		14,313,283	58,498,389	12,707,831	51,695,457
Other comprehensive income, net of tax					
Items that will not be reclassified subsequently to profit or loss:					
Re-measurements of defined benefit liability		<u>251,760</u>	<u>1,028,943</u>	<u>(21,034)</u>	<u>(85,566)</u>
Total comprehensive income for the financial year		<u>14,565,043</u>	<u>59,527,332</u>	<u>12,686,797</u>	<u>51,609,891</u>
Earnings per share attributable to shareholders of PPAP during the financial year are as follows:					
Basic earnings per share	28	0.70	2.88	0.61	2.50
Diluted earnings per share	28	<u>0.70</u>	<u>2.88</u>	<u>0.61</u>	<u>2.50</u>

The accompany notes form an integral part of the financial statements.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2022		114,453,485	155,502	45,861,380	12,686,797	-	173,157,164
Profit for the financial year		-	-	-	14,313,283	-	14,313,283
Actuarial gain on retirement benefit obligation		-	-	-	251,760	-	251,760
Total comprehensive income		-	-	-	14,565,043	-	14,565,043
Transactions with owners							
Transfer to reserves	15	-	-	11,605,317	(11,605,317)	-	-
Dividends	29	-	-	-	(1,081,480)	-	(1,081,480)
Total transactions with owners		-	-	11,605,317	(12,686,797)	-	(1,081,480)
Balance as at 31 December 2022		114,453,485	155,502	57,466,697	14,565,043	-	186,640,727
<i>(KHR '000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>236,590,391</i>	<i>59,527,332</i>	<i>13,846,200</i>	<i>768,399,871</i>

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

	Note	Share capital US\$	Share premium US\$	Reserves US\$	Retained earnings US\$	Currency translation difference US\$	Total US\$
Balance as at 1 January 2021		114,453,485	155,502	36,539,606	10,079,232	-	161,227,825
Profit for the financial year		-	-	-	12,707,831	-	12,707,831
Actuarial loss on retirement benefit obligation		-	-	-	(21,034)	-	(21,034)
Total comprehensive income		-	-	-	12,686,797	-	12,686,797
Transactions with owners							
Transfer to reserves	15	-	-	9,321,774	(9,321,774)	-	-
Dividends		-	-	-	(757,458)	-	(757,458)
Total transactions with owners		-	-	9,321,774	(10,079,232)	-	(757,458)
Balance as at 31 December 2021		114,453,485	155,502	45,861,380	12,686,797	-	173,157,164
<i>(KHR'000 equivalent)</i>		<i>457,813,940</i>	<i>622,008</i>	<i>186,839,262</i>	<i>51,686,011</i>	<i>8,481,066</i>	<i>705,442,287</i>

The accompanying notes form an integral part of the financial statements.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022**

	Note	2022		2021	
		US\$	KHR'000	US\$	KHR'000
Cash flows from operating activities					
Profit before tax		18,449,653	75,403,733	15,712,338	63,917,791
Adjustments for:					
Depreciation of property, plant and equipment	6	3,739,459	15,283,169	3,189,600	12,975,293
Depreciation of investment properties	8	51,510	210,521	60,137	244,637
Depreciation of right-of-use assets	7	94,521	386,308	100,532	409,568
Finance costs		1,085,186	4,435,155	1,141,486	4,643,565
Income from net of investment from subleases		(2,763,422)	(11,294,106)	-	-
Interest income		(1,271,006)	(5,194,601)	(1,464,999)	(5,959,616)
Loss on disposal of property, plant and equipment		11,930	48,758	-	-
Loss on termination of sublease		1,046,966	4,278,950	-	-
Net impairment loss on receivables		586,746	2,398,031	19,104	77,715
Net of unwinding effect of long term deposit		(1,352)	(5,526)	(1,299)	(5,284)
Property, plant and equipment written off		8,309	33,959	-	-
Retirement benefit obligation expenses	18	87,848	359,035	78,390	321,087
Operating profit before working capital changes		21,126,348	86,343,386	18,835,829	76,624,756
Changes in working capital:					
Inventories		(714,982)	(2,922,131)	-	-
Trade and other receivables		(3,014,901)	(12,321,901)	6,341,135	25,795,737
Trade and other payables		869,884	3,555,216	(413,786)	(1,683,281)
Contract liabilities		(300,000)	(1,226,100)	(300,000)	(1,220,400)
Deferred revenue		43,199	176,554	-	-
Cash generated from operations		18,009,548	73,605,024	24,463,178	99,516,812
Income tax paid		(2,726,592)	(11,143,583)	(2,319,365)	(9,435,177)
Retirement benefit obligation paid		(29,894)	(122,177)	(22,558)	(91,766)
Net cash from operating activities		15,253,062	62,339,264	22,121,255	89,989,869
Cash flows from investing activities					
Purchase of property, plant and equipment	6	(7,696,962)	(31,457,484)	(17,688,112)	(71,955,240)
Purchase of investment property		(30,000)	(122,610)	-	-
Proceeds from disposals of property, plant and equipment		3,355	13,712	-	-
Interest received		562,843	2,300,337	601,100	2,445,275
(Placement)/Withdrawal of fixed deposits with licensed banks		(4,100,000)	(16,756,700)	3,000,000	12,204,000
Net cash used in investing activities		(11,260,764)	(46,022,745)	(14,087,012)	(57,305,965)

PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

	Note	2022		2021	
		US\$	KHR'000	US\$	KHR'000
Cash flows from financing activities					
Dividends paid		(1,081,480)	(4,420,009)	(1,019,272)	(4,146,398)
Interest paid		(807,299)	(3,299,431)	(890,089)	(3,620,882)
Payments of lease liabilities		(545,410)	(2,229,090)	(124,049)	(504,631)
Repayments of borrowings		(2,069,974)	(8,459,984)	(2,069,974)	(8,420,654)
Net cash used in financing activities		(4,504,163)	(18,408,514)	(4,103,384)	(16,692,565)
Net (decrease)/increase in cash and cash equivalents					
		(511,865)	(2,091,995)	3,930,859	15,991,339
Cash and cash equivalents at beginning of financial year					
		6,614,700	26,948,288	2,683,841	10,933,968
Currency translation differences		-	269,079	-	22,981
Cash and cash equivalents at end of financial year					
	12	6,102,835	25,125,372	6,614,700	26,948,288

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 7) US\$	Borrowings (Note 17) US\$
At 1 January 2021	2,882,559	22,769,715
Cash flows	(124,049)	(2,069,974)
Non-cash flows:		
- Addition	3,761,524	-
- Unwinding of interest	268,111	-
At 31 December 2021	6,788,145	20,699,741
Cash flows	(545,410)	(2,069,974)
Non-cash flows:		
- Addition	5,071,986	-
- Unwinding of interest	308,476	-
At 31 December 2022	11,623,197	18,629,767
<i>(KHR'000 equivalent)</i>	47,852,702	76,698,751

The accompanying notes form an integral part of the financial statements.

**PHNOM PENH AUTONOMOUS PORT
(Incorporated in Cambodia)**

**NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021**

1. CORPORATE INFORMATION

Phnom Penh Autonomous Port (“PPAP”) was registered under the Sub-Decree number 51 អនក្រឹត្យ on 17 July 1998 as a state-owned public enterprise supervised by the Ministry of Economy and Finance (“MEF”) and the Ministry of Public Works and Transport (“MPWT”). PPAP was listed on the Cambodia Securities Exchange on 9 December 2015 with the security certificate number 003 CSX/SC and became a state-owned public enterprise offering shares to the public.

The registered office and principal place of business of PPAP is located at No. 649, Preah Sisowat Quay, Sangkat Sras Chork, Khan Duan Penh, Phnom Penh, Kingdom of Cambodia.

The financial statements were authorised for issue by the Board of Directors on 31 March 2023.

2. PRINCIPAL ACTIVITIES

PPAP is a legal entity with technical, administrative and financial autonomy and its main missions are port services and other related facilities.

PPAP has the objectives to undertake the management, maintenance and operation of the port services as well as related port facilities in order to expand and develop for the need of commercial, industrial, or tourism sectors and takes all necessary measures for the growth of PPAP.

PPAP has responsibilities as port authority and port operator, including but not limited to:

- Provide pilotage navigating the vessel entering into or departing from port;
- Provide vessel’s berth;
- Provide a location for vessel repairing and fuel refilling;
- Provide dredging service and maintain navigation channel;
- Monitor operation according to technical standard and ensure safety, environmental sustainability, and orders in the port’s commercial zone;
- Check ship documents in order to complete the formalities for vessel entering into-departing from the port;
- Train human resources in navigation and port sector through the Cambodia Maritime Institute;
- Develop port infrastructure through cooperation with the domestic and foreign development partners in order to expand container terminal, general/bulk cargo terminal, feeder port, and passenger/tourist terminal;
- Establish port supporting areas, including special economic zone, industrial zone, agricultural products procession zone and logistics zone;
- Take various measures in order to ensure the enforcement of laws and legal norms related to port and means of water transportation;
- Lift on- lift off (“LOLO”), load-unload, and store cargo;
- Transport goods within port area, between the port and industrial area;
- Provide bonded warehouse service, temporary customs warehouse service and container yard;
- Provide tug-boat assistance and mooring-unmooring service;
- Provide logistics supply, pure water, and hygiene service to vessel;
- Provide container stuffing-unstuffing service;
- Provide container repair and maintenance service;
- Provide tourist/passenger terminal and domestic port service; and
- Operate other business of any kinds authorised by the laws and legal norms in force to support the growth of PPAP.

3. BASIS OF PREPARATION

The Financial statements of PPAP have been prepared in accordance with Cambodian International Financial Reporting Standards (“CIFRSs”) as issued by the Accounting and Auditing Regulator (“ACAR”) of the Ministry of Economy and Finance.

4. BASIS OF ACCOUNTING

The accounting policies adopted are consistent with those of the previous financial year except for the effects, if any, of the adoption of new CIFRSs during the financial year. The new CIFRSs adopted during the financial year are disclosed in Note 36 to the financial statements.

The financial statements of PPAP have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in United States Dollar (“US\$”), which is also PPAP’s functional currency. Additional disclosures are also made in Khmer Riel (“KHR”) to meet the requirements of the Law on Accounting and Auditing. Translations to KHR are presented in the statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows and the notes to the financial statements as at and for the financial year ended 31 December 2022 of PPAP using the following closing and average rates of exchange:

		Closing rate	Average rate
31 December 2022	US\$1 =	KHR4,117	KHR4,087
31 December 2021	US\$1 =	KHR4,074	KHR4,068

These KHR amounts represent additional supplementary information and should not be construed as representations that the US\$ amounts represent, or have been or could be, converted into KHR at that or any other rate.

5. CONCESSION ASSETS

	Multi- purpose Terminal US\$	Construction in progress US\$	Total US\$
<i>Cost</i>			
Balance at 1 January 2021/31 December 2021	-	-	-
Additions	4,888,835	3,246,258	8,135,093
Balance at 31 December 2022	4,888,835	3,246,258	8,135,093
Carrying amounts			
Balance at 31 December 2022	4,888,835	3,246,258	8,135,093
<i>(KHR'000 equivalent)</i>	<i>20,127,334</i>	<i>13,364,844</i>	<i>33,492,178</i>

5. CONCESSION ASSETS (continued)

- (a) On 8 November 2021, PPAP and PTLIS Cooperation Co., Ltd. (“PTLS”) entered into an agreement on Investment Cooperation for Development of Multi-purpose Terminal TS11. Pursuant to the agreement, both parties agreed to cooperate in the development of the multi-purpose terminal known as TS11 located at Spean Kpous Village, Sangkat Kilometre 6, Khan Russey Keo, Phnom Penh, whereby PPAP will grant the use of land based on development master plan, goodwill and the right to construct and operate the terminal and PTLIS will invest US\$9 million for the construction and other supporting facilities for the terminal. Under the terms of agreement, the duration of the cooperation is 40 years, starting from 8 November 2021 to 8 November 2061. PTLIS has the right to extend the cooperation for another 10 years upon the end of the cooperation period.

On 29 August 2022, PPAP and PTLIS entered into another agreement on Investment Cooperation for Development of Multi-purpose Terminal UM2. Pursuant to the agreement, both parties agreed to cooperate in the development of the multi-purpose terminal UM2 known as UM2 located at Daun Mao Leur Village, Tonle Bet Commune, Tboung Khmum District, Tboung Khmum Province, whereby PPAP will grant the use of land based on development master plan, goodwill and the right to construct and operate the terminal and PTLIS will invest US\$26.5 million for the construction and other supporting facilities for the terminal. Under the terms of agreement, the duration of the cooperation is 40 years, starting from 29 August 2022 to 29 August 2062. PTLIS has the right to extend the cooperation for another 10 years upon the end of the cooperation period.

Pursuant to the above agreements, both parties shall manage the operation of the terminals. PPAP and PTLIS shall share 51% and 49% respectively in the profit or loss arising from the operation of the terminals. PPAP agrees to guarantee the expense on operation in advance. In the event where PTLIS is unable to cover its share of losses, PPAP has the right to charge interest on the outstanding share of losses based on market interest rate or reduce the shareholding of PTLIS.

PTLIS will transfer all the assets including terminal construction and support infrastructure to PPAP at the end of the cooperation period.

In the event where the government intends to take over the terminal for public use before the end of the cooperation period, PPAP will compensate PTLIS all the investment costs without interest for the remaining duration subsequent to the takeover.

- (b) Concession assets are in respect of the development of the above Multi-purpose Terminals TS11 and UM2 undertaken by PPAP and PTLIS.
- (c) Concession assets are initially measured at cost. After initial recognition, concession assets are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (d) Depreciation is calculated to write down the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The principal depreciation period is 40 years.
- (e) Construction in progress represents terminals under construction and are not depreciated until such time when the assets are available for use.

6. PROPERTY, PLANT AND EQUIPMENT

	Land US\$	Computers US\$	Office equipment and others US\$	Furniture and fixtures US\$	Motor vehicles US\$	Plant and machineries US\$	Harbours and buildings US\$	Construction in progress US\$	Total US\$
<i>Cost</i>									
Balance at 1 January 2021	30,930,508	1,273,401	1,078,225	64,817	1,920,933	23,042,327	45,138,584	6,777,258	110,226,053
Additions	4,000,000	10,393	69,526	-	15,728	-	52,908	13,539,557	17,688,112
Reclassification	921,700	122,467	15,941	-	-	5,054,686	11,359,414	(17,474,208)	-
Balance at 31 December 2021/1 January 2022	35,852,208	1,406,261	1,163,692	64,817	1,936,661	28,097,013	56,550,906	2,842,607	127,914,165
Additions	198,274	39,140	4,718	-	216,809	-	-	7,238,021	7,696,962
Reclassification	935,013	98,329	325,031	-	-	1,486,981	2,131,287	(4,976,641)	-
Disposals	-	-	-	-	-	(153,978)	-	-	(153,978)
Transfer from investment properties (Note 8)	370,666	-	-	-	-	-	-	-	370,666
Written-off	-	(45,794)	(45,492)	(3,229)	(88,022)	-	-	-	(182,537)
Balance at 31 December 2022	37,356,161	1,497,936	1,447,949	61,588	2,065,448	29,430,016	58,682,193	5,103,987	135,645,278

6. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land US\$	Computers US\$	Office furniture and others US\$	Furniture and fixtures US\$	Motor vehicles US\$	Plant and machineries US\$	Harbours and buildings US\$	Construction in progress US\$	Total US\$
<i>Accumulated depreciation</i>									
Balance at 1 January									
2021	-	685,523	358,903	58,566	658,665	8,558,944	11,075,589	-	21,396,190
Depreciation for the year	-	164,164	75,009	1,996	126,178	1,728,064	1,094,189	-	3,189,600
Balance at 31 December									
2021/1 January 2022	-	849,687	433,912	60,562	784,843	10,287,008	12,169,778	-	24,585,790
Depreciation for the year	-	175,998	92,789	1,480	139,123	1,999,615	1,330,454	-	3,739,459
Disposals	-	-	-	-	-	(138,693)	-	-	(138,693)
Written-off	-	(45,794)	(42,535)	(3,229)	(82,670)	-	-	-	(174,228)
Balance at 31 December									
2022	-	979,891	484,166	58,813	841,296	12,147,930	13,500,232	-	28,012,328
<i>Carrying amounts</i>									
Balance at 31 December									
2022	37,356,161	518,045	963,783	2,775	1,224,152	17,282,086	45,181,961	5,103,987	107,632,950
<i>(KHR'000 equivalents)</i>	<i>153,795,315</i>	<i>2,132,791</i>	<i>3,967,895</i>	<i>11,425</i>	<i>5,039,834</i>	<i>71,150,348</i>	<i>186,014,133</i>	<i>21,013,114</i>	<i>443,124,855</i>
Balance at 31 December									
2021	35,852,208	556,574	729,780	4,255	1,151,818	17,810,005	44,381,128	2,842,607	103,328,375
<i>(KHR'000 equivalents)</i>	<i>146,061,895</i>	<i>2,267,482</i>	<i>2,973,124</i>	<i>17,335</i>	<i>4,692,507</i>	<i>72,557,960</i>	<i>180,808,715</i>	<i>11,580,782</i>	<i>420,959,800</i>

6. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods are as follows:

Computers	5 - 15 years
Office equipment and others	5 - 15 years
Furniture and fixtures	5 years
Motor vehicles	8 - 15 years
Plant and machineries	10 - 15 years
Harbours and buildings	10 - 50 years

Land has unlimited useful life and is not depreciated.

Construction in progress represents mainly harbours and buildings under construction. Construction in progress are not depreciated until such time when the assets are available for use.

- (b) The depreciation charges are allocated as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Cost of services	3,151,067	12,878,411	2,641,381	10,745,138
Administrative expenses	588,392	2,404,758	548,219	2,230,155
	<u>3,739,459</u>	<u>15,283,169</u>	<u>3,189,600</u>	<u>13,628,893</u>

- (c) The title to the land with a carrying amount of US\$2,384,559 (2021: US\$1,443,012) is in the process of being issued by the authority.

7. LEASES

PPAP as lessee

Right-of-use assets

Carrying amount

	Land US\$
Balance at 1 January 2021	-
Additions	3,761,524
Depreciation	<u>(100,532)</u>
Balance at 31 December 2021	3,660,992
Additions	5,071,985
Increase	2,094,813
Derecognition	(4,966,274)
Depreciation	<u>(94,521)</u>
Balance at 31 December 2022	<u>5,766,995</u>
<i>(KHR'000 equivalents)</i>	<u><u>23,742,718</u></u>

Lease liabilities

Carrying amount

	Land US\$
Balance at 1 January 2021	2,882,559
Additions	3,761,524
Interest expense	268,111
Lease payments	<u>(124,049)</u>
Balance at 31 December 2021	6,788,145
Addition	5,071,986
Interest expense	308,476
Lease payments	<u>(545,410)</u>
Balance at 31 December 2022	<u>11,623,197</u>
<i>(KHR'000 equivalents)</i>	<u><u>47,852,702</u></u>

Represented by:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Current liabilities	56,396	232,182	9,261	37,729
Non-current liabilities	<u>11,566,801</u>	<u>47,620,520</u>	<u>6,778,885</u>	<u>27,617,177</u>
	<u>11,623,197</u>	<u>47,852,702</u>	<u>6,788,146</u>	<u>27,654,906</u>

7. LEASES (continued)

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease term of right-of-use assets is 30 and 40 years (2021: 40 years).

- (b) Increase of right-of-use assets during the financial year is as a result of termination of sub-lease.

PPAP recognised a loss of US\$1,046,966 on recognition of the right-of-use assets pertaining to the terminated sub-lease and presented the loss as “loss on termination of sublease”, as disclosed in Note 25 to the financial statements.

- (c) Derecognition of right-of-use assets during the financial year is as a result of entering into sub-leases.

PPAP recognised a gain of US\$2,763,422 on derecognition of the right-of-use assets pertaining to the sub-leases and presented the gain as “income from net investment in sublease”, as disclosed in Note 24 to the financial statements.

- (d) The following are the amounts recognised in profit or loss:

	2022	2021
	US\$	US\$
Depreciation charge of right-of-use assets (included in general and administrative costs)	94,521	100,532
Interest expense on lease liabilities (included in finance costs)	308,476	268,111
	<u>402,997</u>	<u>368,643</u>

- (e) At the end of the financial year, PPAP had total cash outflow for leases of US\$545,410 (2021: US\$124,049).

- (f) The table below summarises the maturity profile of the lease liabilities of PPAP at the end of the reporting period based on contractual undiscounted repayment obligations:

	Weighted average incremental borrowing per annum	Within 1 year	1 - 2 years	2 - 5 years	More than 5 years	Total
31 December 2022	%	US\$	US\$	US\$	US\$	US\$
Lease liabilities	4.00	349,060	533,613	1,606,551	19,867,166	<u>22,356,390</u>
31 December 2021						
Lease liabilities	4.00	290,549	593,720	915,228	11,955,856	<u>13,755,353</u>

7. LEASES (continued)

PPAP as lessor

PPAP has entered into sub-lease agreements on seven pieces of land for a term ranging from 37 to 40 years each and renewable 2 years before the end of the lease period. The monthly rental consists of a fixed rent for the first 23 years and 25 years with an increase of 5% every 5 years and for the remaining 15 years, the monthly rental will be at a fixed rent.

PPAP has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Less than one year	381,857	1,572,105	186,074	757,323
One to two years	381,857	1,572,105	186,074	757,323
Two to three years	400,950	1,650,711	194,603	787,168
Three to four years	400,950	1,650,711	195,378	795,189
Four to five years	400,950	1,650,711	195,378	795,189
More than five years	<u>15,518,532</u>	<u>63,889,797</u>	<u>7,850,599</u>	<u>31,951,938</u>
	17,485,096	71,986,140	8,808,106	35,844,130
Less: unearned interest income	<u>(8,614,613)</u>	<u>(35,466,362)</u>	<u>(4,497,632)</u>	<u>(15,584,902)</u>
	<u>8,870,483</u>	<u>36,519,778</u>	<u>4,310,474</u>	<u>20,259,228</u>
Presented as follows:				
Current	34,497	142,024	13,886	56,572
Non-current	<u>8,835,986</u>	<u>36,377,754</u>	<u>4,296,588</u>	<u>17,504,300</u>
	<u>8,870,483</u>	<u>36,519,778</u>	<u>4,310,474</u>	<u>17,560,872</u>

8. INVESTMENT PROPERTIES

	Land US\$	Buildings US\$	Total US\$
<i>Cost</i>			
Balance at 1 January 2021/31 December 2021	83,705,437	1,480,578	85,186,015
Addition	-	30,000	30,000
Transfer to property, plant and equipment (Note 6)	(370,666)	-	(370,666)
Balance at 31 December 2022	83,334,771	1,510,578	84,845,349
<i>Accumulated depreciation</i>			
Balance at 1 January 2021	-	499,015	499,015
Depreciation for the financial year	-	60,137	60,137
Balance at 31 December 2021	-	559,152	559,152
Depreciation for the financial year	-	51,510	51,510
Balance at 31 December 2022	-	610,662	610,662
<i>Carrying amounts</i>			
Balance at 31 December 2022	83,334,771	899,916	84,234,687
<i>(KHR'000 equivalents)</i>	<i>343,089,252</i>	<i>3,704,954</i>	<i>346,794,206</i>
Balance at 31 December 2021	83,705,437	921,426	84,626,863
<i>(KHR'000 equivalents)</i>	<i>341,015,950</i>	<i>3,753,890</i>	<i>344,769,840</i>
<i>Fair value</i>			
Balance at 31 December 2022	439,851,950	821,997	440,673,947
<i>(KHR'000 equivalents)</i>	<i>1,810,870,478</i>	<i>3,384,162</i>	<i>1,814,254,640</i>
Balance at 31 December 2021	136,922,392	739,227	137,661,619
<i>(KHR'000 equivalents)</i>	<i>557,821,825</i>	<i>3,011,611</i>	<i>560,833,436</i>

- (a) Investment properties are initially measured at cost, which includes transaction costs. After initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Land has an unlimited useful life and therefore is not depreciated. The principal depreciation period for the buildings ranges from 5 to 50 years (2021: 5 to 50 years).
- (c) Fair value of investment properties for disclosure purposes, which are at Level 3 fair value, were derived by the Directors as at the end of the reporting period based on estimation from available market information and/or valuation determined by external and independent property valuer.
- (d) The title to the land with a carrying amount of US\$1,347,300 (2021: US\$1,347,300) is in the process of being issued by the authority.

9. TRADE AND OTHER RECEIVABLES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other receivable				
Deposit	70,289	289,380	67,585	275,341
Trade receivables				
Third parties	5,464,966	22,499,265	4,418,182	17,999,673
Less: Impairment loss - Third parties	(1,377,419)	(5,670,834)	(790,673)	(3,221,201)
	4,087,547	16,828,431	3,627,509	14,778,472
Other receivables				
Third parties	80,847	332,847	447,544	1,823,294
Advances	23,563	97,009	76,141	310,198
Deposits	113,729	468,222	7,307	29,769
Other receivables	3,829,436	15,765,789	422,989	1,723,258
	4,047,575	16,663,867	953,981	3,886,519
Total receivables	8,135,122	33,492,298	4,581,490	18,664,991
Prepayments	163,625	673,643	553,031	2,253,048
	8,298,747	34,165,941	5,134,521	20,918,039

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by PPAP is 30 days (2021: 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Trade and other receivables are denominated in US\$.

9. TRADE AND OTHER RECEIVABLES (continued)

- (d) For impairment of trade receivables that do not contain a significant financing component, PPAP applies the CIFRS 9 simplified approach to measuring expected credit loss using a lifetime credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging. The expected loss rates are based on PPAP's historical credit losses experienced. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting PPAP's customers.

Management exercised significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

Lifetime expected loss provision for trade receivables are as follows:

	1-30 days	31-60 days	61-90 days	91-120 days	121- 150 days	151- 180 days	Over 180 days	Total US\$
31 December 2022								
Expected loss rate	4.85%	6.51%	13.80%	28.23%	44.20%	74.35%	100.00%	
Gross carrying amount (US\$)	2,322,828	748,648	794,838	238,265	47,449	104,717	1,208,221	5,464,966
Impairment (US\$)	126,824	48,758	82,028	66,153	18,422	77,856	957,378	1,377,419
31 December 2021								
Expected loss rate	4.20%	5.67%	13.08%	23.99%	38.07%	70.34%	100.00%	
Gross carrying amount (US\$)	2,132,856	1,273,506	287,037	113,538	48,551	22,989	539,705	4,418,182
Impairment (US\$)	79,724	72,153	37,534	27,233	18,483	15,841	539,705	790,673

During the financial year, PPAP did not renegotiate the terms of any trade receivables.

- (e) Movements in the impairment allowance for trade receivables are as follows:

	2022 US\$	2021 US\$
At 1 January	790,673	872,101
Charge for the financial year	664,431	415,503
Reversal of impairment loss	(77,685)	(496,931)
At 31 December	<u>1,377,419</u>	<u>790,673</u>

- (f) Impairment for other receivables are recognised based on the general approach within CIFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

10. DEFERRED TAX

The components and movements of deferred tax assets/(liabilities) are as follows:

	At 1 January 2022 US\$	Recognised in profit or loss (Note 27) US\$	At 31 December 2022 US\$
Property, plant and equipment	(2,823,842)	(413,311)	(3,237,153)
Retirement benefit obligation	91,168	(44,001)	47,167
Deferred income	2,730,000	(60,000)	2,670,000
Impairment loss on receivables	158,135	117,349	275,484
Unrealised exchange differences	(15,085)	(11,643)	(26,728)
	<u>140,376</u>	<u>(411,606)</u>	<u>(271,230)</u>

(KHR'000 equivalent)

(1,116,654)

	At 1 January 2021 US\$	Recognised in profit or loss (Note 27) US\$	At 31 December 2021 US\$
Property, plant and equipment	(2,702,959)	(120,883)	(2,823,842)
Retirement benefit obligation	108,359	(17,191)	91,168
Deferred income	2,850,000	(120,000)	2,730,000
Impairment loss on receivables	174,420	(16,285)	158,135
Unrealised exchange differences	10,171	(25,256)	(15,085)
	<u>439,991</u>	<u>(299,615)</u>	<u>140,376</u>

(KHR'000 equivalent)

571,892

11. INVENTORIES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Diesel oil	123,770	509,562	-	-
Lubricant oil	32,203	132,580	-	-
Spare parts	553,306	2,277,961	-	-
Stationary	5,703	23,478	-	-
	<u>714,982</u>	<u>2,943,581</u>	<u>-</u>	<u>-</u>

- (a) Inventories costs are determined using the weighted average cost basis and stated at the lower of cost and net reliable value.
- (b) During the financial year, inventories of the PPAP recognised as cost of services amounted to US\$3,301,001.

12. CASH AND BANK BALANCES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Cash on hand	6,746	27,774	2,151	8,763
Cash at banks	5,094,917	20,975,773	5,607,444	22,844,727
Deposits	17,101,172	70,405,525	13,005,105	52,982,798
	<hr/>		<hr/>	
As stated in statement of financial position	22,202,835	91,409,072	18,614,700	75,836,288
Less:				
Deposits (maturity more than three months)	(16,100,000)	(66,283,700)	(12,000,000)	(48,888,000)
	<hr/>		<hr/>	
As stated in statement of cash flows	6,102,835	25,125,372	6,614,700	26,948,288

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) Fixed deposits with a licensed bank of PPAP have maturity period ranging from 1 to 240 months (2021: 1 to 240 months).
- (c) The currency exposure profile of cash and bank balances is as follows:

	2022 US\$	2021 US\$
United States Dollar	22,070,304	18,445,093
Khmer Riel	132,531	169,607
	<hr/>	<hr/>
	22,202,835	18,614,700

- (d) Weighted average effective interest rate of deposits with a licensed bank of PPAP as at the end of each reporting period are as follows:

	2022 %	2021 %
Fixed rates	6.80	6.25

13. SHARE CAPITAL

	2022		2021	
	Number	US\$	Number	US\$
Voting shares of US\$1 each:				
Class A	4,136,873	4,136,873	4,136,873	4,136,873
Class B	16,547,492	16,547,492	16,547,492	16,547,492
	<hr/>		<hr/>	
	20,684,365	20,684,365	20,684,365	20,684,365
Non-voting shares of US\$1 each:				
Class C	93,769,120	93,769,120	93,769,120	93,769,120
	<hr/>		<hr/>	
	114,453,485	114,453,485	114,453,485	114,453,485
	<hr/>		<hr/>	
(KHR'000 equivalent)	457,813,940		457,813,940	

13. SHARE CAPITAL (continued)

Share capital of US\$114,453,485 is divided into 114,453,485 shares at KHR4,000 (equivalent to US\$1) each, divided into three classes:

- (a) 4,136,873 Class A (Voting) shares (3.61%) with a total value of US\$4,136,873 (equivalent to KHR16,547,492,000)
- (b) 16,547,492 Class B (Voting) shares (14.46%) with a total value of US\$16,547,492 (equivalent to KHR66,189,968,000)
- (c) 93,769,120 Class C (Non-voting) shares (81.93%) with a total value of US\$93,769,120 (equivalent to KHR375,076,480,000).

Class A shareholders will enjoy the minimum guaranteed dividend yield of 5% per year based on the Initial Public Offering (“IPO”) price for the period of at least 5 years, starting from 2016 to 2021. The present value of these guaranteed dividends amounting to US\$936,145 is expected to be paid over five years.

Class C shareholders are not entitled to dividend but have first priority in case of PPAP’s liquidation.

The owners of shares in Class A and Class B are entitled to receive dividends as and when declared by PPAP and are entitled to one vote per ordinary share at meetings of PPAP. All ordinary shares rank pari passu with regard to PPAP’s residual assets.

14. SHARE PREMIUM

On 9 December 2015, PPAP was successfully listed on the Cambodia Securities Exchange (“CSX”). The total number of ordinary shares (voting) is 20,684,365 shares, of which 4,136,873 (Class A) shares was from the IPO with a par value of KHR4,000 per share. After the listing, MoEF holds 80% of the total number of shares. PPAP received the proceeds from the IPO amounting to US\$5,193,915 and incurred IPO costs of US\$901,540.

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

15. RESERVES

	Legal reserve US\$	General reserve US\$	Development fund US\$	Total US\$
As at 1 January 2022	2,539,054	2,539,054	40,783,272	45,861,380
Transfer from retained earnings	<u>635,392</u>	<u>635,392</u>	<u>10,334,533</u>	<u>11,605,317</u>
As at 31 December 2022	<u>3,174,446</u>	<u>3,174,446</u>	<u>51,117,805</u>	<u>57,466,697</u>
<i>(KHR'000 equivalent)</i>	<u>13,069,194</u>	<u>13,069,194</u>	<u>210,452,003</u>	<u>236,590,391</u>
As at 1 January 2021	2,046,010	2,046,010	32,447,586	36,539,606
Transfer from retained earnings	<u>493,044</u>	<u>493,044</u>	<u>8,335,686</u>	<u>9,321,774</u>
As at 31 December 2021	<u>2,539,054</u>	<u>2,539,054</u>	<u>40,783,272</u>	<u>45,861,380</u>
<i>(KHR'000 equivalent)</i>	<u>10,344,106</u>	<u>10,344,106</u>	<u>166,151,050</u>	<u>186,839,262</u>

15. RESERVES (continued)

On 23 March 2022, the Board of Directors approved the transfer of retained earnings to reserves amounting to US\$11,605,317.

In accordance with PPAP's Articles of Incorporation, article 66, dated 5 September 2016, PPAP's profit, after offsetting with losses carried forward (if any), can be used as follows:

- for legal reserve – 5%
- for general reserve – 5%
- the remaining balance for dividend and development fund

16. TRADE AND OTHER PAYABLES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Other payable				
Deposit	35,145	144,692	33,793	137,673
Current				
Trade payables				
Third parties	629,216	2,590,482	487,291	1,985,224
Other payables				
Interest payable	275,307	1,133,439	305,896	1,246,220
Deposits	495,001	2,037,919	236,442	963,265
Other tax payables	213,219	877,823	248,403	1,011,994
Other payables	1,620,459	6,671,430	1,115,875	4,546,075
	<u>2,603,986</u>	<u>10,720,611</u>	<u>1,906,616</u>	<u>7,767,554</u>
	<u>3,233,202</u>	<u>13,311,093</u>	<u>2,393,907</u>	<u>9,752,778</u>

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the PPAP range from one to two months (2021: one to two months).
- (c) The currency exposure profile of trade and other payables is as follows:

	2022	2021
	US\$	US\$
United States Dollar	1,606,053	1,139,281
Khmer Riel	<u>1,662,294</u>	<u>1,288,419</u>
	<u>3,268,347</u>	<u>2,427,700</u>

- (d) Maturity profile of trade and other payables of PPAP at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year, except the non-current deposit as recorded above.

17. BORROWINGS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Phnom Penh Port – New Container Terminal Project (“PPNCTP”) or Phnom Penh Port LM17	16,559,793	68,176,668	18,629,767	75,897,671
Current				
PPNCTP or Phnom Penh Port LM17	<u>2,069,974</u>	<u>8,522,083</u>	<u>2,069,974</u>	<u>8,433,074</u>
	<u>18,629,767</u>	<u>76,698,751</u>	<u>20,699,741</u>	<u>84,330,745</u>

- (a) PPNCTP represents an on-lending agreement between the MEF and PPAP for the lending of proceeds of the Import-Export Bank of China (“the Eximbank”) under the Preferential Buyer Credit Loan Agreement: No. (2010)29(136) dated 4 November 2010 for the Phnom Penh Port-New Container Terminal Project (“Project”).

The amount to be re-lent to PPAP shall be deemed to be simultaneously lent to PPAP on the same dates, in the same currency and the same amount as those disbursed by the Eximbank for the purposes of financing the implementation of the Project. PPAP pays interest to the MEF semi-annually at the rate of 4% per annum. The loan on-lent is for 20 years, including a grace period of not exceeding 7 years from the date of the conclusion of the Loan Agreement.

- (b) Borrowings are classified as financial liabilities measured at amortised cost.
- (c) The borrowings are repayable twice per year, on 20 February and 20 August, commencing February 2018.
- (d) Fair values of the borrowings of PPAP are categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

Valuation techniques used and key inputs to valuation on the borrowings measured at level 3 are described below:

Financial liability	Valuation technique used	Significant unobservable input	Inter-relationship Between key unobservable inputs and fair value
Borrowings	Discounted cash flow method	8.00%	The higher the discount rate, the lower the fair value of the financial liability would be

- (e) Borrowings that are not carried at fair values and whose carrying amounts do not approximate of fair values are as follows:

	2022		2021	
	Carrying amount US\$	Fair value US\$	Carrying amount US\$	Fair value US\$
Borrowings (fixed rates)	<u>18,629,767</u>	<u>17,249,792</u>	<u>20,699,741</u>	<u>19,166,427</u>

17. BORROWINGS (continued)

- (f) The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of each reporting period and the remaining maturities of the borrowings of PPAP that are exposed to interest rate risk:

31 December 2022	Weighted average effective interest rate per annum %	Within 1 year US\$	1 - 2 years US\$	2 - 5 years US\$	More than 5 years US\$	Total US\$
Borrowings						
Fixed rates	4.00	2,069,974	2,069,974	6,209,922	8,279,897	18,629,767
31 December 2021						
Borrowings						
Fixed rates	4.00	2,069,974	2,069,974	6,209,922	10,349,870	20,699,740

- (g) The table below summarises the maturity profile of the borrowings of PPAP at the end of each reporting period based on contractual undiscounted repayment obligations as follows:

31 December 2022	On demand or within one US\$	One to five years US\$	Over five years US\$	Total US\$
Borrowings	2,794,465	10,349,870	9,025,087	22,169,422
31 December 2021				
Borrowings	2,877,264	10,681,066	11,488,356	25,046,686

- (h) Borrowings are denominated in US\$.

18. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS

The amounts recognised in the statement of financial position are as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Defined benefits obligation				
Present value of defined benefits obligation	235,835	970,933	455,842	1,857,100
Other benefits				
National Social Security Funds	126,188	519,516	99,987	407,347
Liability recognised in statement of financial position	362,023	1,490,449	555,829	2,264,447

18. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (continued)

The movements in the defined benefits obligations during the period are as follows:

	2022 US\$	2021 US\$
Balance at 1 January	455,842	541,795
Current service cost	35,089	44,731
Interest cost	26,558	32,043
Past service costs	-	(23,204)
Benefits paid	(29,894)	(22,558)
Re-measurement	(251,760)	(116,965)
	<u>235,835</u>	<u>455,842</u>
<i>(KHR'000 equivalent)</i>	<u>970,933</u>	<u>1,857,100</u>

The movements in the other benefits during the period are as follows:

	2022 US\$	2021 US\$
Balance at 1 January	99,987	74,627
Additional expenses	26,201	25,360
	<u>126,188</u>	<u>99,987</u>
<i>(KHR'000 equivalent)</i>	<u>519,516</u>	<u>407,347</u>

The amounts recognised within salaries, wages and related expenses in the statement of profit or loss and other comprehensive income are as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Defined benefit obligation				
Current service costs	35,089	143,409	44,731	181,966
Interest costs	26,558	108,543	32,043	130,351
Past service cost	-	-	(23,204)	(94,394)
Other benefits				
Additional expenses	26,201	107,083	25,360	103,164
	<u>87,848</u>	<u>359,035</u>	<u>78,930</u>	<u>321,087</u>

(a) Defined benefit obligation

The principal actuarial assumptions are as follows:

Discount rate (i)	6.30% (2021: 6.00%)
Salary growth rate	16% (2021: 17%) per annum, and gradually decreasing to 5% per annum by 2034 for both of their basic and total salary
Mortality rate (ii)	Thailand Mortality Ordinary Life Table 2017
Disability rate	10% (2021: 10%) of mortality rate
Turnover rate	1.1% (2021: 1.1%)

18. PROVISION FOR RETIREMENT BENEFIT OBLIGATIONS (continued)

(a) Defined benefit obligation (continued)

(i) Discount rate

As information on Cambodian corporate or government bonds are not readily available, PPAP has analysed the average long term deposit rates of major banks in Cambodia.

(ii) Mortality rate

Assumptions regarding future mortality are based on published statistics and mortality tables. As standard life tables are not available for Cambodia, PPAP used the standard Thailand Mortality Ordinary Life Table 2017 (TM2017) without modification. The rates are published as a standard table TM2017. As those employed the formal sector are likely to experience better mortality than the general population, an allowance for this has been made.

Sensitivity analysis

- 0.25% decrease in discount rate results in a 1.63% (2021: 2.59%) increase in defined benefit plan obligation. 0.25% increase in discount rate results in a 1.57% (2021: 2.49%) decrease in defined benefit plan obligation.
- 0.50% decrease in salary increase rate results in a 0.12% (2021: 4.26%) decrease in defined benefit obligation. 0.50% increase in salary increase rate results in a 0.14% (2021: 4.57%) increase in defined benefit obligations.

(b) Other benefits

PPAP has paid an amount equal 3% of monthly basic salary to National Social Security Funds (“NSSF”) annually. After retirement, employees will get monthly retirements from NSSF.

19. CONTRACT LIABILITIES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Non-current				
Deferred income	<u>13,350,000</u>	<u>54,961,950</u>	<u>13,650,000</u>	<u>55,610,00</u>
Current				
Deferred income	<u>300,000</u>	<u>1,235,100</u>	<u>300,000</u>	<u>1,222,200</u>

- (c) Contract liabilities are in respect of deferred income arising from lease of land to Chean Chhoeng Thai Group. The total consideration is amortised on a straight-line basis over the term of 50 years (2021: 50 years).
- (d) Income expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period is US\$300,000 annually.

20. DEFERRED REVENUE

	Multi-purpose Terminal US\$
Balance at 1 January 2021/31 December 2021	-
Liabilities recognised along with concession assets	8,135,093
Share of profit or loss	43,199
	<u>8,178,292</u>
<i>(KHR'000 equivalent)</i>	<u>33,670,028</u>

Deferred revenue is in respect of the concession assets arising from the development of the Multi-purpose terminals TS11 and UM2 as disclosed in Note 5 to the financial statements.

21. CAPITAL COMMITMENTS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Capital expenditure in respect of purchase of property, plant and equipment:				
Contracted but not provided	1,896,145	7,806,428	1,031,111	4,200,746

22. REVENUE

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Stevedoring	16,033,181	65,527,611	13,624,422	55,424,149
Lift On Lift Off ("LOLO")	12,699,076	51,901,124	11,106,652	45,181,860
Port dues and charges	4,329,801	17,695,897	3,558,975	14,477,910
Gate fees	1,065,345	4,354,065	888,559	3,614,658
Storage fees	997,480	4,076,701	825,097	3,356,495
Weighting fee	19,613	80,158	10,112	41,136
Stuffing/Unstuffing	26,000	106,262	31,988	130,127
Sand dredging management fee	2,652	10,839	31,089	126,470
Survey	-	-	3,000	12,204
Trucking fee	951,894	3,890,391	426,051	1,733,175
Logistic services	286,890	1,172,519	277,770	1,129,968
	<u>36,411,932</u>	<u>148,815,567</u>	<u>30,783,715</u>	<u>125,228,152</u>

Revenue from services rendered is recognised over time as the performance obligations are being satisfied which coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are provided on the normal credit terms not exceeding twelve months.

23. COST OF SERVICES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Crane charges	3,260,793	13,326,861	2,372,449	9,651,123
Depreciation	3,151,067	12,878,411	2,641,381	10,745,138
Fuel and gasoline	1,826,353	7,464,305	961,849	3,912,802
Salaries and wages	2,070,401	8,461,729	1,739,687	7,077,047
Maintenance costs	1,394,321	5,698,590	1,237,340	5,033,499
Sand dredging management cost	-	-	4,625	18,815
Logistic costs	282,045	1,152,718	273,830	1,113,940
Others	458,838	1,875,271	580,156	2,360,075
	<u>12,443,818</u>	<u>50,857,885</u>	<u>9,811,317</u>	<u>39,912,439</u>

24. OTHER INCOME

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Rental income	748,230	3,058,016	993,802	4,042,787
Interest income from:				
- deposits with financial institutions	1,025,175	4,189,890	1,309,105	5,325,439
- lease receivables	245,831	1,004,711	155,894	634,177
Unwinding effect of long term deposit	2,704	11,051	2,599	10,573
Reversal of impairment loss on receivables	77,685	317,490	496,931	2,021,515
Income from net of investment from subleases	2,763,422	11,294,106	-	-
Others	341,721	1,396,622	375,760	1,528,592
	<u>5,204,768</u>	<u>21,271,886</u>	<u>3,334,091</u>	<u>13,563,083</u>

(a) Rental income

Rental income is recognised on a straight-line basis over the lease term of an ongoing lease.

(b) Interest income

Interest income is recognised as it accrues, using the effective interest method.

25. GENERAL AND ADMINISTRATIVE EXPENSES

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Salaries and other benefits	4,390,165	17,942,604	3,965,647	16,132,252
Utilities and fuel	671,154	2,743,006	545,015	2,217,121
Depreciation	734,423	3,001,587	708,888	2,883,756
Board of Directors' fees	246,331	1,006,755	247,809	1,008,087
Donation	571,414	2,335,369	490,340	1,994,703
Office supplies	203,538	831,860	226,174	920,076
Business entertainment	220,821	902,495	101,202	411,690
Repair and maintenance	160,691	656,744	163,594	665,500
Communication expenses	69,091	282,375	70,924	288,519
Professional fees	45,699	186,772	43,271	176,026
Travelling expenses	66,097	270,138	61,732	251,126
Other tax expenses	79,719	325,812	245,156	997,295
Loss on disposals of property, plant and equipment	11,930	48,758	-	-
Loss on termination of sublease	1,046,966	4,278,950	-	-
Property, plant and equipment written off	8,309	33,959	-	-
Impairment loss on receivables	664,431	2,715,529	415,503	1,690,266
Others	445,912	1,822,442	166,110	675,735
	<u>9,636,691</u>	<u>39,385,155</u>	<u>7,451,365</u>	<u>30,312,152</u>

26. FINANCE COSTS

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Interest expense on:				
- borrowings	776,710	3,174,414	873,375	3,552,890
- lease liabilities	308,476	1,260,741	268,111	1,090,675
Unwinding effect of:				
- long term deposit	1,352	5,526	1,300	5,288
	<u>1,086,538</u>	<u>4,440,681</u>	<u>1,142,786</u>	<u>4,648,853</u>

27. TAX EXPENSE

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Income tax expense:				
Current year	3,735,446	15,266,768	2,674,737	10,880,830
(Over)/Under provision in prior year	(10,682)	(43,656)	30,155	122,671
	<u>3,724,764</u>	<u>15,223,112</u>	<u>2,704,892</u>	<u>11,003,501</u>
Deferred tax expense (Note 10):				
Origination and reversal of temporary differences	411,606	1,682,232	299,615	1,218,833
	<u>4,136,370</u>	<u>16,905,344</u>	<u>3,004,507</u>	<u>12,222,334</u>

27. TAX EXPENSE (continued)

Under the Cambodian Law on Taxation, PPAP has an obligation to pay tax on profit at 20% (2021: 20%) of the taxable profit or a minimum tax at 1% (2021: 1%) of total revenue, whichever is higher.

The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate of PPAP is as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit before tax	18,449,653	75,403,733	15,712,338	63,917,791
Tax at Cambodian statutory tax rate of 20% (2021: 20%)	3,689,931	15,080,748	3,142,468	12,783,560
Tax effects in respect of:				
Non-allowable expenses	615,910	2,517,224	210,152	854,897
Non-allowable income	(158,789)	(648,972)	(31,698)	(128,947)
Tax incentive and allowances	-	-	(346,570)	(1,409,847)
	4,147,052	16,949,000	2,974,352	12,099,663
(Over)/Under provision in prior year:				
Income tax	(10,682)	(43,656)	30,155	122,671
Total taxation	4,136,370	16,905,344	3,004,507	12,222,334

28. EARNINGS PER SHARE

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit attributable to ordinary equity holders	14,565,043	59,527,332	12,686,797	51,609,891
Weighted average number of ordinary shares in issue	20,684,365	20,684,365	20,684,365	20,684,365
Basic earnings per share	0.70	2.88	0.61	2.50
Diluted earnings per share	0.70	2.88	0.61	2.50

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

PPAP had no dilutive potential ordinary shares as at the period end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

29. DIVIDENDS

During to the 7th Annual General Shareholder Meeting held on 23 March 2022, the shareholder of PPAP approved the distribution of dividends in respect of the financial year ended 31 December 2021 to shareholders of each class of shares as follows:

- Shareholders in Class A is entitled to total dividend of US\$340,190 (equivalent to KHR1,376,751,334).
- Shareholders in Class B is entitled to total dividend of US\$741,290 (equivalent to KHR3,000,000,000).

These dividends were paid on 2 June 2022.

30. RELATED PARTY DISCLOSURES

- (a) Parties are considered related to PPAP if PPAP has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where PPAP and the party are subject to common control or common significant influence. Related parties can be individuals or other parties.

Key management personnel comprises persons (including the Directors of PPAP) having the authority and responsibility for planning, directing and controlling the activities of PPAP directly and indirectly.

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
<u>Related parties</u>				
MEF				
Interest expense	776,710	3,174,414	859,499	3,496,442
Interest paid	807,299	3,299,431	890,089	3,620,882
Payment of principal	2,069,974	8,459,984	2,069,974	8,420,654
MEF and MPWT				
Donation and charities	29,727	121,495	38,859	158,079

Balances with related parties at the end of the reporting period are disclosed in Note 17 to the financial statements.

The related party transactions described above were carried out on negotiated commercial terms.

- (a) Compensation of key management personnel

Key management compensation during the financial period is as follows:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Short term employee benefits	246,331	1,006,754	247,809	1,008,087

31. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of PPAP's capital management is to ensure that PPAP would be able to continue as a going concern whilst maximising the return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of PPAP remains unchanged from that in the previous financial year.

PPAP manages its capital structure and makes adjustments to it, in response to changes in economic conditions. In order to maintain or adjust the capital structure, PPAP may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

PPAP monitors and maintains a prudent level of total debts and to ensure compliance with any externally imposed capital requirements.

(b) Financial risk management

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

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

PPAP is exposed mainly to interest rate risk, credit risk and liquidity and cash flow risk. Information on the management of the related exposures is detailed below:

(i) Interest rate risk

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

The exposure of PPAP to interest rate risk arises primarily from fixed deposits. PPAP manages its interest rate exposure by closely monitoring the market interest rate. PPAP does not use derivative financial instruments to hedge any debt obligations.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of PPAP if interest rates at the end of reporting period changed by 10 basis points with all other variables held constant:

	2022		2021	
	US\$	KHR'000	US\$	KHR'000
Profit net of tax				
- Increased by 0.1% (2021: 0.1%)	(4,728)	(19,234)	(3,189)	(12,973)
- Decreased by 0.1% (2021: 0.1%)	4,728	19,234	3,189	12,973

31. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Credit risk

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

PPAP's primary exposure to credit risk arises through its trade receivables from its customers. PPAP controls the credit risk on service rendered by ensuring that its customers have sound financial position and credit history. PPAP also seeks to invest cash assets safely and profitably with approved financial institutions.

PPAP determines a financial asset to be in default when contractual payments are past due and when internal or external information indicates that financial asset is not recoverable. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Exposure to credit risk and credit risk concentration profile

The maximum exposure to credit risk for PPAP is represented by the carrying amounts of each financial asset.

At the end of the reporting period, approximately 63% (2021: 61%) of PPAP's trade receivables were due from three (2021: three) major customers.

PPAP does not anticipate the carrying amounts recorded at the end of each reporting period to be significantly different from the values that would eventually be received.

(iii) Liquidity and cash flow risk

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

PPAP actively manages its 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, PPAP maintains a level of cash and cash equivalents deemed adequate to finance PPAP's activities.

32. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the PPAP'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. PPAP operates in one operating segment being port related business.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 1 January 2022, Mekong Oryza Trading Co., Ltd. (“Mekong”) transferred the rights, obligations and other conditions stated in the sublease contract between PPAP and Mekong Oryza Trading Co., Ltd. dated 15 March 2019 to PTLs Cooperation Co., Ltd. (“PTLS”). On 7 February 2022, Mekong and PTLs entered into another agreement (with PPAP as a witness) to revise the land size, which was reduced from 17,000 metre square to 15,520 metre square.
- (b) On 21 February 2022, PPAP entered into a 30-year lease agreement with H.E. Seang Keang for the lease of land situated at Prek Anchanh Commune, Muk Kampul District, Kandal Province measuring 38,362 metre square, whereby the handover of the said land to PPAP was on 21 December 2022.
- (c) On 19 August 2022, the construction of the Multi-purpose Terminal TS11 located at Kilometre No.6 Commune, Khan Russey Keo, Phnom Penh has commenced and it is expected to be completed in year 2023.
- (d) PPAP and PTLs Cooperation Co., Ltd. entered into an Agreement on Investment Cooperation for Development of Multi-purpose Terminal UM2 on 29 August 2022. Both parties agree to cooperate in the investment on the development of the multi-purpose terminal of PPAP located in Daun Mao Leur Village, Tonle Bet Commune, Tboung Khmum District, Tboung Khmum Province.
- (e) On 13 September 2022, Hui Bang International Investment Group Co., Ltd. (“Hui Bang”) and PPAP amended the 40-year lease agreement dated 15 March 2019, whereby Hui Bang returned the land under phase 1 situated at Kilometre No.6 Commune, Khan Russey Keo, Phnom Penh measuring 9,057 metre square and along National Road No. 4, Sangkat 1, Preah Sihanoukville City measuring 9,780 metre square to PPAP. In addition, parcels of land under phase 2 situated along National Road No. 4, Sangkat 1, Preah Sihanoukville City measuring 18,679 metre square were handed over to Hui Bang. The effective date of this amendment is 1 January 2022.
- (f) On 1 November 2022, PPAP entered into a 36-year lease agreement with Mrs. Ly Channy for the lease of land situated along National Road No. 4, Sangkat 1, Preah Sihanoukville City measuring 9,780 metre square.
- (g) On 1 November 2022, PPAP entered into a 36-year lease agreement with PTLs Cooperation Co., Ltd. for the lease of land situated at Kilometre No.6 Commune, Khan Russey Keo, Phnom Penh measuring 9,057 metre square.

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 4 January 2023, parcels of land situated at Kilometre No. 6 Commune, Khan Russey Keo, Phnom Penh measuring 3,466 metre square were handed over to PPAP pursuant to the 40 years lease agreement, which was entered into with Green Trade Co., Ltd. on 15 February 2019.

35. TAXATION CONTINGENCIES

Law on taxation in Cambodia including Sub Decree, Prakas, Circular and Notification is frequently changing based on the amendment of tax authorities and subject to interpretation. Often, differing interpretations on law of taxation exist among relevant parties and this could result in higher tax risks. Taxes are subject to review and investigation by a number of authorities who are enabled by law to impose severe fines, penalties and interest charges. Management believes that it has adequately provided tax liabilities based on its interpretation of tax legislation.

36. ADOPTION OF NEW CIFRSs

36.1 New CIFRSs adopted during the current financial year

PPAP adopted the following amendments during the financial year.

	Effective Date
Annual Improvements to CIFRS Standards 2018 - 2020	1 January 2022
Amendments to CIFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to CIAS 16 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to CIAS 37 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022

Adoption of the above amendments did not have any material effect on the financial performance or position of PPAP.

36.2 New CIFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are accounting standards and amendments that have been issued but have not been early adopted by PPAP.

	Effective Date
CIFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to CIFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Initial Application of CIFRS 17 and CIFRS 9 - Comparative Information</i> (Amendments to CIFRS 17 <i>Insurance Contracts</i>)	1 January 2023
Amendments to CIFRS 4 <i>Insurance Contract - Extension of the Temporary Exemption from Applying CIFRS 9</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to CIAS 1 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to CIAS 8 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to CIAS 12 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to CIFRS 16 <i>Lease Liability in Sale and Leaseback</i>	1 January 2024
Amendments to CIAS 1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to CIAS 1 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to CIFRS 10 and CIAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

PPAP is in the process of making an assessment of the potential impact from the adoption of these accounting standards and amendments hence the Directors are not yet in a position to conclude on the potential impact on the results and the financial position of PPAP.



ចំណតផែនការពហុបំណងឧបទ្វីប UM២

Sub-Feeder Multipurpose Terminal Tonle Bet-UM2

ភូមិឧបទ្វីប យ៉ុងឧបទ្វីប ស្រុកត្បូងឃ្មុំ ខេត្តត្បូងឃ្មុំ

Tonle Bet Village, Tonle Bet Commune, Tboung Khmum District, Tboung Khmum Province

ចំណតផែនការពហុបំណង UM១

Sub-Feeder Multipurpose Terminal UM1

ផ្លូវជាតិលេខ ៦A, ភូមិកណ្តាល ឃុំព្រែកអញ្ជាញ ស្រុកមុខកំពូល ខេត្តកណ្តាល

National Road No. 6A, Kandal Village, Prek Anhchanh Commune, Mok Kampul District, Kandal Province

ចំណតផែនការពហុបំណង TS៣

Multipurpose Terminal TS3

#៦៤៩ ផ្លូវវិថីព្រះសីហនុ ភូមិស្រះចក ខណ្ឌដូនពេញ រាជធានីភ្នំពេញ

#649, Preah Sisowath Street, Sras Chork Commune, Daun Penh District, Phnom Penh

ចំណតផែនការដំណើរ និងទេសចរ TS១

Passenger and Tourist Terminal TS1

ផ្លូវវិថីព្រះសីហនុ ភូមិស្រះចក ខណ្ឌដូនពេញ រាជធានីភ្នំពេញ

Preah Sisowath Street, Wat Phnom Commune, Daun Penh District, Phnom Penh

ចំណតផែនការពហុបំណង TS១១

Sub-Feeder Multipurpose Terminal TS11

ផ្លូវជាតិលេខ៥ ភូមិស្ពានខ្ពស់ សង្កាត់អូរម៉ែតលេខ៦ ខណ្ឌឫស្សីកែវ រាជធានីភ្នំពេញ

National Road 5, Spean Khpos Village, Kilometer 6 Commune, Reusseykeo District, Phnom Penh

ចំណតផែនការកុងតឺន័រ LM១៧ និងទីលានស្តុកទុកកុងតឺន័រ

Container Terminal LM17 /ICD-LM១៧/ and Inland Container Depot ICD-LM17

ភូមិកណ្តាល ឃុំបន្ទាយដេក ស្រុកកៀនស្វាយ ខេត្តកណ្តាល

Kandal Leu Village, Bantey Dek Commune, Kien Svay District, Kandal Province

ចំណតផែនការពហុបំណង LM២៦

Sub-Feeder Multipurpose Terminal LM២៦

ភូមិកោះរកា ឃុំកោះរកា ស្រុកពរម្រះ ខេត្តព្រៃវែង

Koh Roka Village, Koh Roka Commune, Peam Chor District, Prey Veng Province

ទំនាក់ទំនង/ Contact

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