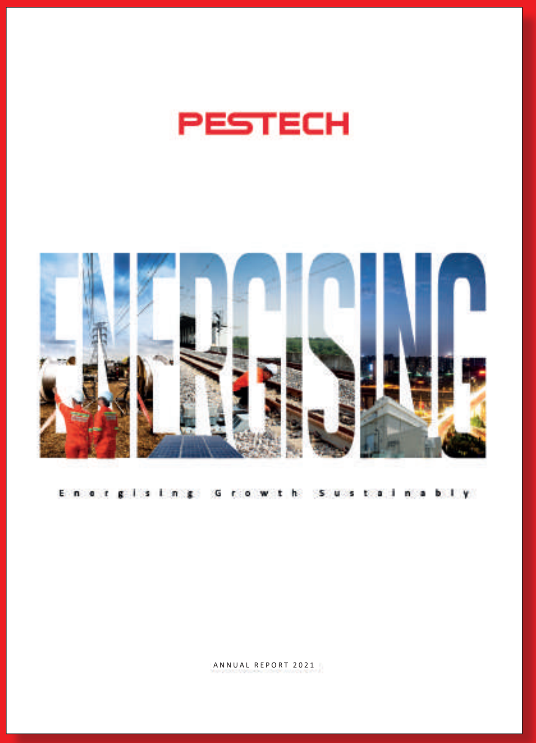
PESTECH

Energising Growth Sustainably

ANNUAL REPORT 2021



ENERGISING
GROWTH SUSTAINABLY

Being at the forefront of the industry, putting people first has always been our utmost priority.

Our successful track record of performance is driven by our employees as we consistently deliver safe, secure, reliable and efficient service and intelligent energy solutions that are environmentally friendly and economically viable. We focus on growth opportunities and positioning while not forgetting the need to maintain commitment towards sustainable development strategy.

Our commitment to the communities we serve and our belief in vision are sustaining us in the market. We care about impact of our works to the environment, balancing the needs of our customers, the communities we serve, our investors and our business associates against the need to provide electrical infrastructures sustainably.

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INSIDE THIS REPORT

INSIDE THIS REPORT

08

CONTINUED

09

MANAGEMENT DISCUSSION AND ANALYSIS

10

OTHER NECESSARY INFORMATION FOR INVESTOR PROTECTION (IF ANY)

COMPANY INTRODUCTION

OUR VISION

WHAT WE ASPIRE TO BE

To Be ***Consistently Dependable and Value Add*** as a Sustainable Electrical Infrastructure Builder.

OUR MISSION

WHO WE ARE AND WHAT WE DO

To be **EFFECTIVE** in performing our duties and providing services to internal and external customers.

To be **EFFICIENT** in handling our duties and services to achieve maximum results in shortest possible time.

To be **EXCELLENT** in our performance to exceed customer requirements and value add to their investment.

FINANCIAL HIGHLIGHTS

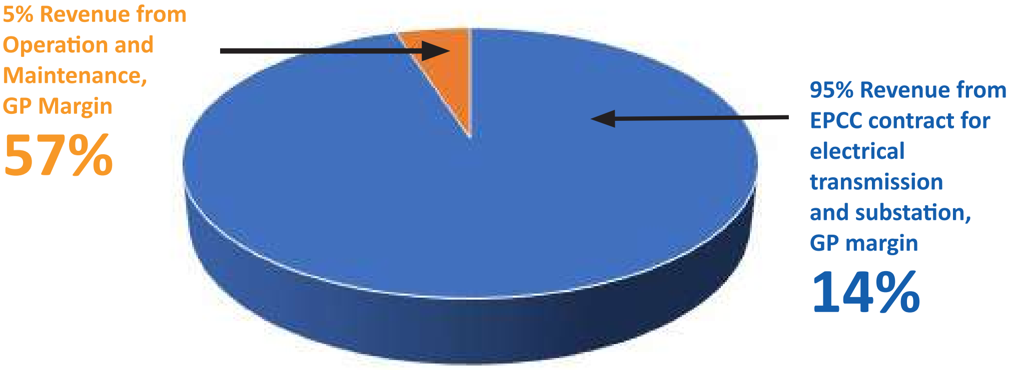
DESCRIPTION		FY2021 KHR' mil	FY2020 KHR' mil	FY2019 KHR' mil
FINANCIAL POSITION				
Total assets		1,166,882	1,016,112	842,290
Total liabilities		1,072,985	946,155	785,679
Total shareholders' equity		93,897	69,957	56,611
PROFIT/ (LOSS)				
Total revenues		273,628	203,014	231,058
Profit before tax		10,088	37,776	9,529
Profit after tax		5,980	29,443	7,218
Total comprehensive income/ (loss)		11,662	13,325	(199)
FINANCIAL RATIOS				
Solvency ratio		2.40%	7.43%	0.63%
Solvency ratio (General borrowings)*		49.93%	203.87%	15.10%
Debt to equity ratio		11.43	13.52	13.88
Gearing ratio (excluding Term Loan)**		0.22	0.24	0.30
Liquidity ratio	Current ratio	0.90	0.28	0.33
	Quick ratio	0.88	0.24	0.33
Profitability ratio	Return on assets	0.51%	2.90%	0.86%
	Return on equity	6.37%	42.09%	12.75%
	Profit margin	2.19%	14.50%	3.12%
	Gross profit margin	16.34%	38.02%	12.42%
	Earnings per share (riel)	KHR 75.86	KHR 414.86	KHR 101.66
Interest Coverage ratio		1.22	2.39	1.67

*General Borrowing includes revolving credit and bank overdraft, and excludes term loans which has been ring fenced by the proceeds of the deferred payment projects with direct payment agreement with EDC.

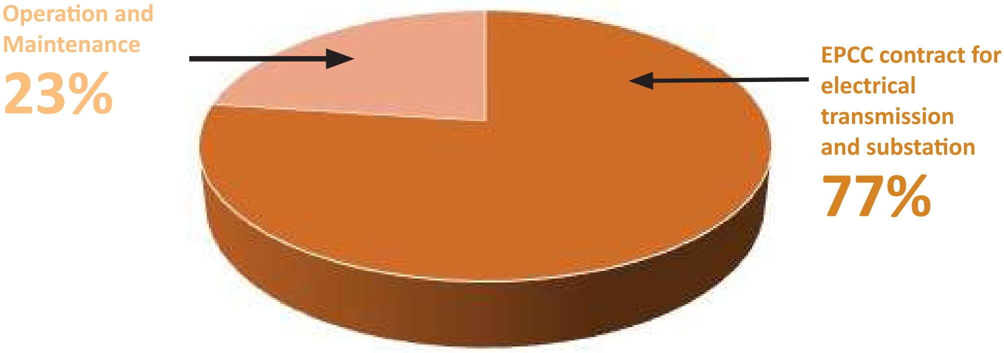
** Term Loan refers to borrowings which have been ring fenced by the proceeds of the deferred payment projects with direct payment agreement with EDC.

FINANCIAL SUMMARY

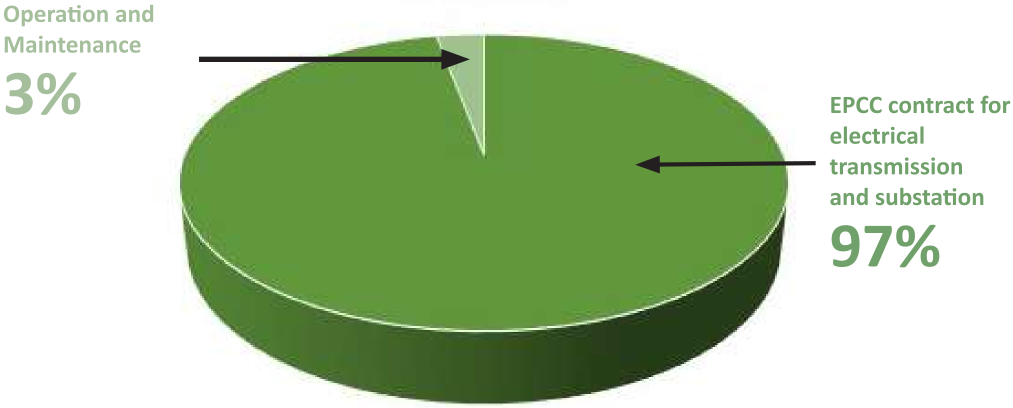
REVENUE AND GROSS PROFIT MARGIN CONTRIBUTION BY SEGMENTS FOR FY2021



EARNINGS BEFORE INTEREST AND TAX CONTRIBUTION BY SEGMENTS FOR FY2021



COLLECTIONS BY SEGMENTS FOR FY2021



BOARD OF DIRECTORS

Paul
Lim Pay Chuan
Executive
Chairman

Lim
Ah Hock
Executive
Director

Han Fatt Juan
Executive Director
and Chief
Executive Officer

Charles Tan Pu Hooi
Executive Director

Dav Ansan
Independent
Non-Executive
Director

MESSAGE FROM EXECUTIVE CHAIRMAN

PAUL LIM PAY CHUAN

Executive Chairman

DEAR FELLOW SHAREHOLDERS,

Thank you for joining me in this second financial year of PESTECH (Cambodia) Plc. (“PCL”) being a publicly listed company on the Cambodia Securities Exchange (”CSX”).

As PCL continued to chart its course in the development of power infrastructure venture in the region amidst the impact of global COVID-19 pandemic, we have sustainably reported a profitable financial year, whilst coiling towards a positive growth in the coming financial year in anticipation of a controlled pandemic situation.

AS PCL CONTINUED TO CHART ITS COURSE IN THE DEVELOPMENT OF POWER INFRASTRUCTURE VENTURE IN THE REGION AMIDST THE IMPACT OF GLOBAL COVID-19 PANDEMIC, WE HAVE SUSTAINABLY REPORTED A PROFITABLE FINANCIAL YEAR

The PCL machinery are geared and ready, with near 100% of our workforce in Cambodia being fully vaccinated. The dedicated team in PCL ensured an uninterrupted progress of all our projects in the country. Furthermore, we are proud that throughout this challenging time, the team successfully picked up new skills and specialization in the full turnkey development of large scale photovoltaic solar power plant. Upon eventual completion of the solar plant, PCL would have the reference to undertake similar renewable energy project in the region.

The Board of Directors of the Company foresees the continuous development potential of renewable energy in Indochina, particularly in Cambodia, corresponding to the fast expansion of decarbonization activities in the ASEAN region. As such, it is without a doubt that PCL will evolve into a prominent sustainable energy builder across the region with value added services culminating the state of the art power quality enhancement solutions for better grid conformity and efficiency of renewable power supply, through working closely with our partner, and shareholder, Maschinenfabrik Reinhausen ("MR") of Germany.

Through close collaboration with technology partner such as MR, PCL aspires to gradually develop technical know-how for its engineering team in Cambodia, through which the cultivation of enhanced capability will be fostered in order to better serve the regional market in Indochina.

Going forward, we shall endeavour to participate more extensively into the development of the Kingdom of Cambodia, particularly in the field of power infrastructure, smart city initiatives through integration of power line communication, green energy (such as solar plant and waste to energy plant), plus power products assembly and export.

We strive to work closely with the relevant authorities, in particular, the Ministry of Mines and Energy, Electricite du Cambodge, Securities and Exchange Regulator of Cambodia, and the Cambodia Securities Exchange ("CSX"), to bring PCL into greater heights as the CSX Main Board listed power infrastructure company that is ready to serve the industry regionally.

As a reward to our shareholders, the Board of Directors of PCL had, on 12 August 2021, determined and announced a dividend of USD0.0065 per share in respect of the financial year ended 30 June 2021. The dividend may be subjected to change in accordance with the audit results of the external auditor and the resolution of the general meeting of shareholders.

Thank you.

Ir. Paul Lim Pay Chuan
Executive Chairman

Date: 23 September 2021

MESSAGE FROM EXECUTIVE DIRECTOR & CHIEF EXECUTIVE OFFICER

SUPPORTED BY OUR DEDICATED TEAM, WE MANAGED TO COMPLETE THE 230/11KV OKVAU TRANSMISSION SUBSTATION FOR THE OKVAU GOLD MINE PROJECT AHEAD OF TIME.

HAN FATT JUAN

Executive Director and Chief Executive Officer

Greetings dear Shareholders!

PESTECH (Cambodia) Plc. ("PCL") had a challenging yet fruitful financial year 2021.

During the financial year, amidst the disruptions caused by the unprecedented global COVID-19 pandemic, PCL persevered, and maintained its operation with strict standard operating procedures.

Supported by our dedicated team, we managed to complete the 230/11kV Okvau Transmission Substation for the Okvau Gold Mine Project ahead of time. The Okvau Gold Mine Project, which is owned by Australia-listed mining firm Emerald Resources NL, an Australian-listed mining firm, through its subsidiary Renaissance Minerals (Cambodia) Ltd, involves the development of the Okvau Deposit in the Mondulkiri province of eastern Cambodia. This substation is crucial in supplying the required power to the gold mine to enable the early operation of the project

MESSAGE FROM CHIEF EXECUTIIVE OFFICER

Throughout the financial year, PCL had also procured additional transmission line projects in Cambodia to build up our project order book for business sustainability and expansion. In addition, we are currently executing the construction of 20MW large scale photovoltaic ("PV") solar power plant project for our sister company, Green Sustainable Ventures (Cambodia) Co., Ltd., located in Bavet City, Svey Rieng Province. We expect the power plant to be fully completed before the end of calendar year 2021.

The Company was also exploring the refinement of construction technology applicable towards the building of power infrastructure, such as substation, and PV solar plant, which involved the adoption of pre-cast construction methodology, using mould and die solution. Such advancement in construction technique can help in better standardization, quality assurance, better speed of execution, and safety enhancement. Indirectly, we are able to also look at an improved cost structure due to homogeneity of raw materials, and reduced labour dependency. We hope to be able to extensively implement the usage of this construction method to bring higher efficiency and reliability to our projects.

On the other hand, due to recent development in Myanmar, PCL's subsidiary in Myanmar, PESTECH (Myanmar) Limited, shall be taking a backseat in business development until the market condition in the country improves or become more visible. In the meantime, we will remain focus in the business development opportunities in Cambodia.

The management is confident that PCL will consistently report a positive result, and deliver encouraging project execution progress to its shareholders in the upcoming financial year, barring any resurgence of disruptions caused by the pandemic.

We thank you for your continuous support and confidence towards the Company!

Han Fatt Juan
Chief Executive Officer

Date: 23 September 2021

CORPORATE INFORMATION

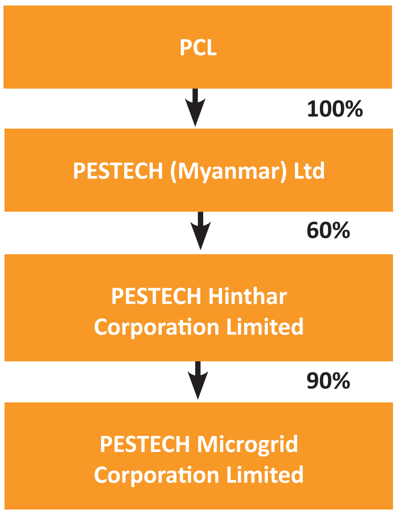
A. **Identity of the Listed Entity**

Entity name in Khmer	**ផេសថិក (ខេមបូឌា) ម.ក**
In Latin	PESTECH (CAMBODIA) PLC
Standard code	KH1000140009
Symbol	PEPC
Address	No. 6 Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh Cambodia
Phone number	+855 23 882 105
Fax	+855 23 882 106
Website	www.pestech.com.kh
Email	info@pestech.com.my
Company registration number	00000957 dated on February 5, 2021, issued by Ministry of Commerce
License number	326 Brk.DRK.ASN, dated on December 20, 2018, issued by MLMUPC
Disclosure document registration number	171/20 SECC/SSR dated on July 22, 2020, issued by Securities and Exchange Committee of Cambodia (Currently known as the Securities and Exchange Regulator of Cambodia "SERC")
Representative of PESTECH (CAMBODIA) PCL	Mr. Lim Pay Chuan

PCL was previously known as Tajri-Pestech JV Limited and was incorporated on 5 February 2010 as a Single Member Private Limited Company in Cambodia. PCL adopted its present name, on 11 July 2013.

PCL was subsequently converted from a private limited company to a public limited company on 27 June 2018 as approved by Ministry of Commerce on even date and assumed its present name to facilitate its listing on the CSX.

PCL is an integrated electric power technology company. We are principally engaged in the provision of comprehensive power system engineering and technical solutions for the design, procurement, construction, installation and commissioning of HV and EHV substations, HV and EHV transmission lines as well as underground power cable systems for electricity transmission and distribution and trading of proprietary and non-proprietary power system components and equipment.



CORPORATE INFORMATION

Our subsidiary PESTECH (Myanmar) Limited ("PML") was incorporated on 24 March 2017 as a private limited company under the Myanmar Companies Act. PML's principal activities are to provide comprehensive powers system engineering, construction, design and installation related services in power industry.

PESTECH Hinthar Corporation Limited ("PHC"), a majority-owned subsidiary of PESTECH (Myanmar), was incorporated on 24 June 2019 as a private limited company under the Myanmar Companies Act. PHC's principal activities are to establish the infrastructure of power sector and promote the power segments such as power generation, power transmission and power distribution.

PESTECH Microgrid Corporation Limited ("PMC"), a majority-owned subsidiary of PHC, was incorporated on 14 February 2020 as a private limited company under the Myanmar Companies Act. The principal activities of PMC is to provide microgrid system and other power infrastructure to the rural areas in Myanmar.

B. The Listed Entity's Milestones

PCL commenced commercial operations in 2010 when we secured a contract involving the construction of HV substations and a HV transmission link between the North Phnom Penh transmission network to the Kampong Cham network in Cambodia (North Phnom Penh – Kampong Cham Project) from Cambodia Transmission Limited. The project involved the design, building, testing and commissioning of approximately 110km long, 230 kV double-circuit trans mission line from North Phnom Penh to Kampong Cham, along with two (2) substation facilities and upgrades.

PCL had successfully completed and handed over the North Phnom Penh – Kampong Cham Project to its owner, Cambodia Transmission Limited in 2013. This project was a major milestone for PCL, as it had completed the project eight (8) months ahead of schedule.

In addition, in 2012, PCL secured a contract from the EDC involving the construction of a 115kV transmission line connection from the 230/115kV substation of Cambodia Power Grid Co., Ltd ("CPG") to the 115/22kV substation of Cambodia Power Transmission Lines Co., Ltd. ("CPTL") in Battambang Province measuring 0.97 km. The project involved the design, engineering, procurement and installation of the transmission line. The project was completed in August 2012.

In 2014, PCL entered into a contract with Alex Corporation, a Cambodian multi-faceted business entity, in relation to the design, engineering, installation, testing and commissioning of the West Phnom Penh – Sihanoukville Project for the:

- 230kV West Phnom Penh – Sihanoukville Transmission Line; and
- 230/115/22kV substation extension project.

CORPORATE INFORMATION


This project involved the construction of a transmission line of approximately 198km, which transmits electricity from the power plants in the Sihanoukville area to Phnom Penh city. This involved the upgrading of the existing Stung Hav substation with two (2) 230kV new outgoing transmission line bays that will be connected to the West Phnom Penh substation in Phnom Penh through the new 230kV transmission line to be constructed under this project.

In 2015, PCL entered into a contract with Diamond Power to undertake the Kampong Cham – Kratie Project. The project involved the design, engineering, test delivery, installation and commissioning of the 230kV switchyard in the existing Kampong Cham substation, new Kratie 230/22kV substation and interconnecting 125km transmission line from Kampong Cham substation to Kratie substation. PCL had successfully completed the project in October 2017.


In addition, during the same year, PCL completed a project in Sarawak, Malaysia, where PCL had provided project management and civil construction management service for the construction of 275kV/32kV and 132kV/11kV sub stations.

Subsequently on 8 February 2017, an amendment was made to the earlier contract with Alex Corporation to up grade the specifications of the West Phnom Penh – Sihanoukville Project. Under this amended contract, the up graded work comprised the design, engineering, installation, testing and commissioning of the:

- 230kV double circuit transmission line of approximately 50km from Stung Hav Substation to Chamkar Loung; and
- 500kV double circuit transmission line of approximately 140km from Chamkar Loung to the proposed new Bek Chan substation.

CORPORATE INFORMATION

On 13 December 2017, PCL entered into a contract with Schneitec for the Siem Reap – Oddor Meanchey Project. The project involves the development of a 115kV transmission line from Siem Reap to Oddor Meanchey, 115/22kV Oddor Meanchey Substation and 230/22kV Bek Chan Substation. The project was completed in January 2020.

Amidst the pandemic year of 2020, we managed to complete the 230/11kV Okvau Transmission Substation for the Okvau Gold Mine Project ahead of time. The Okvau Gold Mine Project involves the development of the Okvau Deposit in the Mondulkiri province of eastern Cambodia.

Following the completion 230kV West Phnom Penh – Sihanoukville Transmission Line, PCL was engaged to provide maintenance service of the extended two (2) bays Stung Hav substation and 500kV transmission line under this project in year 2020.

<u>Current on-going projects</u>

As at to-date, PCL is involved in the Stung Tatay Hydro Power Plant – Phnom Penh Transmission System Project. This project involves the:

- design, engineering, installation, testing and commissioning of the 230kV transmission line of approximately 220km from the Stung Tatay Hydro Power Plant to the proposed new Bek Chan substation in Phnom Penh; and
- supply, installation and connection of two (2) 230kV line bays at Stung Tatay Hydro Power Plant switchyard.

CORPORATE INFORMATION

PCL secured its first large scale solar farm turnkey engineering, procurement, construction, and commissioning' project in Cambodia when PESTECH International Berhad, its holding company, acquired 94% stake in Green Sustainable Ventures (Cambodia) Co. Ltd. ("GSV") through its subsidiary company. GSV holds the 20 years concession Power Purchase Agreement over the development of the 20 megawatt alternative current (24 megawatt direct current) large scale solar photovoltaic power plant in Bavet City, Svey Rieng Province. This solar project in Bavet is the first large scale solar project undertaken by PCL in Cambodia and it is target to commission by December 2021.

As of June 2021, PCL is tasked to design and build 688.5 km of transmission line of various voltage level at different parts of Cambodia, contributing positively to the continued development of Cambodia's electric grid. PCL is committed to develop the competency of its local team to support the sustainable construction of the electric grid in Cambodia.

PCL constantly engage in new energy initiatives with various stakeholders and keep innovation on its ongoing development. New technologies and increase use of renewables such as biomass, solar energy, hydro and geothermal and wind power will introduce a considerable number of diversified systems into the power grid, in addition to traditional large scale power plants. This paradigm shift will bring about emergence to new technologies and concepts where energy efficiency and savings can be better addressed though integrated distribution networks.

While PESTECH remains steadfast in its foray into ASEAN market for its power system transmission and distribution network, PCL is vigilant towards transformative global megatrends towards decarbonisation and digitalisation are the future pathway for sustainably growth. Renewable Energy has becoming the centre of the transition to a less carbon-intensive and more sustainable energy system. The gradual but rapid shift in the landscape PCL is operating in requires it to engage, deliver and adapt renewable energy initiatives into the business strategically to promote sustainable business development responsibly. Over the years, PCL has started exploring into the following renewable energy market in tandem with green initiatives:-

CORPORATE INFORMATION

C. Market Situation

The coronavirus (Covid-19) pandemic has had a devastating impact on the global economy. Long-term growth prospects for developed countries are grim with many facing uncertainty on the sustainability of growth, and confronting negative implications of the current situation on their economic well-being.

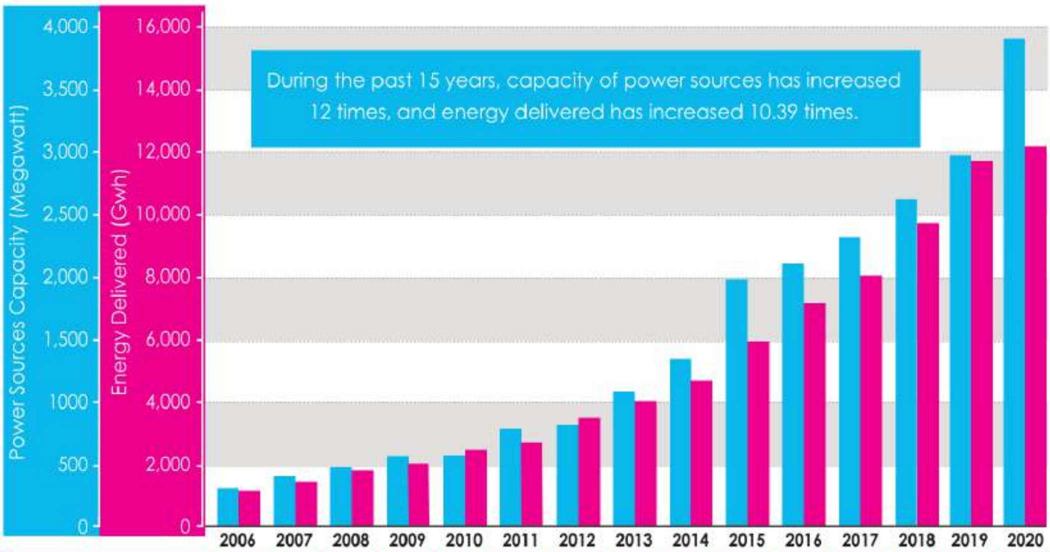
The global shock triggered by the COVID-19 pandemic impacted Cambodia's economy in 2020, resulting its economy registered negative growth of -3.1 percent compared to that of 7.1% in year 2019, the sharpest decline in Cambodia's recent history. (1)

According to official data from World Bank, Cambodia's 2019 Gross Domestic Product ("GDP") worth was USD27.09 billion and declined to USD25.29 billion worth in 2020. The wave of negative impact from Covid-19 on the economy is expected to gradually evade driven by higher consumer spending, fixed investment and exports on the back of a successful vaccination campaign. Albeit the rollout of vaccination programme continues apace, which should eventually allow for the easing of restrictions and support a recovery later in second half 2021, the Government of Cambodia has recently lowered the kingdom's economic growth forecast to 2.5% in 2021 from its earlier projection of 4.1%.

From 2011 to 2015, the annual growth of electricity demand averaged 18%. Going forward, the 2015 Power Development Plan in its base case projects an 8.8% compounded annual growth rate in electricity demand to 2030, and Cambodia's energy demand is forecast to rise to 18,000 GWh by 2030, a greater than threefold increase relative to demand in 2015. This translates to peak demand forecasts of 3,256 MW in 2030, compared to about 1,000 MW of peak demand in 2016. Of the current peak demand, around 70% is used in Phnom Penh, the capital, where more than 2 million people live, and business and industry are concentrated. (2)

Previously, Cambodia fully depended on oil power generation and imports from neighbouring countries, but since coal and hydropower generation has increased rapidly, current imports of electricity have largely decreased compared to 2010. The Basic Energy Plan for Cambodia under the purview of the Ministry of Mines and Energy had recommended a power generation mix target by 2030 to be coal (35%), hydro (55%), and renewable energy (10%), consisting of biomass and solar/photovoltaics (PV), in order to maintain energy affordability and security. (3)

During the past 15 years, capacity of power sources had increased 12 times, and energy delivered has increased 10.39 times as depicted under the following chart (4):



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Power Sources Capacity (MW)	325	419	490	579	584	793	825	1,088	1,359	1,986	2,115	2,322	2,635	2,999	3,897
Energy Delivered (GWh)	1,203	1,517	1,858	2,077	2,515	2,788	3,527	4,051	4,713	5,990	7,175	8,073	9,739	11,738	12,499
Energy Increase (%)	24.46	26.73	22.52	11.76	21.08	13.26	23.84	14.83	16.35	27.09	19.79	14.78	20.64	20.53	6.48

CORPORATE INFORMATION

Cambodia is blessed with substantial renewable energy sources such as hydro, solar, biomass (including biogas), and wind. However, these renewable energy resources, particularly non-hydro renewable energy, have not yet been tapped to fulfil energy demand in Cambodia. Cambodia enjoys some of the highest solar resources in the Greater Mekong Subregion (GMS), with solar irradiance measuring on average 1,400–1,800 kilowatthours (kWh) per square meter per year throughout the country, for an estimated technical potential of over 8,000 MW. In the middle of Cambodia, including the load center of Phnom Penh, which is responsible for approximately 70% of national electricity demand, the peak solar resource measures over 1,900 kWh per square meter per year. [(2)] Therefore, it is expected that the energy generation from solar would be dramatically increasing for the next few years.

On 24 September 2021, the Minister of Mines and Energy H.E. Suy Sem made a remark at the United Nation High-Level Dialogue on Energy that Cambodia is committed to leverage emerging technologies to maximise its renewable energy potential, ensure affordable and reliable power, and reduce carbon emissions. "To meet this target, we are integrating more renewable energy projects into our development plans, developing large-scale battery energy storage systems [BESS] to supply more projects with power, and approving policies and action plans to increase energy efficiency,", H.E. Suy Sem said .[(5)]

Cambodia is experiencing rapid economic growth and a corresponding growth in energy demand. The country is being challenged to keep up with this rapid demand growth while continuing to expand access to previously unserved areas and addressing issues of energy security, affordability, and environmental sustainability. The efficient use of energy is paramount to Cambodia's social and economic development and, not least, to the competitiveness of the private sector.

(1) *Source:* *Worldbank in Cambodia, Apr 14, 2021 Update*
(2) *Source:* *Cambodia Energy Sector Assessment, Strategy and Roadmap, December 2018*
(3) *Source:* *Cambodia Basic Energy Plan, 2019*
(4) *Source:* *EAC Consolidated Report for the Year 2020*
(5) *Source:* *Phnom Penh Post dated 27 September 2021*

D. Competitive Situation

PCL is well positioned to benefit from the growth in electricity demand in Cambodia. With a strong technical expertise in power system engineering, PCL possesses an integrated business model across the transmission and distribution segment of power system engineering. The experienced and dedicated management that is focused on growing the business. places strong emphasis on quality as a key focus in the delivery of services

The opportunity to undertake the large scale solar project for 20MW Bavet solar farm will eventually enable PCL having a good reference to participate in renewable energy projects. This is also aligned with the Cambodia Government strategy to tap into renewable energy potential for the country.

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E. Future Plan

PCL intends to continue to enhance its market position in the power transmission and distribution market segment in Cambodia and countries at Mekong region to meet increasing power demand. In the meantime, diversification of power system engineering and technical solutions to include the O&M of power infrastructure is well in place to offer a comprehensive power solution to clients.

PCL also intend to establish a product manufacturing facility for power system components in order to diversify its revenue stream. After a year of listing, PCL will continue exploring a secondary listing opportunity on the Stock Exchange of Thailand for value creation to its stakeholders.

CORPORATE INFORMATION

PCL endeavours to incorporate sustainable development programmes by taking into account, the context of economic, environment, social and governance in the undertaking of its future business plans. Efforts are made in innovation works and R&D development, to bring renewable energy efficiency through building up of solar farm, energy storage system and microgrid system, to create new RE offerings for utility players and to bring sustainable electric supply to remote areas at the Mekong region.

F. Risk Factors

(a) **Interest rate risks**

Interest rate risks refer to risks from fluctuations of interest rate in the future, which may adversely affect financing costs and returns to the Company.

PCL's ability to expand its business operation is dependent upon its ability to raise sufficient financing either in the form of external debt financing, equity financing or internally generated cash flows.

There has been no material impact of interest rate fluctuations on the Company's historical profits. However, PCL has entered into interest rate swaps contract to hedge the company exposure to interest rate risks on its borrowings. The swap contract allows the Company to raise borrowings at floating rates and swap into fixed rates.

Management will continue to diligently assess the interest rate risk and determine the need to enter into interest rate hedging contract in the future.

(b) Exchange rate risks

PCL's foreign currency exchange risk arises from the transactions denominated in currency other than the USD.

Management possesses vast experience in purchasing materials and/or equipment and constantly monitors the market trends on the prices of the materials and/or equipment to ensure the exposure to foreign exchange risk is kept to the minimal.

Notwithstanding the above, there is no assurance that any foreign exchange fluctuations in the future will not adversely affect the Company's financial performance.

(c) Industry risks, risks related to changes in national and international contexts and changes in rules and regulations

(i) Dependency on the demand for reliable, secured and adequate electricity supply

PCL customers are mainly utility and industrial companies and power infrastructure concessionaires who give out contracts of the relevant electricity infrastructure turnkey works. Therefore, the business performance is tied closely to the pace of the social and economic growth of the region, which is dependent on the aspiration of each nation.

Any slowdown of expansion or upgrades of power infrastructure in the region, resulting from negative social and economic growth, will have a direct impact on the business operations and prospects of the Company.

In most countries, especially in developing countries in the region, there will normally be an underlying electricity demand in tandem with the economic growth and overall power accessibility improvement activities.

It is also a challenge for most underdeveloped and developing countries to continuously invest in power grid to provide a reliable and secured electricity supply to its citizens and industries.

In mitigation, PCL is making effort to expand its services to utility players across the region and to countries such as Papua New Guinea, Myanmar and Ivory Coast to diversify its customer base.

(ii) Changes in political, social and regulatory conditions in Cambodia and other countries that we may operate in

PCL is susceptible to changes in political and regulatory conditions in Cambodia, as well as other countries in which we may operate in the future. Adverse situations in such countries may potentially cause significant interruptions to the business activities, thus affecting the financial performance and profitability. These situations include, but are not limited to, current global and local economic climates, inflation, credit conditions, political leadership, government regulations and policies, risks of war, methods of taxation, nationalisation, expropriation and renegotiation or nullification of existing contracts.

PCL had adopted a proactive approach in keeping abreast with economic, political, social and regulatory developments in Cambodia as well as that of the other countries in which we could operate in the future.

However, the nature of business and the strategy do not require PCL to make a significant capital investment to generate business. As such PLC is expected to be less impacted by any adverse political, economic, social and regulatory factors as it believes that it will be able to adapt to such changes due to its minimal capital requirement and geographical diversification.

(d) Operational Risks

(i) Day-to-day operational risk and insurance coverage

As PCL is involved in electricity supply industry, its business activities are susceptible to operational risks. Risks in day-to-day operations include risks of accidents, disruption in supply of key components, disruption in supply of utilities, as well as fire, flood, and/or other natural disasters that may cause disruption or delay in implementing the projects and may also cause damage to the materials and equipment thereby possibly disrupting its business operations. In addition, as its projects involve use of heavy equipment and machineries, PCL may encounter accidents or dangerous incidents at the project sites.

PCL seek to limit the above risks through, inter-alia, the following risk measures: -

(i) taken up personal accident policy for all staff;
(ii) project sites comply with safety requirements stipulated in various relevant licenses issued by relevant authorities and its approved internal work procedures;
(iii) established an internal project implementation procedure and supply chain management to ensure effective and efficient business operations;
(iv) In-house training and briefing on safety requirements and proper use of equipment are conducted to ensure employees are adequately trained to minimise risk of accidents at project sites; and
(v) ensure materials supplied by suppliers are in accordance to the specifications of the projects and the materials are covered by product warranty.

All projects are covered by sufficient insurance to secure against potential damages and accidents.

CORPORATE INFORMATION

(ii) Project-driven performance

PCL's performance is project-driven. Its ability to replenish contracts in the future is dependent on, inter-alia, government policies and general economic conditions, the need to build infrastructure for the electricity supply industry in the region, and changes in general business and credit conditions both locally and abroad.

In addition, PCL's performance in a particular financial year may depend substantially on a single project and its phases of its execution. PCL takes the necessary steps to establish a broad customer base in the region as its services and products are similarly in demand in all countries in the region. It strives to ensure high degree of customers' satisfaction, customer retention and referrals by:-

(i) offering value added solutions or services to its customers through its comprehensive in-house test equipment for commissioning of substation; and
(ii) providing appropriate solutions to customers at hand and ensuring that customers are satisfied with project quality and services; and timely execution.

(iii) Project risk

PCL' revenue is heavily derived from projects which are entered into on a contractual basis, subject to performance of certain terms and conditions. If its projects are delayed as a result of factors that it is contractually responsible for, especially on those that are within its control, PCL is liable to pay liquidated and ascertained damages on termination or delay. As such, any delay may affect its ability to complete its projects and achieve its revenue target and its business plans in a particular period. The difficulties faced in executing projects may also result in incurring higher cost. These types of developments may, in turn, have an adverse effect on the business, financial condition and results of operations.

Apart from the above, the projects could be subject to cancellation, deferral or rescheduling which could affect the Company's anticipated profitability. Furthermore, any termination of material projects will have an adverse impact on future revenue.

For those situations which are out of its control, such as adverse weather conditions and/or floods, such delays would be compensated by its customer via an extension of time to complete the project. In addition, under the terms of most of the contracts with its customers, its customers may request changes to the contract specifications that may result from unanticipated events affecting the projects. Its contracts generally provide that such additional direct costs and extra time resulting from these types of changes in specifications are allowed in its contracts.

All PCL projects are based on contractual agreements. Any cancellation and termination of projects shall be subject to terms and conditions set out in the contracts. Generally, claims for works rendered prior to such cancellation or termination would be allowable in any contracts.

In addition, PCL will seek legal advice before entering into any contracts to ensure the company's interest is safeguarded.

(iv) Dependency and inability to retain executive directors and senior officers

PCL believes that its Company's continued success will depend, to a significant extent, upon the abilities, capabilities and continued efforts of the Executive Directors and senior officers to effectively market its services and products to grow the business. PCL is led by experienced Directors and is managed by a team of qualified senior officers who have extensive knowledge and experience in the industry.

Accordingly, the loss of any of Directors and senior officers may affect its ability to effectively carry out its business activities.

The Board recognises the importance of the Company's ability to attract and retain Executive Directors and senior officers through the implementation of human resource strategies which include suitable compensation packages and the adoption of succession planning for key positions.

In addition, PCL adopted business continuity management to ensure uninterrupted business operations.

However, there can be no assurance that the above measures will be successful in attracting and retaining Executive Directors and senior officers. Nevertheless, PCL believes, any loss of Executive Directors or senior officers would have only short term impact on its business activities.

(v) Dependency on related companies within PESTECH International Berhad Group ("PESTECH Group")

PCL expands through capitalising the competencies and know-how of other related companies within PESTECH Group . While this enable PCL to accelerate its growth with the support from PESTECH Group, it also creates dependency on the part of PCL to rely on the competencies of other related companies to deliver its services to customers.

However, naturally such dependency is benefitting PCL in terms of expanding PCL's scope of services to its customers, enhancing the competencies and knowhow of the local team and thereby bring value adds to its customers.

(vi) Third party technical utilisation risk

In the course of implementation of projects, PCL need to use third party equipment or products. If such equipment or products are faulty, PCL would need to request for technical assistance from the original manufacturer to help resolve the problems. Although normally the manufacturer would have a team of experts ready to assist in these circumstances, PCL would not be able to ascertain that such assistance can be always delivered in a timely and efficient manner.

PCL would ensure that third party components or equipment are sourced from established brand names with long standing track record on the reliability of their equipment or products to reduce the risk of faulty third party equipment. In addition, the supply chain management of PCL requires registration of suppliers, progress monitoring and factory inspection to ensure quality of products and timely delivery.

CORPORATE INFORMATION

(vii) Reliance on major customers

As PCL's revenue mainly generated from projects, PCL could be reliant on certain projects and thereby certain customers during a particular period of time.

PCL does not expect to rely on any particular customers on a recurring basis, it is the nature of its business that it could be reliant on a particular customer at any period of time in the future. The loss of any of these customers, if not replaced, will adversely affect its financial condition and results of operations. However, the Board is of the view that these risks are mitigated to a certain extent, by the following:-

(i) the track record offering value add solutions and quality services have ensured customer retention and referral; and

(ii) by securing more contracts from different customers and thereby replenishing the project works, we are able to minimise its dependency on any particular customers in the future;

In addition, the Company has maintained and will continuously strive to meet its customers' expectations by working in tandem with their requirements to further improve its service quality. Despite its efforts to broaden its customer base, there is no assurance that the financial performance and operations of PCL will not be adversely affected by its dependence on major customers.

(viii) Reliance on licenses, permits and other relevant approvals issued by various regulatory authorities in Cambodia

PCL is required by the regulatory authorities in the countries where it is operating to possess the required licenses, permits and other approvals in order to operate its businesses. Any change in the laws, regulations and government policies could affect its operations. In particular, any decisions by the government or regulatory authorities related to grant or renewal of licenses or permits could disrupt its operations and have material adverse effect on its business and financial condition. Even though PCL has obtained the required licenses, permits and approvals, it is subject to continuous review under the applicable laws and regulations, the implementation of which is subject to change from time to time.

PCL will continue to remain compliant with the laws and regulations in the countries where it is operating by ensuring reviewing of the regulations, conditions imposed and new directives on an on-going basis. Nonetheless, there is no assurance that its effort is sufficient to mitigate such risk.

(e) Non-operational risks

(i) Financial Risks Including Liquidity Risk and Credit Risk

Liquidity risk

Liquidity risk is the risk that PCL will encounter difficulty in raising funds to meet its short term payment commitments.

CORPORATE INFORMATION

PCL is exposed to liquidity risk as it is generally extend credit terms to its customers and in some cases, it only get paid beyond the construction period. As a result, it may be facing liquidity risk if it is unable to fund the construction cost and the purchase of the machinery and equipment used in the Projects.

PCL seeks to maintain sufficient cash and cash equivalents to meet its working capital needs, and also maintain good relationships with the financial institutions.

PCL's policy is to regularly monitor the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The Company will also endeavour to balance the projects with longer payment term via-a-vis projects with shorter payment term in order to lessen the liquidity burden on the Company.

Credit risk

PCL is exposed to credit risk as it usually invoices customers based on the stages of completion of projects or based on terms of payment set out in the contracts with customers. Terms of payment are usually negotiated up front between the contracted parties.

Adverse economic conditions affecting, or financial difficulties of customers could impair the ability of customers to pay for services or fulfil their contractual obligations or cause them to delay those payments or obligations. PCL depends on its customers to remit payments on a timely basis.

PCL is of the opinion that the billing method is in line with the industry standards. The majority of customers or end-customers are state-owned companies and PCL has thus far managed to receive payments on timely manner.

In general, PCL only provides extended credit terms to customers when it has the direct payment arrangement in place with the end-customers, which are generally the state-owned utility companies.

(ii) Future capital needs which will require additional financing

PCL may need to raise additional funds in the future, through public or private financing, to support the growth of the Company, undertake acquisitions, respond to competitive pressure and/or acquire complementary businesses and technologies. There is no assurance that such additional funding, if needed, will be available on favourable terms. Furthermore, any debt financing if available, may involve restrictive covenants, which may limit PCL's operating flexibility. If additional funds are raised through the issuance of equity or equity-linked instruments, PCL's earnings per share will be diluted and its shareholders may experience dilution in their equity shareholdings in the Company. In addition, such equity or equity-linked instruments may have rights, preferences or privileges over those of the existing shares. Failure to secure adequate funds on acceptable terms would have a material adverse effect on the Company's business, competitiveness and financial performance.

PCL maintains good relationships with financial institutions and in the Board's opinion, PCL has good prospects of establishing banking relationship with them, should the need arises. Furthermore, PCL expects most of the future debts funding requirements are projects related which have clear source of repayment.

CORPORATE INFORMATION

(f) Litigation risks and contingent liabilities

(i) Litigation risk

PCL is not involved in any litigation in Cambodia. Nevertheless, the Company is subject to the risk of litigation and regulatory enforcement actions in the ordinary course of business, particularly in respect of any breach of contractual covenants, the environmental and construction requirements in relation to projects, taxation law and labour law requirements.

Any litigation or regulatory enforcement actions could potentially damage its reputation and could expose the Company to financial liability, divert our resources and management's attention away from day-to-day business and adversely affect the Company's reputation and financial performance.

PCL is currently not exposed to any litigation that could have a material adverse effect on the Company's financial performance. PCL strives to carry out business to ensure compliance with all applicable laws and best practices in the industry.

(ii) Tax disputes

In 2011, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax and value-added tax amounting to USD546,971 (KHR2,222,344,011) pertaining to the year from 1 May 2011 to 31 July 2011.

In 2015, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax and value-added tax amounting to USD490,912 (KHR1,994,575,785) pertaining to the year from 10 January 2013 to 16 October 2013.

In 2017, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax, value-added tax and 14% withholding tax on services amounting to USD267,956 (KHR1,088,704,839) for year 2010 comprehensive tax audit.

In response, the Company has filed protest letters to the GDT to contest these misinterpreted reassessments. Management considers these reassessment letters to be of no basis and unjustified and the probability that they will be required to settle the reassessed taxes to be remote. In addition, since the Company was successfully listed in the Cambodia Securities Exchange, the Company will receive tax incentives which includes the right to waive the reassessed taxes mentioned above in accordance with the Sub-decree on Tax Incentives in Securities Sector.

On 26 August 2021, the Company has obtained a letter No. 14331 issued by the GDT to waive any tax liability during the period from 2010 to 2017.

CORPORATE PERFROMANCE

A. Business Operation Performance including business segment

The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation is the main contributor to the revenue for the years amounting to KHR260,845 million (FY2020: KHR193,845 million), which comprised about 95.3% (FY2020: 95.5%) of the total revenue.

Supplemented to our EPCC services, our operation and maintenance services ("O&M") comprised KHR12,783 million or 4.7% of the total revenue (FY2020: KHR9,169 million or 4.5%). The increase in revenue recognised under O&M as compared to FY2020 was mainly due to commencement of operation of Sihanoukville project in March 2020.

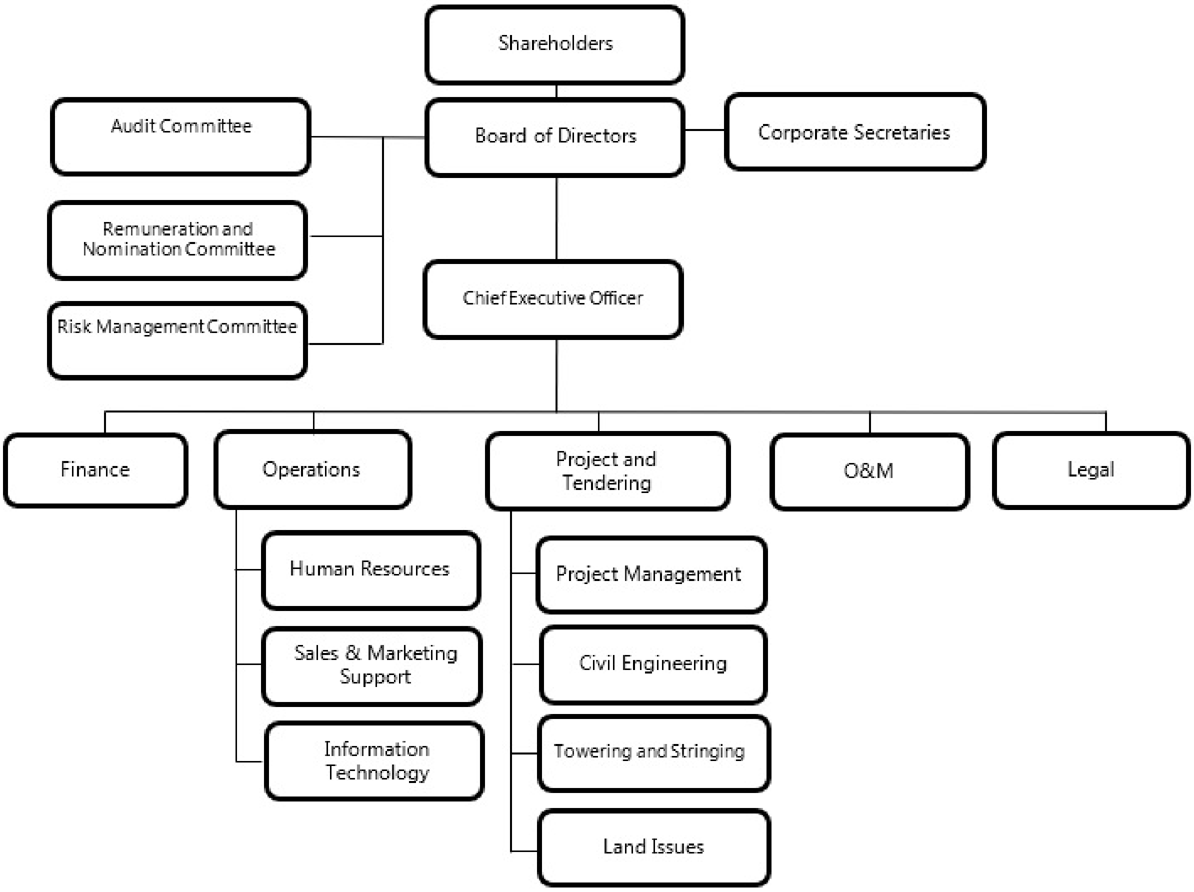
During the year, we have recognised finance income from Cambodian International Financial Reporting Standards ("CIFRS") 15 amounting to KHR4,268 million (FY2020: Nil). Finance income is arising from the compliance with CIFRS 15 for some of our projects and it is part of our overall income of the Group.

B. Revenue Structure

No	Source of Revenue	FY2021		FY2020		FY2019	
		KHR'mil	%	KHR'mil	%	KHR'mil	%
1	EPCC contract for electrical transmission and substation.	260,845	95.3	193,845	95.5	221,275	95.8
2	Operation and Maintenance	12,783	4.7	9,169	4.5	9,873	4.2
	Total revenue	**273,628**	**100.0**	**203,014**	**100.0**	**231,058**	**100.0**
Finance income from CIFRS15		4,268	-	-	-	-	-
	Total income	**277,896**	**-**	**203,014**	**-**	**231,058**	**-**

CORPORATE GOVERNANCE

A. Organization Structure



CORPORATE GOVERNANCE

B. Board of Directors

No.	Name	Position	Appointment Date	Expired Date of Being Director
1	Paul Lim Pay Chuan	Executive Chairman	5 February 2010	Indefinite
2	Lim Ah Hock	Executive Director	5 February 2010	Indefinite
3	Han Fatt Juan	Executive Director/Chief Executive Officer	27 June 2018	Indefinite
4	Charles Tan Pu Hooi	Executive Director	27 June 2018	Indefinite
5	Dav Ansan	Independent Non-Executive Director	29 August 2018	28 August 2023

Corporate Secretaries

No.	Name	Appointment Date
1	Va Samouen	4 August 2021
2	Lynda Pan Seng Wee	4 August 2021

STOCK & SHARES UPDATES

A. Information on Securities

1. Information on Equity Securities (for equity listed entity)

- Name of equity securities : **PESTECH (Cambodia) PLC**
- Equity securities' symbol : **PEPC**
- Class of equity securities : **Ordinary Share**
- Par value per equity securities : **USD 0.10 or KHR 400**
- IPO Price : **USD 0.76 or KHR 3,120**
- The total number of outstanding shares : **74,945,000**
- Market capitalization: **KHR 238,325,100,000 (KHR 3,180 per share as at 20 September 2021)**
- Permitted Securities Market : **Cambodia Securities Exchange**
- Listing date : **12 August 2020**

B. Securities' Price and Trading Volume

Securities		Aug 20**	Sep 20	Oct 20	Nov 20	Dec 20	Jan 21	Feb 21	Mar 21	Apr 21	May 21	Jun 21
Trading Price	Max	3,990	3,400	3,290	3,200	3,200	3,040	3,020	3,280	3,090	3,390	3,380
	*Avr	3,670	3,290	3,190	3,050	2,975	2,875	2,920	2,990	3,050	3,220	3,165
	Min	3,350	3,180	3,090	2,900	2,750	2,710	2,820	2,700	3,020	3,050	2,950
Trading Volume	Max	220,236	21,741	5,027	6,786	6,580	4,479	3,337	12,639	4,075	8,500	10,403
	*Avr	111,985	11,024.5	2,518.5	3,425.5	3,300	2,239.5	2,920	6,339	2,267	4,622	5,366.5
	Min	3,733	308	10	65	20	0	0	39	459	744	330

The above information was extracted from CSX's website based on information as at 20 September 2021, where available

**Being the average between the maximum and minimum trading price and volume.*

***PCL was listed on 12 August 2020, hence, the securities' price and trading volume for August 2021 covered is the period from 12 August 2020 to 31 August 2020.*

C. Controlling Shareholder(s) (30% or more)

No	Name	National	Number of Shares	Percentage
1	PESTECH International Berhad	Malaysia	71,000,000	94.74%
Total			71,000,000	94.74%

The above information was extracted from CSX's website based on information as at 20 September 2021, where available.

D Information on dividend distribution in the last 3 (three) years (for equity listed entity)

There was no dividend distribution in the last three (3) years as PCL was only listed on 12 August 2021.

On 17 August 2021, the Board had determined the dividend of USD0.0065 per share in respect of the financial year ended 30 June 2021. The dividend may be subjected to change in accordance with the audit results of the external auditor and the resolution of the general meeting of shareholders.

INTERNAL CONTROL AUDIT REPORT

HT&P Partners
Certified Public Accountants

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The Board of Directors
PESTECH (Cambodia) Plc.
No. 6, Street 588, Phum, 11, Sangkat Boeng Kak II
Khan Tuol Kouk, Phnom Penh, Cambodia

Ref: HTP/HP/LUN

Date: 11 August 2021

PESTECH (CAMBODIA) PLC.
INTERNAL AUDIT REPORT FOR THE PERIOD FROM 1 JULY 2020 TO 30 JUNE 2021

We refer to above matter and enclose a copy of our internal audit report for your perusal. The internal audit report has already been discussed with the Management of PESTECH (Cambodia) Plc. ("the Company").

We have performed internal audit on the Procurement and Project Management process of the Company for the period from 1 July 2020 to 30 June 2021. We set out in the attached report certain matters which came to our attention during the course of our internal audit and which we feel should be formally drawn to your attention.

We have prepared this report solely for the use of the Audit Committee, the Management and your intended use for the purpose of engagement. Therefore, we believe that it would be inappropriate for this report to be made available to third parties, and if such a third party were to obtain a copy without our prior written consent, we would not accept any responsibility for any reliance that they might place on it.

We have incorporated the Management's responses to the various comments enclosed in the attached report for your attention.

Finally, we would like to acknowledge the assistance and co-operation extended to us by your staffs during the course of the internal audit.

Yours faithfully,

HT & P Partners
Certified Public Accountants

Phnom Penh, Cambodia

FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS AND AUDITED FINANCIAL STATEMENTS PESTECH (CAMBODIA) PLC AND ITS SUBSIDIARIES

30 JUNE 2021

CONTENTS

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits this report and the audited financial statements of PESTECH (Cambodia) Plc ("the Company") and the audited financial statements of the Company and its subsidiaries (together hereinafter referred to as "the Group") as at 30 June 2021 and for the year then ended.

The Company

PESTECH (Cambodia) Plc was incorporated on 5 February 2010 as a single member private company and is a 100% owned subsidiary of PESTECH International Berhad, a company incorporated and domiciled in Malaysia, and is listed on the main market of Bursa Malaysia Securities Berhad, with a registered and fully paid share capital totalling USD7,100,000, consisting of 71,000,000 shares, each with a par value of USD0.10 per share. The Company is registered with the Ministry of Commerce ("MOC") under company registration number 00000957.

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share. Upon the completion of listing, PESTECH International Berhad owned 94.74% shares of the Company. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the upcoming annual general meeting in November 2021.

The principal activity of the Company is engaged in the construction of electrical sub-stations and transmission lines.

PESTECH (Myanmar) Limited ("PML") was incorporated as a private limited company which is 100% owned by the Company under registration No. 1171FC/2016-2017 dated 24 March 2017 issued by the Government of the Republic of the Union of Myanmar, Ministry of Planning and Finance. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PML is the provision of comprehensive power system engineering, construction, design, installation and related services in power industry.

PESTECH Hinthar Corporation Limited ("PHC") was incorporated as a private limited company which is 60% owned by PML under Myanmar Companies Law 2017 on 24 June 2019. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PHC is to establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.

PESTECH Microgrid Company Limited ("PMG") was incorporated as a private limited company which is 90% owned by PHC under Myanmar Companies Law 2017 on 14 February 2020. The registered and issued share capital is USD10,000 comprising 10,000 ordinary shares.

The principal activity of PMG is the provision of microgrid system and other power infrastructure to rural areas in Myanmar.

The Company considers PHC and PMG as indirect subsidiaries.

The registered office of the Company is located at No. 6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia. The registered office of PML and PMG is located at Unit 01-05, Level 10, Junction City Office Tower, corner of 27 street and Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar and PHC is located at Thapyaynyo Street, No. 3E, Shinsawpu Ward, Sannchaung Township Yangon, Republic of the Union of Myanmar.

There have been no significant changes in the nature of the Company's and its subsidiaries' activities during the reporting year.

REPORT OF THE BOARD OF DIRECTORS

Results of operations

The results of the Group's and of the Company's operations for the year ended 30 June 2021 and the state of their affairs as at that date are set out in the financial statements.

The Board of Directors recommend a final dividend of USD0.0065 per share in respect of the current year for shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the year ending 30 June 2022.

Board of Directors

The members of the Board of Directors of the Group and the Company during the year and to the date of this report were as follows:

Name	Position	Date of appointment
Mr. Lim Pay Chuan	Executive Chairman	5 February 2010
Mr. Lim Ah Hock	Director	5 February 2010
Mr. Tan Pu Hooi	Director	27 June 2018
Mr. Han Fatt Juan	Executive Director/Chief Executive Officer	27 June 2018
Mr. Dav Ansan	Independent Non-Executive Director	29 August 2018

Auditors

The financial statements of the Group and of the Company as at 30 June 2021 for the year then ended have been audited by Grant Thornton (Cambodia) Limited.

Directors' benefits

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

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 the Group and the Company 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 the benefit as disclosed in note 27 to the financial statements.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the year then ended. When preparing these financial statements, the Board of Directors is required to:

(i) adopt appropriate accounting policies which are supported by reasonable and prudent judgements and estimates and then apply them consistently;

(ii) comply with the disclosure requirements of Cambodian International Financial Reporting Standards 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;

(iii) maintain adequate accounting records and an effective system of internal control;

(iv) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Group and the Company will continue their operations in the foreseeable future; and

(v) control and direct effectively the Group and the Company in all material decisions affecting their operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

REPORT OF THE BOARD OF DIRECTORS

Board of Directors' responsibility in respect of the financial statements (continued)
The Board of Directors is also responsible for safeguarding the assets of the Group and of the Company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Group and the Company have complied with the above requirements in preparing the financial statements.

Statement by the Board of Directors
In the opinion of the Board of Directors, the accompanying statements of financial position, profit or loss and other comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021, and of their financial performance and their cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standards.

On behalf of the Board of Directors

Lim Pay Chuan

Executive Chairman

Kuala Lumpur, Malaysia
23 September 2021

INDEPENDENT AUDITOR'S REPORT

Grant Thornton

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To the Shareholders of
PESTECH (Cambodia) Plc

Opinion

We have audited the financial statements of PESTECH (Cambodia) Plc ("the Company") and the consolidated financial statements of the Company and its subsidiaries (together hereinafter referred to as "the Group"), which comprise the statements of financial position as at 30 June 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Group and of the Company as at 30 June 2021, and their financial performance and their cash flows for the 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Company 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 financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Below is the key audit matter identified in our audit of the financial statements of the Group and of the Company:

Key audit matter	How our audit addressed the key audit matter
Revenue and cost recognition for construction contracts The revenue and cost recognition for construction contracts are recognised in accordance with the accounting policies and significant estimates, assumptions and judgement as detailed in notes 4.4 and 5 to the financial statements, respectively. We focus on this area as significant Management's judgement and estimates are involved in determining the followings: (i) transaction price for construction contracts which include significant financing component; (ii) relative fair values of the services delivered and allocation of the consideration received or receivable of each concession service; (iii) stage of completion using the output method which is based on the stage of completion of the development phase of the projects which is certified by professional engineers or consultants; (iv) extent of contract cost incurred to-date; (v) total construction contract cost and cost to completion; and (vi) provision for liquidated ascertained damages.	In addressing this area of focus, we have performed, amongst others, the following procedures: - perused terms and conditions stipulated in the contract with customers and subcontractors/suppliers to determine individually significant contract and assessed their relationship with revenue and costs recognised; - assessed total construction contract revenue by examining evidences such as construction contracts, approved variation orders and correspondences with customers and verified the progress billings. In instances where projects have been delayed, assessed the necessity and sufficiency of the provision for liquidated ascertained damages based on the Management's estimates and reviewed the supporting documentations such as cor respondences with customers or consultants, extension of time approvals and work progress reports indicating reasons for delays; - evaluated the appropriateness and the consistency of key assumptions used by the Management to determine the transaction price for construction contracts which include significant financing component, fair value of the services to be delivered and the basis of the allocation of the consideration received and/or receivable to each service; - evaluated the competence, capabilities and objectivity of independent engineering consultant or in-house engineers; - checked the stage of completion of construction contracts on a sample basis to internal progress reports certified by professional engineers or consultants; - assessed the basis used in determining the budgeted contract cost; - assessed actual costs incurred and accrued costs by examining evidences such as contractors' progress claims and suppliers' invoices issued during the financial year and/or subsequent to the financial year; - interviewed independent engineering consultant to understand the basis used in verifying the stage of completion; and - interviewed Management's project team on the achievability of the forecasted costs to completion of the individually significant projects.

INDEPENDENT AUDITOR'S REPORT

Key audit matter	How our audit addressed the key audit matter
Recoverability of trade receivables and contract assets CIFRS 9 introduces an expected credit loss ("ECL") impairment model, which requires the use of significant assumptions about future economic conditions and credit risk of the customers in the calculation of loss allowance. The Group and the Company have assessed the lifetime expected credit loss of trade receivables and contract assets amounts using the simplified approach. As disclosed in notes 10 and 12 to the financial statements, the Group and the Company have significant contract assets and trade receivables as at 30 June 2021 and these are subject to credit risk exposure. We focused on this area because Management's assessment of ECL requires significant judgement over the expected loss rates, forward looking information and probability-weighted estimates. The details of the accounting policies, significant estimates and assumptions and credit risk management used by the Group and the Company have been disclosed in notes 4.8, 5(a) and 31(a) to the financial statements, respectively.	In addressing this area of focus, we have performed, amongst others, the following procedures: - obtained an understanding on how the Group and the Company identify and assess ECL for trade receivables and contract assets; - reviewed the key data sources and assumptions for data used in the determination of default rate and the current and forward-looking adjustment factor; - considered the age of the debts as well as the trend of collections to assess collection risks; - obtained debtors confirmation and review collectability by way of obtaining evidence of receipts from the debtors on a sampling basis subsequent to year end.

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of audit assurance nor conclusion thereon.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Board of Directors and respond to that matter in accordance with the requirements of CISA 720 (revised).

Responsibilities of the Management for the financial statements

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

INDEPENDENT AUDITOR'S REPORT

In preparing the financial statements, the Management is responsible for assessing the Group's and the Company'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 Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the 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 the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Management 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 Management 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.

INDEPENDENT AUDITOR'S REPORT

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

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED
Certified Public Accountants
Registered Auditors

Ng Yee Zent

Partner – Audit and assurance

Phnom Penh, Kingdom of Cambodia
23 September 2021

GROUP'S STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2021 USD '000**	30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Assets					
Non-current					
Property, plant and equipment	7	**14,150**	15,404	**57,661**	63,049
Intangible assets		**3**	5	**12**	20
Contract assets	10	**122,167**	198,200	**497,831**	811,233
Non-current assets		**136,320**	213,609	**555,504**	874,302
Current					
Inventories	11	**3,508**	4,335	**14,295**	17,743
Contract assets	10	**122,851**	18,789	**500,618**	76,903
Trade and other receivables	12	**6,503**	3,667	**26,501**	15,009
Amounts due from related parties	26	**2**	2,332	**8**	9,545
Cash and bank balances	13	**17,167**	5,524	**69,956**	22,610
Current assets		**150,031**	34,647	**611,378**	141,810
Total assets		**286,351**	248,256	**1,166,882**	1,016,112

GROUP'S STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2021 USD '000**	30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Equity and liabilities					
Equity					
Share capital	14	**7,494**	7,100	**30,725**	28,869
Share premium	15	**2,541**	-	**10,422**	-
Reserves	16	**(4,269)**	(5,815)	**(17,435)**	(23,729)
Retained earnings		**17,190**	15,802	**70,040**	64,390
Currency translation difference		**--**	-	**(206)**	406
Total equity attributable to the owners of the Company		**22,956**	17,087	**93,546**	69,936
Non-controlling interests		**86**	5	**351**	21
Total equity		**23,042**	17,092	**93,897**	69,957
Liabilities					
Non-current					
Borrowings	18	**91,575**	100,077	**373,168**	409,615
Lease liabilities	8	**148**	23	**603**	94
Deferred tax liability	24	**777**	453	**3,166**	1,854
Derivative financial instruments	19	**4,321**	5,867	**17,608**	24,014
Non-current liabilities		**96,821**	106,420	**394,545**	435,577
Current					
Trade and other payables	17	**33,396**	10,859	**136,089**	44,446
Amount due to holding company	26	**27,054**	62,892	**110,245**	257,417
Amounts due to related parties	26	**90,668**	36,667	**369,472**	150,078
Borrowings	18	**13,544**	12,614	**55,192**	51,629
Lease liabilities	8	**14**	72	**58**	295
Income tax payable		**1,812**	1,640	**7,384**	6,713
Current liabilities		**166,488**	124,744	**678,440**	510,578
Total liabilities		**263,309**	231,164	**1,072,985**	946,155
Total equity and liabilities		**286,351**	248,256	**1,166,882**	1,016,112

COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2021 USD '000**	30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Assets					
Non-current					
Investment in a subsidiary	9	**50**	35	**204**	143
Property, plant and equipment	7	**14,150**	15,404	**57,661**	63,049
Intangible assets		**3**	5	**12**	20
Contract assets	10	**122,167**	198,200	**497,831**	811,233
Non-current assets		**136,370**	213,644	**555,708**	874,445
Current					
Inventories	11	**3,508**	4,335	**14,295**	17,743
Contract assets	10	**122,851**	18,789	**500,618**	76,903
Trade and other receivables	12	**6,497**	3,652	**26,475**	14,948
Amounts due from related parties	26	**2**	2,332	**8**	9,545
Amount due from a subsidiary	26	**79**	38	**322**	156
Cash and bank balances	13	**17,154**	5,500	**69,903**	22,512
Current assets		**150,091**	34,646	**611,621**	141,807
Total assets		**286,461**	248,290	**1,167,329**	1,016,252

COMPANY'S STATEMENT OF FINANCIAL POSITION

	Note	**30 June 2021 USD '000**	30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Equity and liabilities					
Equity					
Share capital	14	**7,494**	7,100	**30,725**	28,869
Share premium	15	**2,541**	-	**10,422**	-
Reserves	16	**(4,269)**	(5,815)	**(17,435)**	(23,729)
Retained earnings		**17,400**	15,841	**70,912**	64,566
Currency translation difference		**--**	-	**(223)**	391
Total equity		**23,166**	17,126	**94,401**	70,097
Liabilities					
Non-current					
Borrowings	18	**91,575**	100,077	**373,168**	409,615
Lease liabilities	8	**148**	23	**603**	94
Deferred tax liability	24	**777**	453	**3,166**	1,854
Derivative financial instruments	19	**4,321**	5,867	**17,608**	24,014
Non-current liabilities		**96,821**	106,420	**394,545**	435,577
Current					
Trade and other payables	17	**33,382**	10,859	**136,032**	44,446
Amount due to holding company	26	**27,054**	62,892	**110,245**	257,417
Amounts due to related parties	26	**90,668**	36,667	**369,472**	150,078
Borrowings	18	**13,544**	12,614	**55,192**	51,629
Lease liabilities	8	**14**	72	**58**	295
Income tax payable		**1,812**	1,640	**7,384**	6,713
Current liabilities		**166,474**	124,744	**678,383**	510,578
Total liabilities		**263,295**	231,164	**1,072,928**	946,155
Total equity and liabilities		**286,461**	248,290	**1,167,329**	1,016,252

GROUP'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**For the year ended**		**For the year ended**	
		30 June 2021 USD '000	30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Revenue	20	**67,214**	49,673	**273,628**	203,014
Operating expenses	21	**(59,596)**	(33,834)	**(242,615)**	(138,281)
Other gains/(losses)		**5**	(13)	**20**	(53)
Operating profit		**7,623**	15,826	**31,033**	64,680
Finance income		**1,098**	29	**4,470**	119
Finance cost	22	**(6,243)**	(6,612)	**(25,415)**	(27,023)
Profit before income tax		**2,478**	9,243	**10,088**	37,776
Income tax expense	23	**(1,009)**	(2,039)	**(4,108)**	(8,333)
Profit for the year		**1,469**	7,204	**5,980**	29,443
Profit for the year attributable to:					
Owners of the company		**1,388**	7,207	**5,650**	29,455
Non-controlling interests		**81**	(3)	**330**	(12)
		1,469	7,204	**5,980**	29,443

GROUP'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**30 June 2021 USD '000**	For the year ended 30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	For the year ended 30 June 2020 KHR 'mil (Note 4.2)
Profit for the year		**1,469**	7,204	**5,980**	29,443
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss					
Fair value gain/(loss) on cash flow hedges		**1,546**	(4,043)	**6,294**	(16,524)
Exchange translation difference		**-**	-	**(612)**	406
Total comprehensive income for the year		**3,015**	3,161	**11,662**	13,325
Total comprehensive income for the year attributable to:					
Owners of the Company		**2,853**	3,164	**11,002**	13,337
Non-controlling interests		**162**	(3)	**660**	(12)
		3,015	3,161	**11,662**	13,325

The earnings per share attributable to shareholderes of the Group during the year are as follows:

	Note	**30 June 2021 USD '000**	30 June 2020 USD '000	**30 June 2021 KHR 'mil**	30 June 2020 KHR 'mil
Basic earnings per share (cent/riel)	30	**1.86**	10.15	75.86	414.86
Diluted earnings per share (cent/riel)	30	**1.86**	10.15	75.86	414.86

COMPANY'S STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**For the year ended**		**For the year ended**	
		30 June 2021 USD '000	30 June 2020 USD '000	**30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Revenue	20	**67,214**	49,673	**273,628**	203,014
Operating expenses	21	**(59,517)**	(33,797)	**(242,294)**	(138,127)
Other gains/(losses)		**16**	(20)	**65**	(82)
Operating profit		**7,713**	15,856	**31,399**	64,805
Finance income		**1,098**	29	**4,470**	119
Finance cost	22	**(6,243)**	(6,612)	**(25,415)**	(27,023)
Profit before income tax		**2,568**	9,273	**10,454**	37,901
Income tax expense	23	**(1,009)**	(2,039)	**(4,108)**	(8,333)
Profit for the year		**1,559**	7,234	**6,346**	29,568
Other comprehensive (loss)/income - *Items that will be reclassified subsequently to profit or loss*					
Fair value gain/(loss) on cash flow hedges		**1,546**	(4,043)	**6,294**	(16,524)
Exchange translation difference		**-**	-	**(614)**	391
Total comprehensive income for the year		**3,105**	3,191	**12,026**	13,435

GROUP'S STATEMENT OF CHANGES IN EQUITY

		← Attributable to owners of the Company				→			
		← Non-distributable		→ Distributable					
		Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interests	Total equity	
	Note	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil
									(Note 4.2)
Balance at 1 July 2020		**7,100**	**-**	**(5,815)**	**15,802**	**17,087**	**5**	**17,092**	**69,957**
Shares issued	**14**	**394**	**2,541**	**-**	**-**	**2,935**	**-**	**2,935**	**12,278**
Profit for the year		**-**	**-**	**-**	**1,388**	**1,388**	**81**	**1,469**	**5,980**
Fair value gain on cash flow hedges		**-**	**-**	**1,546**	**-**	**1,546**	**-**	**1,546**	**6,294**
Currency translation difference		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(612)**
Balance at 30 June 2021		**7,494**	**2,541**	**(4,269)**	**17,190**	**22,956**	**86**	**23,042**	**93,897**
Balance at 1 July 2019		7,100	-	(1,772)	8,595	13,923	-	13,923	56,611
Profit for the year		-	-	-	7,207	7,207	(3)	7,204	29,443
Subscription of new shares by non-controlling interests in a subsidiary		-	-	-	-	-	8	8	33
Fair value loss on cash flow hedges		-	-	(4,043)	-	(4,043)	-	(4,043)	(16,524)
Currency translation difference		-	-	-	-	-	-	-	394
Balance at 30 June 2020		7,100	-	(5,815)	15,802	17,087	5	17,092	69,957

COMPANY'S STATEMENT OF CHANGES IN EQUITY

		Non-distributable			Distributable		
	Note	Share capital	Share premium	Reserves	Retained earnings	Total equity	
		USD'000	USD'000	USD'000	USD'000	USD'000	KHR'mil
							(Note 4.2)
Balance at 1 July 2020		**7,100**	**-**	**(5,815)**	**15,841**	**17,126**	**70,097**
Shares issued	**14**	**394**	**2,541**	**-**	**-**	**2,935**	**12,278**
Profit for the year		**-**	**-**	**-**	**1,559**	**1,559**	**6,346**
Fair value gain on cash flow hedges		**-**	**-**	**1,546**	**-**	**1,546**	**6,294**
Currency translation difference		**-**	**-**	**-**	**-**	**-**	**(614)**
Balance at 30 June 2021		**7,494**	**2,541**	**(4,269)**	**17,400**	**23,166**	**94,401**
Balance at 1 July 2019		7,100	-	(1,772)	8,607	13,935	56,662
Profit for the year		-	-	-	7,234	7,234	29,568
Fair value loss on cash flow hedges		-	-	(4,043)	-	(4,043)	(16,524)
Currency translation difference		-	-	-	-	-	391
Balance at 30 June 2020		7,100	-	(5,815)	15,841	17,126	70,097

GROUP'S STATEMENT OF CASH FLOWS

	Note	For the year ended **30 June 2021 USD '000**	30 June 2020 USD '000	For the year ended **30 June 2021 KHR 'mil (Note 4.2)**	30 June 2020 KHR 'mil (Note 4.2)
Operating activities					
Profit before income tax		**2,478**	9,243	**10,088**	37,776
Adjustments for:					
Depreciation	21	**1,059**	1,178	**4,311**	4,814
Amortisation	21	**3**	2	**12**	8
Gain on disposal of property, plant and equipment			(5)	**-**	(20)
Interest income		**(1,098)**	(29)	**(4,470)**	(119)
Interest expense	22	**6,243**	(6,612)	**25,415**	27,023
Unrealised foreign exchange (gain)/loss		**(10)**	10	**(41)**	41
Operating profit before working capital changes		**8,675**	17,011	**35,315**	69,523
Changes in working capital					
Changes in:					
Trade and other receivables		**(2,627)**	7,137	**(10,695)**	29,169
Contract assets		**(28,029)**	(37,888)	**(114,106)**	(154,848)
Inventories		**827**	(4,335)	**3,367**	(17,717)
Amount due to holding company		**(35,838)**	3,334	**(145,896)**	13,626
Amounts due from/to related parties		**56,341**	13,259	**229,364**	54,190
Trade and other payables		**22,503**	1,665	**91,610**	6,805
Cash generated from operations		**21,852**	183	**88,959**	748
Income tax paid		**(513)**	(874)	**(2,088)**	(3,572)
Net cash from/(used in) operating activities		**21,339**	(691)	**86,871**	(2,824)

GROUP'S STATEMENT OF CASH FLOWS

	Note	**For the year ended** **30 June 2021 USD '000**	For the year ended 30 June 2020 USD '000	**For the year ended** **30 June 2021 KHR 'mil (Note 4.2)**	For the year ended 30 June 2020 KHR 'mil (Note 4.2)
Investing activities					
Acquisitions of property, plant and equipment		**(202)**	(14,183)	**(822)**	(57,966)
Acquisitions of intangible assets		**(1)**	(4)	**(4)**	(16)
Proceeds from sale of property, plant and equipment		**-**	15	**-**	61
Interest received		**50**	29	**204**	119
Net cash used in investing activities		**(153)**	(14,143)	**(622)**	(57,802)
Financing activities					
Proceeds from borrowings	25	**7,997**	25,598	**32,556**	104,619
Repayment of borrowings	25	**(15,613)**	(12,290)	**(63,561)**	(50,229)
Issuance of additional share capital	14	**2,935**	-	**11,948**	-
Interest paid		**(6,209)**	(5,735)	**(25,277)**	(23,439)
Repayment of lease liabilities		**(124)**	(67)	**(505)**	(274)
Placement of fixed deposits		**(204)**	(487)	**(830)**	(1,990)
Deposit of cash in bank accounts pledge to borrowings		**(2,463)**	(2,753)	**(10,027)**	(11,252)
Net cash (used in)/from financing activities		**(13,681)**	4,266	**55,696**	17,435
Net change in cash and cash equivalents		**7,505**	(10,568)	**30,553**	(43,191)
Cash and cash equivalents, beginning of year		**(906)**	9,662	**(3,708)**	39,288
Currency translation difference		**-**	-	**47**	195
Cash and cash equivalents, end of year	13	**6,599**	(906)	**26,892**	(3,708)

COMPANY'S STATEMENT OF CASH FLOWS

	Note	For the year ended 30 June 2021 USD '000	30 June 2020 USD '000	For the year ended 30 June 2021 KHR 'mil (Note 4.2)	30 June 2020 KHR 'mil (Note 4.2)
Operating activities					
Profit before income tax		**2,568**	9,273	**10,454**	37,901
Adjustments for:					
Depreciation	21	**1,059**	1,178	**4,311**	4,814
Amortisation	21	**3**	2	**12**	8
Gain on disposal of property, plant and equipment			(5)	**-**	(20)
Interest income		**(1,098)**	(29)	**(4,470)**	(119)
Interest expense	22	**6,243**	(6,612)	**25,415**	27,023
Unrealised foreign exchange (gain)/loss		**(10)**	10	**(41)**	41
Operating profit before working capital changes		**8,765**	17,041	**35,681**	69,648
Changes in working capital					
Changes in:					
Trade and other receivables		**(2,636)**	7,152	**(10,731)**	29,230
Contract assets		**(28,029)**	(37,888)	**(114,106)**	(154,848)
Inventories		**827**	(4,335)	**3,367**	(17,717)
Amount due to holding company		**(35,838)**	3,334	**(145,896)**	13,626
Amounts due from/to related parties		**56,341**	13,251	**229,364**	54,157
Trade and other payables		**22,489**	1,667	**91,553**	6,813
Amount due from a subsidiary		**(41)**	(37)	**(167)**	(151)
Cash generated from operations		**21,878**	185	**89,065**	758
Income tax paid		**(513)**	(874)	**(2,088)**	(3,572)
Net cash from/(used in) operating activities		**21,365**	(689)	**86,977**	(2,814)

COMPANY'S STATEMENT OF CASH FLOWS

	Note	30 June 2021 USD'000	For the year ended 30 June 2020 USD'000	30 June 2021 KHR'mil (Note 4.2)	For the year ended 30 June 2020 KHR'mil (Note 4.2)
Investing activities					
Acquisitions of property, plant and equipment		**(202)**	(14,183)	**(822)**	(57,966)
Acquisitions of intangible assets		**(1)**	(4)	**(4)**	(16)
Proceeds from disposals of property, plant and equipment		**-**	15	**-**	61
Investment in a subsidiary		**(15)**	(10)	**(61)**	(41)
Interest received		**50**	29	**204**	119
Net cash used in investing activities		**(168)**	(14,153)	**(683)**	(57,843)
Financing activities					
Proceeds from borrowings	25	**7,997**	25,598	**32,556**	104,619
Repayment of borrowings	25	**(15,613)**	(12,290)	**(63,561)**	(50,229)
Issuance of additional share capital	14	**2,935**	-	**11,948**	-
Interest paid		**(6,209)**	(5,735)	**(25,277)**	(23,439)
Payment of lease liabilities		**(124)**	(67)	**(505)**	(274)
Placement of fixed depositis		**(204)**	(487)	**(830)**	(1,990)
Deposit of cash in bank accounts pledge to borrowings		**(2,463)**	(2,753)	**(10,027)**	(11,252)
Net cash (used in)/from financing activities		**(13,681)**	4,266	**(55,696)**	17,435
Net change in cash and cash equivalents		**7,516**	(10,576)	**30,598**	(43,222)
Cash and cash equivalents, beginning of year		**(930)**	9,646	**(3,806)**	39,288
Currency translation difference		**-**	-	**47**	128
Cash and cash equivalents, end of year	13	**6,586**	**(930)**	**26,839**	(3,806)

NOTES TO THE FINANCIAL STATEMENTS

1. General information

PESTECH (Cambodia) Plc ("the Company") was incorporated on 5 February 2010 as a single member private company and is a 100% owned subsidiary of PESTECH International Berhad, a company incorporated and domiciled in Malaysia, and is listed on the main market of Bursa Malaysia Securities Berhad, with a registered and fully paid share capital totaling USD7,100,000, consisting of 71,000,000 shares, each with a par value of USD0.10 per share. The Company is registered with the Ministry of Commerce ("MOC") under company registration number 00000957.

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share. Upon the completion of listing, PESTECH International Berhad owned 94.74% shares of the Company. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the upcoming annual general meeting in November 2021.

The principal activity of the Company is engaged in the construction of electrical sub-stations and transmission lines.

PESTECH (Myanmar) Limited ("PML") was incorporated as a private limited company which is 100% owned by the Company under registration No. 1171FC/2016-2017 dated 24 March 2017 issued by the Government of the Republic of the Union of Myanmar, Ministry of Planning and Finance. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PML is the provision of comprehensive power system engineering, construction, design, installation and related services in power industry.

PESTECH Hinthar Corporation Limited ("PHC") was incorporated as a private limited company which is 60% owned by PML under Myanmar Companies Law 2017 on 24 June 2019. The registered share capital is USD50,000 comprising 50,000 ordinary shares.

The principal activity of PHC is to establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.

PESTECH Microgrid Company Limited ("PMG") was incorporated as a private limited company which is 90% owned by PHC under Myanmar Companies Law 2017 on 14 February 2020. The registered and issued share capital is USD10,000 comprising 10,000 ordinary shares.

The principal activity of PMG is the provision of microgrid system and other power infrastructure to rural areas in Myanmar.

The Company considers PHC and PMG as indirect subsidiaries.

The registered office of the Company is located at No. 6, Street 588, Sangkat Boeung Kok II, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia. The registered office of PML and PMG is located at Unit 01-05, Level 10, Junction City Office Tower, corner of 27 street and Bogyoke Aung San Road, Pabedan Township, Yangon, Myanmar and PHC is located at Thapyaynyo Street, No. 3E, Shinsawpu Ward, Sannchaung Township Yangon, Republic of the Union of Myanmar, respectively.

There have been no significant changes in the nature of the Company's and its subsidiaries' activities during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

1. General information (continued)

COVID-19 outbreak

The novel coronavirus ("COVID-19"), declared as a pandemic, has spread into Cambodia since late January 2020. Since then, the country is facing sustained risk of further national spread causing disruption to business and economic activity.

On 14 April 2021, the Royal Government of Cambodia imposed a lockdown in Cambodia starting from 15 April to 28 April 2021, which was further extended until 5 May 2021, to curb the spread of COVID-19 outbreak in Cambodia. The COVID-19 pandemic and lockdown has caused disruptions to businesses and various macroeconomics globally and locally in Cambodia.

The Group and the Company has assessed the overall impact of this situation towards the Group's and the Company's operations, financial performance and cash flows, and concluded that there is no material adverse effect on the Group's and the Company's financial statements as at 30 June 2021 and for the year then ended. Management believes that the Group and the Company are well positioned to cope with a downturn in the economy.

Factors contributing to the Group's and the Company's strong position are:

- no cancellation of significant contracts. In addition, the Group and the Company have several long-term contracts with a number of the existing customers; and
- the Group's and the Company's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2021 is considered to be good.

As of the date of the issuance of the financial statements, the outbreak in Cambodia is still manageable as backed up by the continuing roll out of its national vaccination program and timely intervention by the government through the legislation of additional regulations to curb the spread of the virus in Cambodia.

The management is closely monitoring the evolution of this pandemic, including how it may affect the Group and the Company, the economy and the general population. The Group and the Company are ensuring that all staff adhere to the government's protocol in curbing the spread of COVID-19 such as wearing of mask, social distancing and regular disinfection.

2. Statement of compliance with Cambodian International Financial Reporting Standards ("CIFRSs")

The financial statements of the Group and the Company have been prepared in accordance with Cambodian International Financial Reporting Standards. CIFRSs are equivalent to full International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board because IFRSs are adopted by the National Accounting Council without modification as CIFRSs.

3. New or revised standards and interpretations

3.1 Standards, amendments and interpretations to existing standards that are effective as at 1 July 2020

The Group and the Company adopted all accounting standards and interpretations as at 30 June 2021. The new and revised accounting standards and interpretations assessed to be applicable to the Group's and the Company's financial statements follows:

- Definition of a Business (Amendments to CIFRS 3)
- Definition of Material (Amendments to CIAS 1 and CIAS 8)
- Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform (Amendments to CIFRS 9, CAS 39 and CIFRS 7)

The management has assessed that the adoption of these accounting standards has no material impact on the financial statements of the Group and the Company.

3. New or revised standards and interpretations (continued)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group and the Company

At the date of authorization of these financial statements, the following new and revised accounting standards that have been issued but are not yet effective and have not been adopted early by the Group and the Company:

- CIFRS 17 Insurance Contracts
- Interest Rate Benchmark Reform — Phase 2 (Amendments to CIFRS 9, CAS 39, CIFRS 7, and CIFRS 16)
- Reference to the Conceptual Framework (Amendments to CIFRS 3)
- Classification of Liabilities as Current or Non-current — Deferral of Effective Date (Amendment to CAS 1)
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to CAS 16)
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to CAS 37)
- Annual Improvements to CIFRS Standards 2018–2020
- Disclosure of Accounting Policies (Amendments to CAS 1 and CIFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to CAS 8)
- Covid-19-Related Rent Concessions (Amendment to CIFRS 16)

Management does not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Group and the Company in future periods.

4. Significant accounting policies

4.1 Basis of preparation

The financial statements of the Group and the Company, which are expressed in United States Dollars ("USD"), are prepared under the historical cost convention and drawn up in accordance with CIFRSs.

4.2 Functional and presentation currency

The national currency of Cambodia is Khmer Riel ("KHR"). However, as the Group and the Company transacts their business and maintain their accounting records primarily in United States Dollars ("USD"), the Board of Directors has determined the USD to be the Group's and the Company's currency for measurement and presentation purposes as it reflects the economic substance of the underlying events and circumstances of the Group and the Company.

Transactions in foreign currencies other than USD are translated to USD at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than USD at the reporting date are translated into USD at the rates of exchange ruling at that date. Exchange differences arising from translations are recognised in other comprehensive income.

The translations of USD amounts into KHR as presented in the financial statements are included solely to comply with the Law on Accounting and Auditing (April 2016) and have been made using the following prescribed official exchange rate, as presented in KHR per USD1, as announced by the National Bank of Cambodia (General Department of Taxation prior to 1 January 2020):

	30 June 2021	30 June 2020
Average rate*	**4,071**	4,087
Closing rate	**4,075**	4,093

* The average rate is calculated using the daily rates during the year

Such translated amounts are unaudited and should not be construed as representations that the USD amounts represent, or have been or could be, converted into KHR at that or any other rate of exchange. USD and KHR amounts are presented in the nearest thousands and millions, respectively, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (continued)

4.3 Basis of consolidation

The Group's financial statements consolidate those of the parent company and of its subsidiaries. The Company obtains and exercises control through ownership of more than half of the voting rights of its subsidiaries.

Unrealised gains and losses on transactions between Group companies are eliminated. When unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment. Amounts reported in financial statements of the subsidiaries has been adjusted, where necessary, to ensure consistency with the accounting policies adopted by the Group.

Profit or loss of the subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition or up to the effective date of disposal as applicable.

4.4 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied i.e., when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as value-added taxes or goods and services taxes.

If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company has an enforceable right to payment for performance completed to date.

Revenue for performance obligation that is not satisfied over time is recognised at a point in time.

The Group and the Company recognise revenue from construction over time if it creates an asset with no alternative use and the Group and the Company has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

4. Significant accounting policies (continued)

4.4 Revenue recognition (continued)

The progress towards complete satisfaction of the performance obligation is measured based on the Group's and the Company's efforts or inputs to the satisfaction of the performance obligation (e.g. by reference to the survey of work performed, i.e. the stage of completion).

Revenue from construction and operation contracts is recognised on the percentage of completion method which is assessed through a combination of an expert evaluation, and through consideration of contract costs incurred compared to the total estimated costs provided there are no significant uncertainties with respect to the ultimate receipt of the proceeds and the associated costs can be reasonably determined.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of construction costs incurred that is probable will be recovered, and the construction costs shall be recognised as expenses in the period in which they are incurred.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the profit or loss irrespective of whether construction has commenced or not, or of the stage of completion of construction activity, or of the amounts of profits expected to arise on other unrelated contracts.

The excess of revenue recognised in the profit or loss over the billings to contract customers is recognised as contract assets.

The excess of billings to contract customers over revenue recognised in the profit or loss is recognised as contract liabilities.

Other revenue earned by the Group and the Company represent interest income which is recognised on a time proportion basis.

Construction contract and service rendered

Revenue from engineering services rendered and sale of materials are recognised in the profit or loss when the service is performed and when the Group and the Company have transferred the control of materials to the buyer, respectively.

To determine whether to recognise revenue, the Group and the Company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Notional income on unwinding of discounting

Notional income on unwinding of discounting of construction receivable is accrued on a time proportion basis taking into consideration the outstanding receivables and the effective applicable discount rate.

The amount is derived from the difference of the present value of future revenue and the revenue recognised over the construction period.

4.5 Operating expenses

Operating expenses are recognised in the profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (continued)

4.6 Property, plant and equipment

All items of property, plant and equipment are initially stated at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the management. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and to the Company, and the cost of the item can be measured reliably. All repairs and maintenance costs are charged to the profit or loss during the financial year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation

Depreciation is calculated using the straight-line method at the following annual rates:

	Rate
Equipment	4% - 10%
Motor vehicles	20%
Computers	30%
Furniture and fittings	20%

The residual values, useful life and depreciation method are reviewed at each financial year to ensure that the amount, method and years of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the profit or loss in the year which the asset is disposed of. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the disposed assets. Gains and losses are included in the profit or loss.

4.7 Impairment testing of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. All assets subject to depreciation or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's and the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect their respective risk profiles as assessed by management.

Impairment losses for cash-generating units reduce first the carrying amount of any intangible assets allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment charge would be reversed if the cash-generating unit's recoverable amount exceeded its carrying amount.

4. Significant accounting policies (continued)

4.8 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expired, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with CIFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs, where applicable.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost;
- fair value through profit or loss (FVTPL); or,
- fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- the Group's and the Company's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented in statement of profit or loss and other comprehensive income.

At the reporting date, the Group and the Company only carry financial assets measured at amortised cost on their statements of financial position.

Financial assets – subsequent measurement

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's and the Company's trade and certain other receivables, amounts due from related parties, amounts due from a subsidiary and cash and cash equivalents fall into this category of financial instruments.

Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expired or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (continued)

4.8 Financial instruments (continued)

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received together with any cumulative gain or loss that has been recognised in equity is recognised in the profit or loss.

Financial assets - impairment

The Group and the Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1'); and,
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

<u>Trade receivables and contract assets</u>

The Group and the Company applies a simplified approach in accounting for trade receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group and the Company use their historical experience, external indicators and forward-looking information to calculate the expected credit losses using external benchmarking approach.

The Group and the Company assess impairment of trade receivables and contract assets on a collective basis as the customers shared similar credit characteristics. A detailed analysis of how the impairment requirements of CIFRS 9 are applied is in note 31 to the financial statements.

Financial liabilities – classification and measurement

The Group's and the Company's financial liabilities comprise trade and other payables, amount due to holding company, amounts due to related parties, borrowings, and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group and the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance income or finance costs.

4. Significant accounting policies (continued)

4.8 Financial instruments (continued)

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting year.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Company designate certain derivatives as either:

(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(iii) Hedges of a net investment in a foreign operation (net investment hedge).

At inception of the hedge relationship, the Group and the Company document the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transactions.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 28 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity of the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit of loss, together with any changes in the fair value of hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the profit of loss within ‘finance costs’. The gain or loss relating to the ineffective portion is recognised in the profit or loss within ‘other gains/(losses) - net’. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the profit or loss within ‘finance cost’.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used and is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within ‘other gains/(losses) - net’. Where the Group and the Company exclude the foreign currency basis spread the designation of derivatives used as hedging instruments, the change in the foreign currency basis spread of the hedging instrument is recognised in other comprehensive income and accumulated in costs of hedging reserve within equity. The Group and the Company designate the cost of hedging application in relation to foreign currency basis spread on a hedge by hedge basis.

Amounts accumulated in equity (including the cost of hedging reserve) are reclassified to profit or loss in the period when the hedged cash flows affects the profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within ‘finance cost’. The gain or loss relating to the ineffective portion is recognised in the profit or loss within ‘other gains/(losses) - net’.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (continued)

4.8 Financial instruments (continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged cash flows affect profit or loss.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within ‘ other gains/(losses) - net’.

Gains and losses accumulated in equity are included in the profit or loss when the foreign operation is partially disposed or disposed.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in ‘other gains/(losses) - net’.

4.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of acquiring construction materials including cost incurred in bringing each item to their present location and condition are accounted using the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost to sell or the current replacement cost of the asset.

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash in banks, as well as other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts.

4.11 Equity, reserves and retained earnings

Share capital represents the nominal value of shares that have been issued. Retained earnings include all current year’s profit and prior years’ retained profits.

Capital contribution reserve represents the fair value of the shares granted under the share grant plan. It is a share-based compensation plan granted by the holding company, PESTECH International Berhad to the employees of the Company. The fair value of shares granted is measured at the fair value of grant date and is recognised as an employee benefit expense with corresponding increase in equity.

Reserve represents the changes in fair value of interest rate swaps contracts that are designated as hedges are included as hedging reserve in equity and continuously released to other comprehensive income/loss until the repayment of the borrowings or maturing of the contracts, whichever is earlier. For the contracts that are not designated as hedges, the changes in fair value are recognised in the profit or loss.

4.12 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group or the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Group or the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted, legal disputes or onerous contracts.

4. Significant accounting policies (continued)

4.12 Provisions, contingent liabilities and contingent assets (continued)

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those case where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

Possible inflows of economic benefits to the Group or the Company that do not yet meet the recognition criteria of an asset are considered as contingent assets.

4.13 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

The Group has one reportable segment, namely engineering, procurement, construction and commissioning. The chief operating decision maker reviews the internal management report, which reports the performance of the segment as a whole, to assess performance of the reportable segment.

4.14 Income taxes

Tax expense recognised in the profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, or on the initial recognition of an asset or liability unless the related transaction affects tax or accounting profit.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided those rates are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be able to be utilised against future taxable income. This is assessed based on the Group's and the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (continued)

4.14 Income taxes (continued)

Deferred tax assets and liabilities are offset only when the Group and the Company have a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in the profit or loss, except where they relate to items that are recognised in other profit or loss (such as revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other profit or loss or equity, respectively.

4.15 Leases

The Group and the Company as a lessee

The Group and the Company make use of leasing arrangements principally for the provision of the office space. The rental contract for office is typically negotiated for terms of from three to five years. The Group and the Company do not enter into sale and leaseback arrangements. All the lease is negotiated on an individual basis and contain a wide variety of different terms and conditions such as restriction from assigning and subleasing the leased asset and must deliver regularly the rental payment in accordance with the contract and provide a good care on the existing equipment.

The Group and the Company assess whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability on the statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group and the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group and the Company depreciate the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group and the Company also assess the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group and the Company measure the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group and the Company's incremental borrowing rate.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

Right-of-use asset and lease liability have been individually disclosed on the statements of financial position.

The Group and the Company have elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as expenses in the statements of comprehensive income on a straight-line basis over the lease term.

4. Significant accounting policies (continued)

4.16 Related parties

A related party is a person or entity that is related to the Group and the Company. A related party transaction is a transfer of resources, services or obligations between the Group and the Company and its related party, regardless of whether a price is charged.

a. A person or a close member of that person's family is related to the Group and the Company if that person:
   - i. Has control or joint control over the Group and the Company;
   - ii. Has significant influence over the Group and the Company; or
   - iii. Is a member of the key management personnel of the ultimate holding company of the Group and the Company, or the Group and the Company.

b. An entity is related to the Group and the Company if any of the following conditions applies:
   - i. The Group and the Company are members of the same group.
   - ii. One entity is an associate or joint venture of the other entity.
   - iii. Both entities are joint ventures of the same third party.
   - iv. On entity is a joint venture of a third entity and the other entity is an associate of the third entity.
   - v. The entity is a post-employment benefit plan for the benefits of employees of the Group and the Company.
   - vi. The entity is controlled or jointly-controlled by a person identified in a. above.
   - vii. A person identified in a.i. above has significant influence over the entity or is a member of the key management personnel of the ultimate holding company or the entity.
   - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group and the Company.

5. Significant accounting estimates, assumptions and judgements

The Group and the Company make estimates, assumptions and judgements concerning future transactions which may not equal actual results. The accounting estimates, assumptions and judgements which may cause significant impact on the current recognition and measurement of assets, liabilities, income and expenses are summarised below:

a. Significant accounting estimates and assumptions

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Useful life of depreciable assets

The Group and the Company review the estimate of the useful life of depreciable assets at each reporting date, based on the expected utility of the assets.

Construction contract – contract revenues

Recognised amounts of construction contract revenues and related receivables reflect management's best estimate of each contract's outcome and stage of completion. This includes the assessment of the profitability of on-going construction contracts and the older backlog. For more complex contracts in particular, costs to complete and contract profitability are subject to significant estimation uncertainty.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

NOTES TO THE FINANCIAL STATEMENTS

5. Significant accounting estimates, assumptions and judgements (continued)

a. Significant accounting estimates and assumptions (continued)

Leases – estimating the incremental borrowing rate

The Group and the Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group and the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group and the Company estimate the IBR using average borrowing rates in Cambodia.

Income tax expense

The Group and the Company recognise liabilities for expected tax expenses based on an estimate of whether the taxes are due through management's current interpretation of the various tax legislations which are subject to period changes. The final determination of tax expenses will be made following examination by the General Department of Taxation.

When the final tax outcome of these matters is different from the amount that were initially recognised, such differences will impact the tax provision in the financial year in which such determination is made.

b. Significant accounting judgements

Recognition of construction contract revenues

Recognising construction contract requires significant judgement in determining milestones, actual work performed and the estimated costs to complete the work.

6. Going concern

The Group's and the Company's financial statements have been prepared on a going concern basis, the validity of which depends on the continuing support from holding company, PESTECH International Berhad, a company in corporated and domiciled in Malaysia. The holding company has pledged to provide the necessary financial support for the Group and the Company to meet their liabilities as and when they fall due.

Management strongly believes that it is appropriate to prepare the financial statements of the Group and the Company on a going concern basis given the financial support forthcoming from holding company. The financial statements do not include any adjustments relating to the recoverability and classification of the recorded asset amounts, or to amounts and classification of liabilities that may be necessary should the going concern basis for the preparation of the financial statements of the Group and the Company are not appropriate.

NOTES TO THE FINANCIAL STATEMENTS

7. Property, plant and equipment

Group and Company	Equipment USD'000	Motor vehicles USD'000	Computers USD'000	Furniture and fittings USD'000	Right-of-use assets USD'000	Signage USD'000	Renovation USD'000	Total USD'000	Total KHR'mil (Note 4.2)
Cost									
At 1 July 2020	17,292	559	26	31	162	-	-	18,070	73,961
Additions	71	-	6	47	205	19	59	407	1,657
Transfer	(588)	-	-	-	-	-	-	(588)	(2,394)
Reversal	-	-	-	-	(61)	-	-	(61)	(248)
Currency translation difference	-	-	-	-	-	-	-	-	(327)
Balance at 30 June 2021	16,775	559	32	78	306	19	59	17,828	72,649
Accumulated depreciation									
At 1 July 2020	(2,199)	(348)	(21)	(28)	(70)	-	-	(2,666)	(10,912)
Depreciation	(865)	(88)	(4)	(3)	(98)	(1)	-	(1,059)	(4,311)
Reversal	-	-	-	-	47	-	-	47	191
Currency translation difference	-	-	-	-	-	-	-	-	44
Balance 30 June 2021	(3,064)	(436)	(25)	(31)	(121)	(1)	-	(3,678)	(14,988)
Carrying amount at 30 June 2021	13,711	123	7	47	185	18	59	14,150	57,661

NOTES TO THE FINANCIAL STATEMENTS

7. Property, plant and equipment (continued)

	Equipment USD'000	Motor vehicles USD'000	Computers USD'000	Furniture and fittings USD'000	Right-of-use assets USD'000	Signage USD'000	Renovation USD'000	Total USD'000	Total KHR'mil (Note 4.2)
Cost									
At 1 July 2019, as restated	3,187	525	24	31	162	-	-	3,929	15,977
Additions	14,105	76	2	-	-	-	-	14,183	57,966
Disposals	-	(42)	-	-	-	-	-	(42)	(172)
Currency translation difference	-	-	-	-	-	--	--	-	190
Balance at 30 June 2020	17,292	559	26	31	162	-	-	18,070	73,961
Accumulated depreciation									
At 1 July 2019	(1,211)	(268)	(16)	(25)	-	-	-	(1,520)	(6,179)
Depreciation	(988)	(112)	(5)	(3)	(70)	-	-	(1,178)	(4,814)
Disposals	-	32	-	-	-	-	-	32	131
Currency translation difference	-	-	-	-	-	-	-	-	(50)
Balance 30 June 2020	(2,199)	(348)	(21)	(28)	(70)	-	-	(2,666)	(10,912)
Carrying amount at 30 June 2020	15,093	211	5	3	92	-	-	15,404	63,049

8. Lease liabilities

Group and Company as a lessee

The Group and the Company have lease contracts for the properties that are used as their office space and staff accommodation for a period of three to five years.

Lease liabilities are presented in the statements of financial position as follows:

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Current	**14**	72	**58**	295
Non-current	**148**	23	**603**	94
	162	95	**661**	389

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group and Company			
	2021 USD'000	2020 USD'000	**2021 KHR'mil (Note 4.2)**	2020 KHR'mil (Note 4.2)
At 1 July	**95**	162	**389**	660
Addition	**205**	-	**835**	-
Accretion of interest	**15**	9	**61**	37
Reversal	**(14)**	-	**(57)**	-
Payments	**(139)**	(76)	**(566)**	(311)
Currency translation difference	**-**	-	**(1)**	3
At 30 June	**162**	**95**	**661**	**389**

The weighted average incremental borrowing rate applied to lease liabilities recognised under CIFRS 16 was 7.2% per annum.

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use assets recognised on the statement of financial position:

Right-of-use assets	No. of right-of-use assets	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with termination options
House	5	1 to 2 years	1.5 years	1	5
Office building	1	4.2 years	4.2 years	1	1

NOTES TO THE FINANCIAL STATEMENTS

8. Lease liabilities (continued)

The details of future minimum lease payments are summarized below:

	Minimum lease payments due				
	Within one year	**From one to three years**	**From three to five years**	**Total USD'000**	**Total KHR'mil (Note 4.2)**
30 June 2021					
Lease payments	**15**	**25**	**157**	**197**	**804**
Finance charges	**(1)**	**(22)**	**(12)**	**(35)**	**(143)**
Net present value	**14**	**3**	**145**	**162**	**661**
30 June 2020					
Lease payments	76	24	-	100	408
Finance charges	(4)	(1)	-	(5)	(19)
Net present value	72	23	-	95	389

9. Investment in a subsidiary

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
At cost – unquoted shares				
Balance brought forward	**35**	25	**143**	102
Additions	**15**	10	**61**	41
	50	35	**204**	143

9. Investment in a subsidiary (continued)

Details of the subsidiaries are as follows:

Name	Country of incorporation and operation	Effective interest % 30 June 2021	Effective interest % 30 June 2020	Principal activities
PESTECH (Myanmar) Limited ("PML")	Myanmar	**100.00%**	99.99%	Provision of comprehensive power system engineering, construction, design, installation and related services in power industry.
Subsidiary of PML PESTECH Hinthar Corporation Limited ("PHC")	Myanmar	**60.00%**	60.00%	Establish the infrastructure of power sector and promote the power segments such as power generation, power transmission, power distribution, microgrid system and other power infrastructure to the rural areas in Myanmar.
Subsidiary of PHC PESTECH Microgrid Company Limited	Myanmar	**54.00%**	53.99%	Provision of microgrid system and other power infrastructure to rural areas in Myanmar

On 14 February 2020, PESTECH Hinthar Corporation Limited incorporated a 90%-owned subsidiary, PESTECH Microgrid Company Limited, under Myanmar Companies Law 2017 as a private limited company.

NOTES TO THE FINANCIAL STATEMENTS

10. Contract assets

	Group and Company			
	2021 USD'000	2020 USD'000	**2021 KHR'mil (Note 4.2)**	2020 KHR'mil (Note 4.2)
Contract assets				
Balance at 1 July	**216,989**	179,101	**888,136**	728,223
Revenue recognized	**67,214**	49,349	**273,628**	201,689
Receipts entitled	**(40,233)**	(11,461)	**(163,789)**	(46,841)
Finance income recognized	**1,048**	-	**4,271**	-
Currency translation difference	**-**	-	**(3,797)**	5,065
Balance at 30 June	**245,018**	216,989	**998,449**	888,136
Presented as:				
Current	**122,851**	18,789	**500,618**	76,903
Non-current	**122,167**	198,200	**497,831**	811,233
	245,018	216,989	**998,449**	888,136

Contract assets represent the Group's and the Company's right to consideration for work completed on construction contracts but not yet billed at the reporting date. The amount will be billed according to the billing schedule as stipulated in the construction contracts.

11. Inventories

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Construction materials	**3,508**	4,335	**14,295**	17,743

12 Trade and other receivables

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Trade receivables	**2,950**	1,391	**12,021**	5,693
Deposits	**241**	38	**984**	156
Staff advances	**30**	23	**122**	94
Financial assets	**3,221**	1,452	**13,127**	5,943
Value-added tax	**1,136**	1,301	**4,629**	5,325
Prepayments	**2,146**	914	**8,745**	3,741
Non-financial assets	**3,282**	2,215	**13,374**	9,066
	6,503	3,667	**26,501**	15,009

NOTES TO THE FINANCIAL STATEMENTS

12 Trade and other receivables (continued)

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Trade receivables	**2,950**	1,391	**12,021**	5,693
Deposits	**235**	21	**958**	86
Staff advances	**30**	25	**122**	103
Financial assets	**3,215**	1,437	**13,101**	5,882
Value-added tax	**1,136**	1,301	**4,629**	5,325
Prepayments	**2,146**	914	**8,745**	3,741
Non-financial assets	**3,282**	2,215	**13,374**	9,066
	6,497	3,652	**26,475**	14,948

13. Cash and bank balances

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Cash in banks (a)	**15,753**	4,319	**64,194**	17,678
Deposits with a licensed bank (b)	**1,404**	1,200	**5,721**	4,912
Cash on hand	**10**	5	**41**	20
	17,167	5,524	**69,956**	22,610

13. Cash and bank balances (continued)

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Cash in banks (a)	**15,741**	4,295	**64,145**	17,579
Deposits with a licensed bank (b)	**1,404**	1,200	**5,721**	4,912
Cash on hand	**9**	5	**37**	21
	17,154	5,500	**69,903**	22,512

(a) Two of the bank accounts have been pledged to syndicated financing facilities as disclosed in note 18(c.5).

(b) Deposits with a licensed bank of the Group have been pledged as security for bank overdrafts and term loan as disclosed in note 18(a.2). The deposits earn interest of 4.25% per annum.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following:

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Cash and bank balances (as above)	**17,167**	5,524	**69,956**	22,610
Bank overdrafts (note 18)	**(2,521)**	(2,477)	**(10,273)**	(10,138)
Fixed deposit pledged to borrowings	**(1,404)**	(1,200)	**(5,721)**	(4,912)
Cash in banks pledged to borrowings	**(6,643)**	(2,753)	**(27,070)**	(11,268)
Cash and cash equivalents per statement of cash flows	**6,599**	(906)	**26,892**	(3,708)

NOTES TO THE FINANCIAL STATEMENTS

13. Cash and bank balances (continued)

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Cash and cash equivalents (as above)	**17,154**	5,500	**69,903**	22,512
Bank overdrafts (note 18)	**(2,521)**	(2,477)	**(10,273)**	(10,138)
Fixed deposit pledged to borrowings	**(1,404)**	(1,200)	**(5,721)**	(4,912)
Cash in banks pledged to borrowings	**(6,643)**	(2,753)	**(27,070)**	(11,268)
Cash and cash equivalents per statement of cash flows	**6,586**	(930)	**26,839**	(3,806)

14. Share capital

	Group and Company					
	Number of shares		Amount			
	30 June 2021	30 June 2020	**30 June 2021 USD'000**	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Shares issued and fully paid:						
-Beginning of the year	**71,000,000**	71,000,000	**7,100**	7,100	**28,869**	28,869
-Shares issued	**3,945,000**	-	**394**	-	**1,856**	
	74,945,000	71,000,000	**7,494**	7,100	**30,725**	28,869

On 12 August 2020, the Company was successfully listed on the Cambodia Securities Exchange ("CSX"). The number of new issued shares are 3,945,000 shares with a par value of KHR400 or USD0.10 per share, at an offering price of KHR3,120 or USD0.76 per share. As at the date of the report, the Memorandum and Articles of Association of the Company is yet to be updated and it is expected to be updated upon approval of shareholders in the upcoming annual general meeting in November 2021.

NOTES TO THE FINANCIAL STATEMENTS

15. Share premium

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

16. Reserves

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Capital contribution reserve	**52**	52	**212**	213
Cash flow hedge reserve	**(4,321)**	(5,867)	**(17,608)**	(24,014)
Currency translation difference	**-**	-	**(39)**	72
	(4,269)	(5,815)	**(17,435)**	(23,729)

Capital contribution reserve represents the fair value of equity–settled share options granted to employees of the Company by its holding company in October 2017. The reserve is made up of the cumulative value of services received from employees recorded over the vesting year commencing from the grant date of equity-settled share options and is reduced upon the expiry of the share options or payments made to the holding company.

17. Trade and other payables

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Provision for project cost	**31,615**	8,070	**128,831**	33,031
Trade payables	**892**	1,855	**3,635**	7,592
Accruals	**730**	724	**2,975**	2,963
Other payables	**34**	147	**139**	602
Financial liabilities	**33,271**	10,796	**135,580**	44,188
Taxes payable	**125**	63	**509**	258
Non-financial liabilities	**125**	63	**509**	258
	33,396	10,859	**136,089**	44,446

NOTES TO THE FINANCIAL STATEMENTS

17. Trade and other payables (continued)

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Provision for project cost	**31,615**	8,070	**128,831**	33,031
Trade payables	**892**	1,855	**3,635**	7,592
Accruals	**721**	724	**2,938**	2,963
Other payables	**29**	147	**119**	602
Financial liabilities	**33,257**	10,796	**135,523**	44,188
Taxes payable	**125**	63	**509**	258
Non-financial liabilities	**125**	63	**509**	258
	33,382	10,859	**136,032**	44,446

18. Borrowings

	Group and Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Current				
Secured:				
Bank overdrafts	**2,521**	2,477	**10,273**	10,138
Revolving credit	**2,523**	1,632	**10,281**	6,680
Term loans	**8,500**	8,505	**34,638**	34,811
Total current	**13,544**	12,614	**55,192**	51,629
Non-current				
Secured:				
Term loans	**91,575**	100,077	**373,168**	409,615
Total non-current	**91,575**	100,077	**373,168**	409,615
	105,119	112,691	**428,360**	461,244

18. Borrowings (continued)

The effective interest rates of the borrowings are as follows:

	Group and Company	
	30 June 2021	30 June 2020
	%	%
Bank overdrafts (a)	**7.5 to 8.5**	7.5 to 8.5
Revolving credit (b)	**7.2**	7.2
Term loans (c)	**4.1 to 7.5**	4.7 to 8.0

The above facilities are secured by the following:

Bank overdrafts
a.1 Granting facilities to the Company under letter of offer dated 17 October 2017.
a.2 Deposits with a licensed bank of the Company as disclosed in note 13 which have been pledged as securities for overdraft.

Revolving credit
b.1 Corporate guarantee from holding company, PESTECH International Berhad.

Term loans
c.1 Assignment of rights and benefits of the Power Transmission Agreement dated 15 March 2017, entered into between the Company and customer;
c.2 Corporate guarantee from holding company, PESTECH International Berhad;
c.3 Insurance covering the projects;
c.4 Granting certain direct rights to the Company of the Direct Agreement dated 17 February 2015, entered into between the Company and customer; and,
c.5 Pledge of bank accounts.

19. Derivative financial instruments

	Group and Company					
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020	**30 June 2021**	30 June 2020
	Notional value		**Fair value liabilities**			
	USD'000	USD'000	**USD'000**	USD'000	**KHR'mil (Note 4.2)**	KHR'mil (Note 4.2)
Interest rate swaps	**47,250**	50,000	**4,321**	5,867	**17,608**	24,014

NOTES TO THE FINANCIAL STATEMENTS

19. Derivative financial instruments (continued)

On 25 October 2018 and 27 December 2018, the Group entered into interest rate swaps contracts ("IRS") to hedge the Group's exposure to interest rate risks on its borrowings. The IRS entitles the Group to receive interest at floating rates on notional amounts and obliges the Group to pay interest at fixed interest rates on the same notional amounts, thus allowing the Group to raise borrowings at floating rates and swap into fixed rates.

The changes in fair value of these IRS that are designated as hedges are included as hedging reserve in equity and continuously released to other comprehensive income until the repayment of the borrowings or maturity of the IRS, whichever is earlier. For the IRS that are not designated as hedges, the changes in fair value are recognised in profit or loss.

20. Revenue

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Construction contract and service rendered	**67,214**	49,673	**273,628**	203,014

20.1 Disaggregated revenue information

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Timing of revenue recognition:				
Over time	**67,214**	49,673	**273,628**	203,014

21. Operating expenses

	Group			
		For the year ended		For the year ended
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Direct costs				
Raw materials and consumables	**52,611**	23,681	**214,179**	96,784
Production overheads	**2,538**	3,845	**10,332**	15,715
	55,149	27,526	**224,511**	112,499
Employee benefits				
Salaries, wages, bonuses and other emoluments	**1,295**	3,539	**5,272**	14,464
Directors' remuneration	**394**	353	**1,604**	1,443
Amortisation				
Intangible assets	**3**	2	**12**	8
Depreciation				
Property, plant and equipment	**961**	1,108	**3,912**	4,528
Right-of-use assets	**98**	70	**399**	286
	1,059	1,178	**4,311**	4,814
General expenses				
Withholding tax	**732**	681	**2,980**	2,785
Management fees	**565**	260	**2,300**	1,063
Professional fees	**151**	61	**615**	249
Bank charges	**69**	36	**281**	147
Other expenses	**179**	198	**729**	809
	1,696	1,236	**6,905**	5,053
	59,596	33,834	**242,615**	138,281

NOTES TO THE FINANCIAL STATEMENTS

21. Operating expenses (continued)

	Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Direct costs				
Raw materials and consumables	**52,611**	23,681	**214,179**	96,784
Production overheads	**2,538**	3,841	**10,332**	15,698
	55,149	27,522	**224,511**	112,482
Employee benefits				
Salaries and other benefits	**1,273**	3,518	**5,183**	14,378
Directors' remuneration	**394**	353	**1,604**	1,443
Amortisation				
Intangible assets	**3**	2	**12**	8
Depreciation				
Property, plant and equipment	**961**	1,108	**3,912**	4,528
Right-of-use assets	**98**	70	**399**	286
	1,059	1,178	**4,311**	4,814
General expenses				
Withholding tax	**732**	681	**2,981**	2,783
Management fees	**565**	260	**2,300**	1,063
Professional fees	**147**	59	**598**	241
Bank charges	**68**	35	**277**	143
Other expenses	**127**	189	**517**	772
	1,639	1,224	**6,673**	5,002
	59,517	33,797	**242,294**	138,127

NOTES TO THE FINANCIAL STATEMENTS

22. Finance cost

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Interest expense for:				
Term loans	**5,493**	6,148	**22,362**	25,127
Bank overdrafts	**187**	223	**761**	911
Revolving credit	**135**	153	**550**	625
Charged by intercompany	**413**	79	**1,681**	323
Lease liabilities	**15**	9	**61**	37
	6,243	6,612	**25,415**	27,023

23. Income tax expense

Cambodia

In accordance with Cambodian tax laws, the Company has the obligation to pay tax on income ("ToI") at the rate of 20% of taxable income.

Besides the ToI, taxpayers in Cambodia are subject to a separate minimum tax. The minimum tax is an annual tax with a liability equal to 1% of annual turnover inclusive of all taxes except value-added tax, and is due irrespective of the taxpayer's profit or loss position. The Company pays the higher of ToI or minimum tax.

The Company's tax returns are subject to examination by the tax authorities. Because the application of tax laws and regulations for many types of transactions is susceptible to varying interpretations, the amounts reported in the financial statements could change at a later date upon final determination by the tax authorities.

Myanmar

In accordance with the Income Tax Law of the Republic of the Union of Myanmar, the direct and indirect subsidiaries have the obligation to pay corporate income tax at the rate of 25% of taxable income. The subsidiaries are not subject to corporate income tax for the years ended 30 June 2020 and 2021 as they have not yet started their commercial operations.

Income tax expense for the years ended 30 June 2021 and 2020 consists of:

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Current tax	**685**	1,586	**2,789**	6,482
Deferred tax	**324**	453	**1,319**	1,851
Estimated income tax expense	**1,009**	2,039	**4,108**	8,333

NOTES TO THE FINANCIAL STATEMENTS

23. Income tax expense (continued)

23.1 Reconciliation between profit before income tax and taxable income

A reconciliation between accounting profit before income tax and taxable income for the years ended 30 June 2021 and 30 June 2020 follows:

	Group			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Accounting profit before tax	**2,478**	9,243	**10,088**	37,776
Add:				
Non-deductible expenses	**947**	(1,313)	**3,855**	(5,366)
Taxable profit	**3,425**	7,930	**13,943**	32,410
Income tax expense at the applicable tax of rate 20% (A)	**685**	1,586	**2,789**	6,482
Minimum tax (B)	**672**	496	**2,736**	2,030
Estimated income tax expense (higher of A or B)	**685**	1,586	**2,789**	6,482

23. Income tax expense (continued)

23.1 Reconciliation between profit before income tax and taxable income (continued)

	Company			
		For the year ended		For the year ended
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Accounting profit before tax	**2,568**	9,273	**10,454**	37,901
Add:				
Non-deductible expenses	**857**	(1,343)	**3,489**	(5,489)
Taxable profit	**3,425**	7,930	**13,943**	32,412
Income tax expense at the applicable tax of rate 20% (A)	**685**	1,586	**2,789**	6,482
Minimum tax (B)	**672**	496	**2,736**	2,030
Estimated income tax expense (higher of A or B)	**685**	1,586	**2,789**	6,482

23.1 Reconciliation between profit before income tax and taxable income (continued)

The taxation system in Cambodia is relatively new and is characterised by numerous taxes and frequently changing legislation, which is often unclear and subject to interpretation. Often times, different interpretations exist among numerous taxation authorities and jurisdictions. Taxes are subject to reviews and investigations by a number of authorities that are enabled by law to impose severe fines, penalties and interest changes.

These facts may create tax risks in Cambodia, substantially greater than in other countries. Management believes that tax liabilities have been adequately provided for based on its interpretation of tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

24. Deferred tax liability

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Property, plant and equipment				
Beginning balance	**453**	-	**1,854**	-
Recognised in profit or loss	**324**	453	**1,319**	1,851
Translation difference	**-**	-	**(7)**	3
Ending balance	**777**	453	**3,166**	1,854

25. Reconciliation of liabilities arising from financing activities

The changes in the Group's and the Company's liabilities arising from financing activities can be classified as follows:

	1 July 2020	Non-cash flow		Cash flows		**30 June 2021**	
		Additions	Reversal	Proceeds	Repay-ments		
	USD'000	USD'000	USD'000	USD'000	USD'000	**USD'000**	**KHR'mil (Note 4.2)**
Term loans	108,582	-	-	-	(8,507)	**100,075**	**407,806**
Revolving credit	1,632	-	-	7,997	(7,106)	**2,523**	**10,281**
Lease liabilities	95	220	(14)	-	(139)	**162**	**661**
	110,309	220	(14)	7,997	(15,752)	**102,760**	**418,748**

NOTES TO THE FINANCIAL STATEMENTS

25. Reconciliation of liabilities arising from financing activities (continued)

	1 July 2019	Non-cash flow		Cash flows		**30 June 2020**	
		Additions	Reversal	Proceeds	Repay-ments		
	USD'000	USD'000	USD'000	USD'000	USD'000	**USD'000**	**KHR'mil (Note 4.2)**
Term loans	95,407	-	-	13,926	(751)	**108,582**	**444,426**
Revolving credit	1,499	-	-	11,672	(11,539)	**1,632**	**6,680**
Lease liabilities	162	9	-	-	(76)	**95**	**389**
	97,068	9	-	25,598	(12,366)	**110,309**	**451,495**

NOTES TO THE FINANCIAL STATEMENTS

26. Related party balances and transactions

The following balances are outstanding with related parties:

Related party	Relationship	30 June 2021 USD'000	30 June 2020 USD'000	30 June 2021 KHR'mil	30 June 2020 KHR'mil
Group and Company				(Note 4.2)	(Note 4.2)
Amounts due from related parties					
Diamond Power Limited	Fellow subsidiary	**2**	32	**8**	131
PESTECH Power Sdn Bhd	Fellow subsidiary	**-**	2,300	**-**	9,414
		2	2,332	**8**	9,545
Amounts due to related parties					
PESTECH Sdn Bhd	Fellow subsidiary	**16,308**	4,729	**66,455**	19,356
Enersol Co., Ltd	Fellow subsidiary	**34,828**	27,991	**141,924**	114,567
PESTECH Energy Sdn Bhd	Fellow subsidiary	**-**	862	**-**	3,528
ODM Power Line Co Ltd	Fellow subsidiary	**27,006**	-	**110,049**	-
PESTECH Transmission Sdn Bhd	Fellow subsidiary	**3,500**	3,085	**14,263**	12,627
Green Sustainable Ventures Cambodia Co., Ltd	Fellow subsidiary	**9,026**	-	**36,781**	-
		90,668	36,667	**369,472**	150,078
Amount due to holding company					
PESTECH International Berhad	Holding company	**27,054**	62,892	**110,245**	257,417
Company					
Amount due from a subsidiary					
PESTECH (Myanmar) Limited	Subsidiary	**79**	38	**322**	156

The amounts due from/to related parties are unsecured, interest free and repayable on demand, except for certain amounts due to PESTECH International Berhad and PESTECH Sdn Bhd which bear interest at the rate of 4.5% and 5% per annum, respectively.

26. Related party balances and transactions (continued)

During the year, the following transactions with related parties are recorded:

Group and Company

Related Party	Relationship	Transactions	**For the year ended** **30 June 2021 USD'000**	For the year ended 30 June 2020 USD'000	For the year ended **30 June 2021 KHR'mil (Note 4.2)**	For the year ended 30 June 2020 KHR'mil (Note 4.2)
Diamond Power Limited	Fellow subsidiary	Operation and maintenance service	**1,289**	1,245	**5,248**	5,090
PESTECH Sdn Bhd	Fellow subsidiary	Contract cost	**20,193**	7,255	**82,206**	29,651
		Interest charges	**42**	34	**171**	139
Enersol Co., Ltd	Fellow subsidiary	Contract cost (reversed)/incurred	**(83)**	12,635	**(338)**	51,639
PESTECH Transmission Sdn Bhd	Fellow subsidiary	Contract cost	**726**	2,645	**2,956**	10,810
		Project management fee	**142**	-	**578**	-
ODM Power Line Co Ltd	Fellow subsidiary	Progress billing	**10,000**	-	**40,710**	-
PESTECH International Berhad	Holding company	Management fee	**565**	260	**2,300**	1,063
		Interest charges	**371**	44	**1,510**	180
Green Sustainable Ventures Cambodia Co., Ltd	Fellow subsidiary	Progress billing	**2,592**	-	**10,552**	-

NOTES TO THE FINANCIAL STATEMENTS

27. Transactions with key management personnel

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly. Key management includes the directors of the Group and the Company.

	Group and Company			
	For the year ended		For the year ended	
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Salaries and bonus	**394**	353	**1,604**	1,443

28. Fair value of financial instruments

The table below shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. The carrying amounts of cash and bank balances, amounts due to/from related parties, amount due from a subsidiary, amount due to holding company, trade and other receivables, trade and other payables, and borrowings are reasonable approximation of their fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting year.

The different levels in the fair value hierarchy are as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (Level 2).
- Inputs for the asset or liability that are not based on observable market data (Level 3).

	Group and Company			
	30 June 2021		30 June 2020	
Financial liabilities	**Carrying amount USD'000**	**Level 2 USD'000**	Carrying amount USD'000	Level 2 USD'000
Derivative financial instruments	**4,321**	**4,321**	5,867	5,867

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates.

If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

NOTES TO THE FINANCIAL STATEMENTS

29. Categories of financial instruments

The table below provides an analysis of financial instruments in each category:

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil**	30 June 2020 KHR'mil
Financial assets			**(Note 4.2)**	(Note 4.2)
At amortised cost				
Cash and bank balances	**17,167**	5,524	**69,956**	22,610
Trade and other receivables	**3,221**	1,452	**13,127**	5,943
Amounts due from related parties	**2**	2,332	**8**	9,545
	20,390	9,308	**83,091**	38,098

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil**	30 June 2020 KHR'mil
Financial assets			**(Note 4.2)**	(Note 4.2)
At amortised cost				
Cash and bank balances	**17,154**	5,500	**69,903**	22,512
Trade and other receivables	**3,215**	1,437	**13,101**	5,882
Amounts due from a subsidiary	**79**	38	**322**	156
Amounts due from related parties	**2**	2,332	**8**	9,545
	20,450	9,307	**83,334**	38,095

NOTES TO THE FINANCIAL STATEMENTS

29. Categories of financial instruments (continued)

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil**	30 June 2020 KHR'mil
Financial liabilities			**(Note 4.2)**	(Note 4.2)
At amortised cost				
Trade and other payables	**33,271**	10,796	**135,580**	44,188
Amount due to holding company	**27,054**	62,892	**110,245**	257,417
Amounts due to related parties	**90,668**	36,667	**369,472**	150,078
Borrowings	**105,119**	112,691	**428,360**	461,244
Derivatives used for hedging				
Derivative financial instruments	**4,321**	5,867	**17,608**	24,014
	260,433	228,913	**1,061,265**	936,941

	Company			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil**	30 June 2020 KHR'mil
Financial liabilities			**(Note 4.2)**	(Note 4.2)
At amortised cost				
Trade and other payables	**33,257**	10,796	**135,523**	44,188
Amount due to holding company	**27,054**	62,892	**110,245**	257,417
Amounts due to related parties	**90,668**	36,667	**369,472**	150,078
Borrowings	**105,119**	112,691	**428,360**	461,244
Derivatives used for hedging				
Derivative financial instruments	**4,321**	5,867	**17,608**	24,014
	260,419	228,913	**1,061,208**	936,941

30. Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders of the Group by the weighted average numbers of ordinary shares in issue during the respective year as shown below:

	Group			
	30 June 2021 USD'000	30 June 2020 USD'000	**30 June 2021 KHR'mil (Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Profit attributable to the owners of the Company	**1,388**	7,207	**5,650**	29,455
Weighted average number of shares	**74,480,247**	71,000,000	**74,480,247**	71,000,000
Basic earnings per share (cent/riel)	**1.86**	10.15	**75.86**	414.86
Diluted earnings per share (cent/riel)	**1.86**	10.15	**75.86**	414.86

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.

The Group had no dilutive potential ordinary shares as at each of the year end. As such, the diluted earnings per share were equivalent to the basic earnings per share.

31. Risk management objectives and policies

Financial risk

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The financial risk management policy is established to ensure that adequate resources are available for the development of the Group's and the Company's business whilst managing its credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and their policies in respect of the major areas of treasury activities are set out below:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Group's and the Company's policy to enter into financial instruments with creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of their financial assets or other financial instruments.

The concentration of credit risk exists when changes in economic, industry and geographical factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group's and the Company's transactions are entered into with creditworthy counterparties, thereby mitigating any significant concentration of credit risk.

The areas where the Group and the Company are exposed to credit risk are as follows:

NOTES TO THE FINANCIAL STATEMENTS

31. Risk management objectives and policies (continued)

Financial risk (continued)

(a) Credit risk (continued)

Receivables and contract assets

The net carrying amount of receivables is considered a reasonable approximation of fair value.

In measuring the expected credit losses, trade and other receivables and contract assets have been assessed individually by benchmarking the risk characteristics of customers to external rating as published by international credit rating agency, and the corresponding default rates are being used to compute ECL.

The customers have been rated as "AAA" as the Company did not incur any losses from this customer in the past hence a 0% default rate is used. As such, the ECL is nil as at 30 June 2021.

Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable local banks.

Financial instruments used in hedging activities

The Group and the Company are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

(b) Liquidity risk

Liquidity of funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments.

Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The liquidity risks arise principally from their borrowings, trade and certain other payables and payables to related parties.

Analysis of financial instruments by contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date:

NOTES TO THE FINANCIAL STATEMENTS

31. Risk management objectives and policies (continued)

Financial risk (continued)

(b) Liquidity risk (continued)

Group

30 June 2021	**On demand or within 1 year**	**1 to 5 years**	**More than 5 years**	**Total contractual cash flows**	
	USD'000	**USD'000**	**USD'000**	**USD'000**	**KHR'mil**
					(Note 4.2)
Trade and other payables	**33,271**	**-**	**-**	**33,271**	**135,580**
Amount due to holding company	**27,054**	**-**	**-**	**27,054**	**110,245**
Amounts due to related parties	**90,668**	**-**	**-**	**90,668**	**369,472**
Lease liabilities	**14**	**148**	**--**	**162**	**661**
Borrowings	**18,507**	**101,595**	**-**	**120,102**	**489,416**
	169,514	**101,743**	**-**	**271,257**	**1,105,374**

30 June 2020	On demand or within 1 year	1 to 5 years	More than 5 years	Total contractual cash flows	
	USD'000	USD'000	USD'000	USD'000	KHR'mil
					(Note 4.2)
Trade and other payables	10,796	-	-	10,796	44,188
Amount due to holding company	62,892	-	-	62,892	257,417
Amounts due to related parties	36,667	-	-	36,667	150,078
Lease liabilities	72	23	-	95	389
Borrowings	19,135	94,403	27,099	140,637	575,627
	129,562	94,426	27,099	251,087	1,027,699

NOTES TO THE FINANCIAL STATEMENTS

31. Risk management objectives and policies (continued)

Financial risk (continued)

(b) Liquidity risk (continued)

Company

30 June 2021	**On demand or within 1 year**	**1 to 5 years**	**More than 5 years**	**Total contractual cash flows**	
	USD'000	**USD'000**	**USD'000**	**USD'000**	**KHR'mil**
					(Note 4.2)
Trade and other payables	**33,257**	**-**	**-**	**33,257**	**135,523**
Amount due to holding company	**27,054**	**-**	**-**	**27,054**	**110,245**
Amounts due to related parties	**90,668**	**-**	**-**	**90,668**	**369,472**
Lease liabilities	**14**	**148**	**--**	**162**	**661**
Borrowings	**18,507**	**101,595**	**-**	**120,102**	**489,416**
	169,500	**101,743**	**-**	**271,243**	**1,105,317**

30 June 2020	On demand or within 1 year	1 to 5 years	More than 5 years	Total contractual cash flows	
	USD'000	USD'000	USD'000	USD'000	KHR'mil
					(Note 4.2)
Trade and other payables	10,796	-	-	10,796	44,188
Amount due to holding company	62,892	-	-	62,892	257,417
Amounts due to related parties	36,667	-	-	36,667	150,078
Lease liabilities	72	23	-	95	389
Borrowings	19,135	94,403	27,099	140,637	575,627
	129,562	94,426	27,099	251,087	1,027,699

31. Risk management objectives and policies (continued)

Financial risk (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

Interest rate sensitivity analysis

The Group and the Company are exposed to changes in market interest rates through bank loans at variable interest rates. Below is the Group's and the Company's interest rate profile of the significant interest-bearing financial instruments, based on carrying amounts as at the reporting date:

	Group and Company			
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020
	USD'000	USD'000	**KHR'mi**	KHR'mil
			(Note 4.2)	(Note 4.2)
Floating rate instrument				
Financial liabilities				
Borrowings	**57,869**	62,691	**235,816**	256,594
Net financial liabilities	**57,869**	62,691	**235,816**	256,594

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rates of +/- 0.25%. These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group and Company profit for the year			
		+0.25%		**-0.25%**
	USD'000	**KHR'mil**	**USD'000**	**KHR'mil**
		(Note 4.2)		**(Note 4.2)**
For the year ended 30 June 2021	**(145)**	**(591)**	**145**	**591**
For the year ended 30 June 2020	(157)	(642)	157	642

31. Risk management objectives and policies (continued)

Financial risk (continued)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The foreign currency exchange risk of the Group arises from the transactions denominated in foreign currency, Ringgit Malaysia ("RM"). During the year, the Group's and the Company's exposure to risk normally from changes in foreign currency exchange rates is minimal as most of its transactions are transacted in USD.

NOTES TO THE FINANCIAL STATEMENTS

31. Risk management objectives and policies (continued)

Financial risk (continued)

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the year was:

Denominated in RM	**30 June 2021** **USD'000**	30 June 2020 USD'000	**30 June 2021** **KHR'mil** **(Note 4.2)**	30 June 2020 KHR'mil (Note 4.2)
Amounts due to related parties	-	41	-	168

Foreign currency sensitivity analysis:

The following table demonstrates the sensitivity of the Group's and of the Company's profit for the year to as +/- 5% change in the RM at the reporting year against the respective functional currency of the Group and of the Company, with all variables held constant:

	Group and Company			
		For the year ended		For the year ended
	30 June 2021	30 June 2020	**30 June 2021**	30 June 2020
	USD'000	USD'000	**KHR'mil**	KHR'mil
			(Note 4.2)	(Note 4.2)
RM/USD				
Strengthened	-	(2)	-	(8)
Weakened	-	2	-	8

32. Commitments

The Company has committed to purchase a 10-year political risk insurance for the construction of the 230kV Stung Tatay Hydro Power Plant-Phnom Penh Transmission System Project for a total amount of USD4,968,600 to secure the borrowing facility as disclosed in note 18c.3. As at 30 June 2021, the amount yet to be paid amounted to USD2,761,733 (30 June 2020: USD4,216,762).

In addition, the Company has committed to purchase a 7-year political risk insurance for the construction of the 230kV and 500kV double circuit transmission line from Phnom Penh to Sihanouk Ville for a total amount of USD3,222,125 to secure the borrowing facility as disclosed in note 18c.3. As at 30 June 2021, the amount yet to be paid amounted to USD2,320,005 (30 June 2020: Nil).

33. Contingencies

In 2011, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax and value-added tax amounting to USD546,971 (KHR2,222,344,011) pertaining to the year from 1 May 2011 to 31 July 2011.

In 2015, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax and value-added tax amounting to USD490,912 (KHR1,994,575,785) pertaining to the year from 10 January 2013 to 16 October 2013.

In 2017, the GDT issued a Notice of Tax Reassessment to the Company to claim a purportedly undeclared prepayment profit tax, value-added tax and 14% withholding tax on services amounting to USD267,956 (KHR1,088,704,839) for year 2010 comprehensive tax audit.

33. Contingencies (continued)

In response, the Company has filed protest letters to the GDT to contest these misinterpreted reassessments. Management considers these reassessment letters to be of no basis and unjustified and the probability that they will be required to settle the reassessed taxes to be remote. In addition, since the Company was successfully listed in the Cambodia Securities Exchange, the Company will receive tax incentives which includes the right to waive the reassessed taxes mentioned above in accordance with the Sub-decree on Tax Incentives in Securities Sector. On 26 August 2021, the Company has obtained a letter No. 14331 issued by the GDT to waive any tax liability during the period from 2010 to 2017.

34. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains an adequate capital ratio in order to support its business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividends payable to shareholder, return capital to shareholder or issue new capital. No changes were made in the objectives, policies or processes for the years ended 30 June 2021 and 2020.

35. Events after reporting period

Except for the ongoing impact of Covid-19 to the Company as disclosed in note 1 to the financial statements, no other significant events occurred after the end of the reporting period and the date of authorization of these financial statements, which would require adjustments or disclosures to be made in the financial statements.

36. Authorisation of the financial statements

The Group and the Company's financial statements as at 30 June 2021 and for the year then ended were approved for issue by the Board of Directors on 23 September 2021.

INFORMATION ON RELATED PARTY TRANSACTIONS & CONFLICT OF INTEREST

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

Company	Relationship	Transactions	For the year ended		For the year ended	
			30 June 2021	30 June 2020	30 June 2021	30 June 2020
			USD'000	USD'000	KHR'mil	KHR'mil
PESTECH International Berhad	Holding Company	Management Fee	565	260	2,300	1,063
PESTECH International Berhad	Holding Company	Interest Charge	371	44	1,510	180

B. Material Transactions with Director and Senior Officer

There were no material transactions with Director and Senior Officer in the last two (2) years.

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

There were no transactions with Director and Shareholder to buy/sell asset and service in the last two (2) years.

D. Material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares

There were no material transactions with immediate family members of the director, Senior Officer and Shareholder who hold at least 5% or more shares in the last two (2) years.

E. Material transactions with the person, who associated with director of the listed entity. its Subsidiary or Holding company, whose relationship occured in any transactions or have been made by the listed entity.

There were no material transaction with the person, who associated with director of the listed entity, its Subsidiary or Holding Company, whose relationship has occured in any transactions or have been made by the listed entity.

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

There were no material transactions with former director or person involved with former director.

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

There were no material transactions with director who is holding any position in a non-profit organization or in any other company other than the listed entity.

H. Material transactions with directors who get benefit either finance or non-financial from the listed entity.

There were no material transactions with directors who get benefit either finance or non-financial from the listed entity.

MANAGEMENT'S DISCUSSION & ANALYSIS

A. Overview of operations

1. Revenue analysis

   The revenue for the financial year 2021 recorded at KHR 273,628 million representing an increase of KHR 70,614 million or 34.8% as compared to the financial year 2020 recorded at KHR 203,014 million. The increase was mainly derived from execution of electrical infrastructure projects in Cambodia and Papua New Guinea.

2. Revenue by segment analysis

   The undertaking of engineering, procurement, construction and commissioning ("EPCC") contract for electrical transmission and substation is the main contributor to the revenue for the years amounting to KHR 260,845 million (FY2020 : KHR 193,845 million), which comprised about 95.3% (FY2020 : 95.5%) of the total revenue.

   Supplemented to our EPCC services, our operation and maintenance services ("O&M") comprised KHR 12,783 million or 4.7% of the total revenue (FY2020 : KHR 9,169 million or 4.5%). The increase in revenue recognised under O&M as compared to FY2020 was mainly due to commencement of operation of Sihanoukville project in March 2020.

3. Gross profit margin analysis

   Gross profit in the financial year 2021 was recorded at 16.3% as compared to 38.0% in the financial year 2020, representing a decrease of 21.7%. Higher gross profit margin in financial year 2020 was attributable to completion of two major projects. The gross proft margin for current period is within our expectation.

4. Profit before tax analysis

   Profit before tax **("PBT"**) for the financial year recorded at KHR 10,088 million, representing a decease of KHR 27,688 million as compared to the PBT for the financial year 2020 at KHR 37,776 million. Higher PBT in financial year 2020 was due to higher profit margin attributable to completion of two major projects.

5. Profit after tax analysis

   Profit after Tax **("PAT")** recorded at KHR 5,980 million, representing a decrease of KHR 23,463 million as compared to the PAT for the financial year 2020 at KHR 29,443 million. Higher PAT in financial year 2020 was due to higher profit margin attributable to completion of two major projects.

B. Significant factors affecting profit

The significant factors affecting our profit are mainly contributed by the cycle of the ongoing project during the year under review. This includes the various stages of the project, such as design, planning, civil construction, delivery, installation and commissioning phases. With the ongoing of various projects at the same times, these effects maybe mitigated through different phases of each projects that average our gross profit margin.

On 14 April 2021, the Royal Government of Cambodia imposed a lockdown in Cambodia starting from 15 April to 28 April 2021, which was further extended until 5 May 2021, to curb the spread of COVID-19 outbreak in Cambodia. The lockdown has not significantly impacted to the Group during FY2021 as there is no cancellation of contracts and we did not experience collection issues with the major customers of the Group.

The cost of equipment or raw materials incurred in the execution of our projects are subject to price fluctations, the percentage of the raw materials and consumables for the year under review will affect the profitability of the company. In the year under review, the percentage of raw materials and consumables to revenue is 78.3% compared to 47.7% in financial year 2020. However, the equipment and raw materials associated to each job sourced and budgeted during the proposal stage were costed for each project accordingly. The fluctuations of raw material prices are generally passed on the componenet manufacturers, wherever possible.

MANAGEMENT'S DISCUSSION & ANALYSIS

Any delay in the delivery of major third party equipment from overseas may delay our project execution and incur extra cost to the project that was not budgeted.

C. Material changes in sales and revenue

The revenue for the financial year 2021 recorded at KHR 273,628 million representing an increase of KHR 70,614 million or 34.8% as compared to the financial year 2020 recorded at KHR 203,014 million. The increase was mainly derived from execution of electrical infrastructure projects in Cambodia and Papua New Guinea.

D. Impact of foreign exchange, interest rates and commodity prices

Our revenue and purchases are mainly denominated in USD. As such, we have not been materially affected by the fluctuations of the foreign exchange during the financial year. The exposure on foreign exchange is mainly due to reporting purpose.

For interest rate risk, PCL is exposed to the changes through floating rate instrument, i.e. borrowings at variable rates.

There was no material impact due to fluctuations of commodity prices.

E. Impact of inflation

Our overheads are subject to the impact of inflation, which is about 10% of our revenue. However, the inflation in Cambodia of 4% (as of June 2021), only posed about 0.42% impact to our profit. All other operating costs are fixed price for the whole duration of the contract. Other than the aforesaid, there was no other material impact due to inflation.

F. Economic / fiscal / monetary policy of Royal Government

There was no material change in the economic, fiscal, monetary policy of Royal Government of factors that have materially impacted to the financial result during the year.

OTHER NECESSARY INFORMATION FOR INVESTORS PROTECTION (IF ANY)

Our Executive Director, Mr. Charles Tan is tasked to oversee the corporate development activities for PCL, which involve investor relations. He has been constantly engaged with analysts, fund managers and other stakeholders to promote the corporate growth potential of PCL as well as periodically updating them with the latest developments of 'the Company.'

PCL's corporate website at www.pestech.com.kh serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Company's activities, financial results, major strategic development and other matters affecting stakeholders' interests.

SIGNATURE OF DIRECTOR OF THE LISTED ENTITY

Date: 23 September 2021
Read and Approved by:

Signature
Name : Paul Lim Pay Chuan
Position : Executive Chairman

Date: 23 September 2021
Read and Approved by:

Signature
Name : Lim Ah Hock
Position : Executive Director

Date: 23 September 2021
Read and Approved by:

Signature
Name : Han Fatt Juan
Position : Executive Director and Chief Executive Officer

Date: 23 September 2021
Read and Approved by:

Signature
Name :Charles Tan Pu Hooi
Position : Executive Director

Date: 23 September 2021
Read and Approved by:

Signature
Name : Dav Ansan
Position : Independent Non-Executive Director

ANNUAL CORPORATE GOVERNANCE REPORT

PART 1 - SHAREHOLDERS

A. Shareholders Structure

Shareholder Information (based on Shareholders' list as at 20 September 2021)

Description	Nationality	Types of Shareholders	Number of Shareholders	Number of Shares	Percentage
Less than 5%	Cambodian	Individual	888	889,185	1.19%
		Legal Person	0	0	0
	Non-Cambodian	Individual	106	3,055,815	4.07%
		Legal Person	1	0	0
From 5% to 30%	Cambodian	Individual	0	0	0
		Legal Person	0	0	0
	Non-Cambodian	Individual	0	0	0
		Legal Person	0	0	0
From 30%	Cambodian	Individual	0	0	0
		Legal Person	0	0	0
	Non-Cambodian	Individual	0	0	0
		Legal Person	1	71,000,000	94.74%
				74,945,000	100.00%

1. Shareholders Who Are Directors and Employees of Listed Company (based on Shareholders' list as at 20 September 2021)

Shareholders	Number of Shareholders	Number of Shares	Percentage (%)
Directors	5	185,298	0.5
Employees	61	92,834	0.12
Total	66	278,13	0.37

B. Shareholders' and Protection of Shareholders' Rights

The protection of shareholders and minority shareholders' rights and the Company's Practice of the Protection of Shareholders' Rights are as follows:-

a) Each ordinary share shall be entitled to one (1) vote and the manner of voting is to be carried out by way of polling.

b) Upon dissolution of the Company, each ordinary share shall confer with the rights to receive distribution of assets and monies of the Company, in accordance with the proportion of shareholdings.

c) A holder of each share shall be entitled to:
- vote and voice opinion at any meeting of the shareholder of the Company;
- receive any dividend declared by the Company;
- receive the remaining property of the Company on dissolution;
- examine the list of shareholders during usual business hours at the registered office of the Company, at the place where its central securities register is maintained or at the general shareholder meeting which the list was prepared; and
- may examine the annual financial statements during the normal business hours of the Company and may make extracts free of charge in accordance with Article 225 of the Law on Corporate Enterprise.

There were no requests from any shareholder for information of the Company or any complaints received from any shareholder of the Company for the financial year ended 30 June 2021.

ANNUAL CORPORATE GOVERNANCE REPORT

C. General Shareholder Meeting

1. Procedures of General Shareholder Meeting and Voting

a) Any Shareholder may appoint a proxy to vote for and on his behalf, provided the power given to the proxy is in writing. The instrument appointing a proxy shall be dated and signed by the Shareholder and shall contain the following particulars:

(i) The number of shares held by the Shareholder;
(ii) The full name and address of the proxy; and
(iii) The meeting or meetings or the period for which the proxy is appointed.

b) If a proxy proposes to vote at a meeting, the instrument of appointment of the proxy must be deposited with the Chairman of the Board of Directors at or before the commencement of that meeting.

c) At any meeting of the shareholders, a majority of all the shares entitled to vote on a matter, represented by shareholders of record in person or by proxy, shall constitute a quorum of that voting group for action on that matter. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the meeting and for any adjournment to a new date, time, or place unless a new record date is or must be set for the adjourned meeting.

d) If a quorum exists, action on a matter is approved by a voting group if the votes cast within the voting group favoring the action exceed the votes cast within the voting group opposing the action, unless the question is one upon which by express provisions laws, or of the Articles of Incorporation a different vote is required.

e) In casting votes at a general meeting, each Shareholder shall have one (1) vote for each share held. Only Shareholders duly registered and having paid all sums due and payable to the Company in respect of their shares, shall be entitled to vote on any question either personally or by proxy at any general meeting.

f) Decisions of the Shareholder are binding on the Company only if made by a Shareholder's resolution. All resolutions of the Shareholder shall require the affirmative votes of at least a majority of voting shares held by Shareholder and Proxies present at the meeting in the case of Ordinary Resolution, and in the case of Special Resolution, a resolution passed by a majority of not less than 2/3 (two-thirds) of the votes cast by the Shareholder who voted on the particular Special Resolution. No Shareholder's resolution shall be binding on the Company unless approved in this manner.

2. Information of General Shareholder Meeting

The 2020 General Shareholder Meeting was held on 25 November 2020, with majority of the shareholders present, had approved the following resolutions:-

a. Receipt of the Annual Business Performance for the financial year ended 30 June 2020

b. Approved on the remuneration of the Board of Directors

c. Approved on the re-appointment of Messrs. Grant Thornton (Cambodia) limited as Auditors of the Company

d. Approved on the amendments to the Company's Articles of Incorporation by deleting the old Article 29 in its entirety and replace with the new Article 29.

D. Dividend Distribution

Dividend Policy

PCL intends to recommend and distribute a minimum dividend of thirty percent (30.0%) of its Profit After Tax, subject to financial performance, cash flow requirements, availability of retained earnings, capital expenditure requirements and any other factors considered relevant by our Board.

The Group may consider making payment of such dividend in the form of cash, shares in the Company for reinvestment opportunities or the combination of the above. When there is an option, the shareholders shall have the rights to elect for cash, shares or the combination of both, subject to compliance with the law and regulatory requirements in Cambodia.

Historical Information of Dividend Distribution for the last 3 years.

There was no dividend distribution for the last three (3) years since PCL was only listed on 12 August 2020.

On 17 August 2021, the Board had determined the dividend of USD0.0065 per share in respect of the financial year ended 30 June 2021. The dividend may be subjected to change in accordance with the audit results of the external auditor and the resolution of the general meeting of shareholders.

PART 2 - BOARD OF DIRECTORS

No.	Name	Position	Appointment Date	Expired Date of Being Director
1	Paul Lim Pay Chuan	Executive Chairman	5 February 2010	Indefinite
2	Lim Ah Hock	Executive Director	5 February 2010	Indefinite
3	Han Fatt Juan	Executive Director/Chief Executive Officer	27 June 2018	Indefinite
4	Charles Tan Pu Hooi	Executive Director	27 June 2018	Indefinite
5	Dav Ansan	Independent Non-Executive Director	29 August 2018	28 August 2023

PAUL LIM PAY CHUAN,
Executive Chairman

Paul Lim Pay Chuan, a Malaysian, aged 51, male, is an Executive Chairman of PCL. He was appointed to the Board on 5 February 2010.

He graduated from the University of Mississippi, USA with a Bachelor of Science in Electrical Engineering (Summa Cum Laude) in 1993. Subsequently, he obtained his Master of Engineering (Electrical) from Cornell University, USA in 1994. He is currently registered as a Fellow Member of the Institute of Engineers Malaysia and a Professional Engineer with the Board of Engineers Malaysia since 2007 in the field of electrical engineering. Since 2011, he is also a certified Project Management Professional® with the Project Management Institute, a global professional association that certifies project management expertise which is based in the US with regional offices worldwide. He is registered as an ASEAN Chartered Professional Engineer since 2016. In 2017, he was registered under The Asia Pacific Economic Co-Operation Register and The International Register of Professional Engineer and the ASEAN Engineering Register.

In 1994, he began his career with Motorola Malaysia Sdn Bhd as a Product Engineer. He then joined Toprank Corporation Sdn Bhd (now known as Toshiba Transmission & Distribution Systems Asia Sdn Bhd) in 1995 as a Project Engineer, where he was promoted to Project Manager in 1997, and subsequently promoted to Assistant General Manager in 1998, a position he held for two (2) years. In 2000, he joined the Group as a General Manager and was promoted to CEO in 2008.

He has been playing an instrumental role in the growth and development of PESTECH from a small player primarily involved in trading, to an established homegrown integrated electric power technology company in the power transmission and distribution business with operations locally and abroad.

ANNUAL CORPORATE GOVERNANCE REPORT

In 2010, he was awarded the Outstanding Entrepreneurship Award 2010 by Enterprise Asia, for his dedication and leadership in guiding the Group to being an important player in the power transmission and distribution business locally and abroad.

As of to-date, the list of directorships held by Paul Lim is as follows:-

List of Directorships		
PESTECH International Berhad	*PESTECH Power One Sdn Bhd*	*BETSOL Sdn Bhd*
Astoria Solar Farm Sdn Bhd	*PESTECH REI Sdn Bhd*	*Enlightyx Sdn Bhd*
CRSE Sdn Bhd	*PESTECH Sdn Bhd*	*Fornix Biotech Sdn Bhd*
Diamond Power Ltd	*PESTECH Solutions Sdn Bhd*	*Fornix Capital Sdn Bhd*
Enersol Co., Ltd	*PESTECH System Siam Ltd*	*Fornix Foodstuffs Sdn Bhd*
Fornix Sdn Bhd	*PESTECH Technology Sdn Bhd*	*Imbiss Sdn Bhd*
Forward Metal Works Sdn Bhd	*PESTECH Transmission Sdn Bhd*	*JAP Wylis Sdn Bhd*
PESTECH (Brunei) Sdn Bhd	*PESTECH Transmission Ltd*	*Mercula Sdn Bhd*
PESTECH (Myanmar) Limited	*PESTECH Vietnam Company Limited*	*PC Wylis Sdn Bhd*
PESTECH (PNG) Ltd	*PESTECH Hinthar Corporation Limited*	*Riviera Wylis Sdn Bhd*
PESTECH (Sarawak) Sdn Bhd	*PESTECH Microgrid Co. Ltd*	*Rock The City Entertainment Sdn Bhd*
PESTECH Aerotrain Sdn Bhd	*PESTECH Power Sdn Bhd*	*Wylis Corporation Sdn Bhd*
(formerly known as	*PESTECH Corporation*	*Wylis Sdn Bhd*
PESTECH Power Two Sdn Bhd)	*Asiapac Builders Sdn Bhd*	*Green Sustainable Ventures*
PESTECH Energy Sdn Bhd	*Asiapac Machineries Sdn Bhd*	*(Cambodia) Co Ltd*
PESTECH GTI Sdn Bhd	*BETSOL (Sarawak) Sdn Bhd*	*Transmission Energy Inc*
	BETSOL International Sdn Bhd	

LIM AH HOCK

Lim Ah Hock, a Malaysian, aged 69, male, is the Executive Director of PCL. He was appointed to the Board on 5 February 2010.

In 1978, he graduated from the University of Strathclyde in Glasgow, United Kingdom with a Bachelor of Science Degree majoring in Mechanical Engineering (First Class Honours). He is a member of the Institute of Engineers, Malaysia ("IEM") since 1981.

He began his career in 1979 as a Lecturer in Ngee Ann Technical College in Singapore (renamed to Ngee Ann Polytechnic in 1982) lecturing in thermodynamics and fluid mechanics. In 1980, he joined Mechmar Kejuruteraan Sdn Bhd ("Mechmar") as a Service Engineer where he managed the service division and was involved in the provision of after-sales service and major boiler repairs. Subsequently, he left Mechmar in 1984 and joined SingMah Pressure Vessels Co. as a Branch Manager during the period of 1984 to 1989 where he was in charge of the Southern branch's overall sales to the oil palm refineries, food and timber industries as well as other existing industries in Southern Peninsular, Sabah and Sarawak. In 1989, he became a Director of VESTECH Engineering Sdn Bhd, a position he holds until today.

In 1991, he set up PSB in Johor Bahru. To-date, his responsibilities in the Group include charting major corporate development plans, steering macro business growth direction together with the stewardship of the MD and Group Chief Executive Officer, monitor the overall financial well-being and activities of the Group which includes providing management guidance and direction to our staff.

ANNUAL CORPORATE GOVERNANCE REPORT

As of to-date, the list of directorships held by Mr. Lim Ah Hock is as follows:-

List of Directorships		
PESTECH International Berhad *Astoria Solar Farm Sdn Bhd* *CRSE Sdn Bhd* *Diamond Power Ltd* *Enersol Co., Ltd* *Fornix Sdn Bhd* *Forward Metal Works Sdn Bhd* *PESTECH (Sarawak) Sdn Bhd* *PESTECH Aerotrain Sdn Bhd* *(formerly known as PESTECH Power Two Sdn Bhd*	*PESTECH Energy Sdn Bhd* *PESTECH Engineering Technology China Co., Ltd* *PESTECH GTI Sdn Bhd* *PESTECH Hinthar Corporation Limited* *PESTECH Power Sdn Bhd* *PESTECH Power One Sdn Bhd* *PESTECH REI Sdn Bhd* *PESTECH Sdn Bhd*	*PESTECH Solutions Sdn Bhd* *PESTECH System Siam Ltd* *PESTECH Technology Sdn Bhd* *PESTECH Transmission Sdn Bhd* *Asiapac Machineries Sdn Bhd* *Fornix Biotech Sdn Bhd* *Fornix Capital Sdn Bhd* *Fornix Foodstuffs Sdn Bhd* *Vestech Engineering Sdn Bhd*

HAN FATT JUAN

Han Fatt Juan, a Malaysian, aged 56, male, is the Executive Director and CEO of PCL. He was appointed to the Board on 27 June 2018.

He is responsible for achieving the revenue and profitability goals of our Company in accordance with our business plan and ensures that we have requisite goals, plans and budgets to achieve current and long term financial and operational goals as noted in the company's business plan.

He began his career in 1984 with Metral Villar Sdn Bhd as a Site Supervisor where he was responsible for supervising and coordinates activities of workers engaged in transporting and mixing ingredients to make concrete. He left in 1988 to pursue further studies at South Dakota State University, USA. While pursuing his Master's degree, he held a Teaching Assistant post in South Dakota State University, USA. In 1992, he joined Zafas Sdn Bhd as a Site Engineer and stayed on for 17 years up to 2009, where he last held the position of Project Director. During his tenure, he was involved in various projects, including transmission line and underground cable installation works, across Malaysia as well as Brunei.

He joined PESTECH Group in 2009 as a Project Manager and was promoted to General Manager of Strategic Planning (Business Development) in 2011 and later to GM of Power Line and Cable Unit of PESTECH Group. As the GM of Power Line and Cable Unit, the team is responsible for EPCC contract, which covers project management process, procurement of equipment, implementation of site construction and installation specifically for power transmission line and underground cable.

As of to-date, the directorships held by Han Fatt Juan are PESTECH (Myanmar) Ltd, PESTECH Hinthar Corporation Limited, PESTECH Transmission Ltd and Imbiss Sdn Bhd.

CHARLES TAN PU HOOI

Charles Tan, a Malaysian, aged 50 is the Executive Director of PCL and was appointed to the Board on 27 June 2018. He is responsible for structuring and executing various corporate exercises such as initial public offering, bonus issue, share split, share grant plan and structuring and executing fund raising activities.

He has extensive corporate finance experience since 1997 working with investment banks in Malaysia and also co-founded a licensed corporate finance advisory firm accredited by the Securities Commission of Malaysia.

He is a Corporate Finance qualification holder issued by the Institute of Chartered Accountants in England and Wales (ICAEW) and a member of the Financial Planning Association of Malaysia ("FPAM").

As of to-date, the directorships held by Charles Tan Pu Hooi are Diamond Power Limited, PESTECH (PNG) Ltd., PESTECH System Siam Ltd, Green Sustainable Ventures (Cambodia) Co Ltd, Fornix Biotech Sdn Bhd, Fornix Foodstuffs Sdn Bhd, Transmission Energy Inc and PESTECH Corporation.

ANNUAL CORPORATE GOVERNANCE REPORT

DAV ANSAN

Dav Ansan, a Cambodian, aged 42, is an Independent Non-Executive Director and was appointed on 29 August 2018.

He is a notary public and is a Vice Chairman of Sethavitou Notary Public Office ("SH Notary") since 2014. He has over 10 years of working experience in legal practice and socio-political and economic field. His area of expertise is project and corporate finance. Prior to joining SH Notary, he was a legal practitioner at the Office of the Co-Investigating Judges of the Trial Chamber of the Extraordinary Chambers in the Court of Cambodia ("ECCC") from 2009 to 2013. Prior to joining the ECCC, he was an advisor and researcher of the Embassy of Republic of Korea in Phnom Penh and a public research institution of the Cambodian Government in the fields of law, advocacy, economics, cross-border trade, and business enabling environment. He also gave lectures in public and private universities in Phnom Penh from 2003 to 2013.

Dav Ansan is an advisor to Samdech Akka Moha Ponhea Chakrei Heng Samrin, President of the National Assembly of Cambodia. He is also a member of the Central Committee of the Union of Youth Federations of Cambodia, a non-governmental organization chaired by H.E. Hun Many, a member of the National Assembly of Cambodia.

Dav Ansan graduated with Master in Policy Economics from Williams College, Massachusetts, USA in 2009 and a Master of Development Economics from the Royal Academy of Cambodia in 2003.

He speaks Khmer as his mother tongue, advanced level of English and he is able to communicate in French.

As of to-date, the directorships held by Dav Ansan are Sethavitou Notary and Propey Microfinance Plc.

Board Roles, Duties, and Responsibilities and Performance

The Board's primary responsibilities, based on a predetermined assessment of materiality, include giving strategic direction, identifying key risk areas and key performance indicators of the Company's business, monitoring investment decisions, considering significant financial matters, and reviewing the performance of executive management against business plans, budgets and industry standards.

The Board is explicitly responsible for the stewardship of the Company and in discharging its obligations, the Board assumes responsibility in the following areas:

(a) retain full and effective control over the Company, and monitor management in implementing Board plans and strategies;
(b) ensure that a comprehensive system of policies and procedures is operative;
(c) identify and monitor non-financial aspects relevant to the business;
(d) ensure ethical behaviour and compliance with relevant laws and regulations audit and accounting principles, and the Company's own governing documents and codes of conduct;
(e) strive to act above and beyond the minimum requirements and benchmark performance against international best practices and not only to comply in practice, but be seen to comply;
(f) define levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions;
(g) act responsibly towards the Company's relevant stakeholders; and
(h) be aware of, and commit to, the underlying principles of good governance and that compliance with corporate governance principles is reviewed regularly.

ANNUAL CORPORATE GOVERNANCE REPORT

The Board recognises the importance of assessing the effectiveness of individual Directors, the Board as a whole and its Committees. The Board, with the assistance of the Remuneration and Nomination Committee, shall review and evaluate the performance of the Board, Board Committees and individual Directors, including independence assessment of the Independent Non-Executive Director, on an annual basis.

Board Meetings

From the date listing of 12 August 2020 up to the financial year ended 30 June 2021, there were three (3) Board meetings held and all Directors had attended the following committees and Board meetings:-

No.	Date	Type of Meetings
1	25 November 2020	Board of Directors' Meeting Audit Committee Meeting Risk Management Committee Meeting Remuneration and Nomination Committee Meeting
2	5 February 2021	Board of Directors' Meeting Audit Committee Meeting
3	10 May 2021	Board of Directors' Meeting Audit Committee Meeting Risk Management Committee Meeting

BOARD COMMITTEES

Audit Committee

No.	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Dav Ansan	Independent Non-Executive Director	29 August 2018	3	3
2	Paul Lim Pay Chuan	Executive Chairman	29 August 2018	3	
3	Charles Tan Pu Hooi	Executive Director	29 August 2018	3	

Roles and Responsibilities of Audit Committee:-

(i) Review of financial statements;
(ii) Review internal control;
(iii) Review internal auditing;
(iv) Review external auditing; and
(v) Report the committee activities to the Board of Directors

Remuneration and Nomination Committee

No.	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Dav Ansan	Independent Non-Executive Director	29 August 2018	1	1
2	Lim Ah Hock	Executive Director	29 August 2018	1	
3	Charles Tan Pu Hooi	Executive Director	29 August 2018	1	

ANNUAL CORPORATE GOVERNANCE REPORT

Roles and Responsibilities of Remuneration and Nomination Committee

(i) Reviewing and evaluating the qualifications of candidates for the position of directors or senior officers appointed by the Board of Directors;
(ii) Reviewing and recommending the compensation and remuneration of the Directors and Senior Officers; and
(iii) Reviewing and updating the mechanism and assessing the effectiveness of the Board of Directors, Directors and Committees at least once (1) per year.

Risk Management Committees

No.	Name	Position	Appointing Date	Number of Attending the Meeting	Total Number of Meetings
1	Dav Ansan	Independent Non-Executive Director	29 August 2018	2	2
2	Lim Ah Hock	Executive Director	29 August 2018	2	
3	Charles Tan Pu Hooi	Executive Director	29 August 2018	2	

Roles and Responsibilities of Risk Management Committee

(i) Risk analysis including: risk description, risk identification, risk estimation;
(ii) Risk evaluation;
(iii) Risk reporting;
(iv) Risk treatment; and
(v) Risk monitoring

Remuneration or Compensation

Brief Policies of Remuneration or Compensation for Directors and Senior Officers

(a) The Board will propose and recommend the level of remuneration paid to directors and tabled for shareholders' approval.

(b) The levels and make-up of remuneration should be sufficient to attract and retain the Board members needed to run the Company successfully.

(c) Non-executive Directors receive no share options nor significant benefits from the Company, other than their directors' fees and meeting allowances.

(d) Executive members will receive no fees but will be paid as employees of the Company in accordance with their contracts of employment with the Company.

(e) A formal and transparent procedure shall be established for developing policy on remuneration and fixing of remuneration packages for individual Board members.

(f) The Director shall abstain from deliberations and voting in respect of his own remuneration packages during board or committee meetings.

ANNUAL CORPORATE GOVERNANCE REPORT

Remuneration and Compensation Receivers

No.	Remuneration and Compensation Receivers	Remuneration and Compensation Amount (USD)	Other
1	Directors	394,119.41	-
2	Top 5 Employees receiving Remuneration and Compensation Receivers	234,555.19	-

Annual Performance Evaluation of Board of Directors, Directors, Committees and CEO

No.	Description	Evaluation	Marking Criteria
1	Board of Directors	The performance self/peer assessment was made based on the following ratings or ticking for Yes or No:- 1. Weak 2. Needs improvement 3. Adequate 4. Consistently good 5. Strong	The Board Performance and Self Peer Evaluations was conducted for the for the financial year 30 June 2021 to assess the level of contribution to interaction, quality of input, understanding of roles of Directors and Board Chairman.
2	Directors		The Board Performance and Self Peer Evaluations was conducted for the for the financial year 30 June 2021 to assess the level of contribution to interaction, quality of input, understanding of roles of Directors and Board Chairman.
3	Committees		An Audit Committee Evaluation was conducted for the financial year ended 30 June 2021 to assess the quality and composition, skills and competencies, meeting administration and conduct, duties and responsibilities, external audit and internal audit.
4	CEO		The evaluation for CEO is included in the Board Performance and Self Peer Evaluations where assessment was made in respect of the level of contribution to interaction, quality of input, understanding of roles of Directors and Board Chairman.

The Nomination and Remuneration Committee expressed satisfactorily over the performance of the Board of Directors, Directors, Committees and CEO.

Training for Directors

The Board, via the Remuneration and Nomination Committee, shall identify the training needs of the Directors through the annual assessment on Board, Board Committees and individual Directors to determine the type of training that may be required by each Director. The cost of the induction, and/or continuing education programme shall be borne by the Company.

During the financial year, the Directors and Senior Officers have participated in the following training programme:

ANNUAL CORPORATE GOVERNANCE REPORT

No.	Name	Position	Training Courses
1	Paul Lim Pay Chuan	Executive Chairman	• Online Solar Mini-Grid Technical Training • Anti-Bribery and Anti-Corruption Policy, Guidelines and Procedures Training • Investment Perspectives Series – U.S. Post Elections Analysis and Market Implications • Powering Your Business with Sustainable Energy in Malaysia • Company Updates – Small Cap Corporate Day Conference • Company Performance Updates and Technical Briefing • High-Level Forum for RCEP Economic and Trade Cooperation • HSBC 8th Annual China Conference: China's Technology Ambitions and Challenges • HSBC 8th Annual China Conference: China's Anti-Monopoly Drive • HSBC 8th Annual China Conference: East vs West – A-Share Investor Panel • HSBC 8th Annual China Conference: C-Suite Dialogue: Symphony Communication CEO • Regenerating Our Tomorrow: Creating Ripples of Change • Maybank's Invest ASEAN 2021 Country Week: Market Strategy & Economic Outlook Vietnam: Ready for The Next Big Wave • Malaysian Code of Corporate Governance ("MCCG") Revision 2021: Key Impact and How You Can Transform for The Better • Maybank's Invest ASEAN 2021 Country Week: Market Strategy & Economic Outlook Singapore: Recovering & Transforming • ASEAN-BAC Malaysia Webinar 2021: RCEP and CPTPP as Game-Changers in ASEAN's Post COVID-19 Economic Recovery • Sustainable & Responsible Investment Series 2021 Part 2: Sri Integration into Investment Decision Making
2	Lim Ah Hock	Executive Director	• Sustainable & Responsible Investment Series 2021 Part 2 : SRI Integration into Investment Decision Making • Anti-Bribery and Anti-Corruption Policy, Guidelines and Procedures Training
3	Han Fatt Juan	Executive Director and Chief Executive Officer	• Anti-Bribery and Anti-Corruption Policy, Guidelines and Procedures Training
4	Charles Tan Pu Hooi	Executive Director	• Utility 4.0: Leveraging Digital Transformation • Anti-Bribery and Anti-Corruption Policy, Guidelines and Procedures Training
5	Dav Ansan	Independent Non-Executive Director	• Digital Transformation • Science Technology and Innovation ("STI") Policy Development • Ways Towards Technology Transfer • Importance of Technology Scouting • Alternative Binders to Portland Cement • The Corporate Communication • The Inevitably of Robotics AI • STI Research and Development

ANNUAL CORPORATE GOVERNANCE REPORT

PART 3 - CODE OF BUSINESS CONDUCTS PRACTICES

A. Code of Business Conducts Practices for Director and Senior Officers Policies

- Conflict of Interest
- Conduct of Business and Fair Dealing
- Respect Trade Secret
- Use of Company Funds, Assets and Information
- Labor Law and Related Policies
- Working Policy and Internal Rules
- Whistle Blower
- Conflict Resolution
- Other

B. Publishing of Code of Business Conducts Practices

The Code of Conduct of PCL can be accessed at its holding company's website, i.e., https://pestech-international.com/code-of-conduct-0.

C. Mechanisms and Procedures to Assess Code of Business Conducts Practices

In serving our customers and in dealing with our suppliers, vendors and subcontractors, PESTECH strives to put their interest ahead of other personal interests and to uphold reputation and trust in us. PESTECH is committed to provide efficient, effective and excellent products and services in an impartial manner.

PESTECH believes that ethics must be based, amongst the following common values that are essential for personal leadership, let alone leading, treating and serving others:

TRUTH/HONESTY	:	*We believe it is a facet of moral character and connotes other positive and virtuous attributes, such as sincerity, trust and integrity that are essential parts of our character.*
TRUST	:	*We believe it is an attribute for circular relationships and interactions, social influence (trusting and trustworthiness) and hence, leadership – the commitment to deliver on a promise.*
INTEGRITY	:	*We believe it is an uncompromising and predictably consistent commitment to honour a set of moral values and principles; it is a big part of good character – to do what is good and right even when no one is watching.*
EQUALITY	:	*We believe it 'levelises' status, positions and conditions for the application of rules, regulations and justice.*
JUSTICE	:	*We believe it is an attainment of moral/ethical corrections, rationality, law, equity and fairness.*
FAIRNESS	:	*We believe it is a perceived appropriateness of the application of interpersonal treatment, rules and procedures.*
FAIRNESS	:	*We believe it is the ability to consider others above ourselves and treat others in the way that we want to be treated, not to condone selfish ambition, deception and vengeance.*

ANNUAL CORPORATE GOVERNANCE REPORT

D. Related Parties Transactions

1. Related Parties Transactions Policies

As the holding company of PCL, PESTECH International Berhad is listed on the stock exchange of Malaysia, Bursa Malaysia Securities Berhad, PCL is directly subjected to the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad governing the related party transactions with holding company, joint venture, subsidiary, major shareholders and controlling shareholders, directors/employees and their family.

2. Important Transactions with Related Parties

No	Transacting Parties	Nature of the Relationship	Nature of transaction	FYE 30 June 2021 (USD'000)
1	Diamond Power Ltd	Fellow subsidiary	Operation and maintenance services	1,289
2	PESTECH Sdn Bhd	Fellow subsidiary	Contract cost incurred Interest charges	20,193 42
3	ENERSOL Co., Ltd	Fellow subsidiary	Contract cost (reversed)/incurred	(83)
4	PESTECH Transmission Sdn Bhd	Fellow subsidiary	Contract cost incurred Project management fee	726 142
5	ODM Power Line Company Limited	Fellow subsidiary	Progress billings	10,000
6	PESTECH International Berhad	Holding company	Management fee Interest charges	565 371
7	Green Sustainable Ventures (Cambodia) Co., Ltd.	Fellow subsidiary	Progress billings	2,592

PART 4 – RISK MANAGEMENT, INTERNAL CONTROL AND AUDITING

A. Brief Risk Management System or Risk Management Policies

PCL's Risk Management Framework is covered by PESTECH International Berhad Group ("the Group") Risk Management Policy and Guidelines Document which ensures that pertinent roles, responsibilities and accountabilities on risk management are clearly defined and communicated at all levels.

The Group's Risk Management Framework covers the six (6) key elements as below such that any key risk or significant control weaknesses could be identified, assessed, reported, monitored and duly rectified timely and effectively:-

- Risk Strategy & Appetite
- Risk Governance
- Risk Culture
- Risk Assessment & Measure
- Risk Management & Monitoring
- Risk Reporting

ANNUAL CORPORATE GOVERNANCE REPORT

During the financial year, the Risk Management Committee had received the Risk Management Report for the financial year ended 30 June 2021. The project operational risks and project financial risks were identified as follows:

i) Project Operational Risks

- Project progress not according to the internal approved project schedule and management expectation (Schedule Risk)

ii) Project Financial Risks

- Cost variance to budgeted cost (Cost Risk)
- Customer payment delay and not according to contract term (Credit Risk)
- Invoice delay and not according to schedule in master schedule (Credit Risk)

In overall, there were no high risks areas for PCL's on-going projects and operations during the financial year.

B. Brief Internal Control System

The main components of the PCL's internal control system are summarised as follows:-

- **Control Environment**

  The importance of a proper control environment is emphasised throughout the organisation. The focus of which is accentuated towards elevating the quality and capability of the employees by means of continuous education and training, which may be orgainsed from time to time on need basis, both on technical hard skill sets and soft skill sets such as risk management, professionalism and integrity.

- **Control Structure**

  The Board and Management have established an organisation structure with clearly defined lines of accountability and delegated authority. This includes well-defined responsibilities of the Board committees and various management levels, including authorisation levels for all aspects of the business

  The key elements of PCL's internal control structure cover series of documented Policy and Procedures to govern the key business processes. These policies and procedures deal with, amongst others, control issues for procurement, information technology, health and safety, human capital, safeguarding of assets, and communication with stakeholders. The procurement, credit control, warehousing, cash management and related party transactions are being revamped/reviewed to further tighten our internal control processes and procedures..

- **Internal Audit**

  PCL outsourced the internal control audit function to HT & P Partners Co. Ltd. ("HTP"). The internal control function reports directly to the Audit Committee ("AC") on the adequacy and effectiveness of the system of internal controls in the operating units and the extent of compliance to the established processes, policies and procedures and applicable laws and regulations.

  During the financial year, HTP had performed an audit on the process of procurement and project management and presented the audit findings on the following areas to the AC:

ANNUAL CORPORATE GOVERNANCE REPORT

1. Supplier evaluation records
2. Evaluation of the suppliers/sub-contractors
3. Quotations
4. Policies and procedures for the purchase from related parties
5. Purchase request form

On overall, the audit findings on the procurements and project management are mainly procedural and the risks associated to them are minor risks.

Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to Management for review and corrective actions. The Internal Auditors report to the AC on all significant non-compliance, internal control weaknesses and actions taken by Management to resolve the audit issues identified.

The Internal Auditors are responsible for planning, implementing and reporting on the internal audit timeline and activities of the Company.

C. Auditing

Internal Audit

Roles and Responsibilities of Internal Auditors

- Development of Internal Audit Plan for each financial year for the approval of the Audit Committee/Board of Directors;
- Plan, coordinate and execute the audits;
- Allocate adequate and appropriate internal audit resources to complete the audit assignments within the agreed time line;
- To immediately highlight any difficulties and concerns encountered during the course of the audit that may hinder/impact the outcome of the audit, to PCL appointed representative;
- Present the findings on internal control reviews to Management at its meetings as and when required and to the audit committee members; and
- Coordinate/conduct the follow-up reviews on the status of management action plans arising from the internal control reviews conducted (where necessary).

External Auditors

No.	Name of Audit Firms	Services	Agreement Date	Auditing Fees (USD)	Non-audit Fees (USD)
1	Grant Thornton (Cambodia) Limited	Quarterly review and audit for financial year 2021	14 October 2020	32,500	-
		Assistance in obtaining certificate of residency in accordance with double tax agreement and request for less rate of withholding tax	10 April 2021	-	600

ANNUAL CORPORATE GOVERNANCE REPORT

PART 5 – STAKEHOLDERS

Management of Employees and Protection

PCL prioritises the wellbeing of our employees. PCL is committed to protect the safe and healthy of its employees and stakeholders wherever they work. An Occupational Health and Safety policy and procedures in accordance of ISO 45001:2018 Occupational Health and Safety Management has been established to monitor the safe and health aspects of our workplace.

PESTECH Group implements high quality standard in its day-to-day operations, where the importance of traceability, consistency and reliability are emphasised throughout the organisation.

As part of our safety and health requirements, Hazard Identification Risk Assessment and Determining Control process is imposed in our business operations and has been executed and recorded systematically. This process helps to identify the potential hazard in our working environment in order to provide applicable and suitable control measures.

We instil a strong preventive culture that integrates safety, health and well-being at work, our Quality, Health, Safety and Environment ("QHSE") team engages and educates our employees on regular basis. Trainings and awareness programmes are conducted to equip our employees and subcontractors (if necessary) with relevant and updated information to meet safety and health requirements.

Customer Welfare and Suppliers and Subcontractors Selection

The nature of PCL's businesses requires the Management to deal directly or indirectly with its customers, who are mainly utility players. Engagement with senior officials of the utility players is being handled directly by the Executive Directors to ensure formal and transparent communications in addressing the customer requirements which involved national interests.

On the other hand, being an EPCC contractor, PCL has also put adopted the Group Procurement Policy to ensure selection of suppliers and subcontractors are carried out based on arm's length basis, in compliance with relevant laws and regulations governing the tax and related party transactions.

Anti-Corruption Program

The Group's Anti-Bribery and Anti-Corruption Policy states ZERO-TOLERANCE towards any form of bribery or corruption. Bribery and corruption in all forms relating to business activities are strictly prohibited. Governance processes for day-to-day operations in its business functions where there is an adequate check and balance to cultivate work integrity. Employees shall not, directly, for or through any external party, promise, offer, make, authorize, solicit or accept any financial or other advantage, to obtain or retain business or secure an improper personal advantage in the conduct of business. Adequate due diligence shall be performed when PCL engage with third parties such as agents, distributors or joint venture partners for any business arrangements to ensure that they are not acting corruptly, and to periodically monitor their performance to ensure ongoing compliance. PCL is committed to acting professionally, fairly, honestly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to prevent or counter bribery and corruption

Environment Protection

PCL is committed to protect the environment and comply with applicable environmental laws and regulations. Taking the available references of PESTECH Group, PCL implemented the Environmental Aspect Identification and Impact Assessment **("EAIA")** based on international ISO 14001:2015 Environmental Management System to identify and evaluate the environmental aspect and impact related to organisation activities, products and services respectively.

During the impact assessment of projects, PCL will take into consideration the prevailing environment laws and regulations, consequences and severity of the issue and possibility of occurrence. The assessment on the significance of the impact is then evaluated based on the established criteria, i.e. scale of severity/risk, duration of the impact, probability of occurrence and etc. From the outcome of the assessment, PCL will establish effective action plans and control to mitigate the significant impacts.

ANNUAL CORPORATE GOVERNANCE REPORT

Community Interaction

PCL believes access to electrical power facilities is crucial in breaking the poverty cycle in Cambodia. In line with the Cambodia Government making constant effort to establish electrical infrastructure in providing electrical access to the rural communities. PESTECH has been playing a major role in bringing electrical power infrastructure to the communities of Cambodia since 2012.

Over the years, PCL had successfully completed multiple significant projects amongst others, including the Phnom Penh-Kampong Cham Transmission Project, the 230kV Kampong Cham-Kratie Transmission System Project and 230kV and 500kV Phnom-Preah Sihanouk Transmission System Project.

Completion of the aforesaid projects has allowed electricity be connected to the rural areas where villages are widespread. While monetary donation is commendable, we believe the real core of social responsibility lies in getting behind causes that are meaningful for our business. The feedback we gathered from through our engagement with the villagers on how electricity connection has brought tremendous changes to their lives, was aspiring and encouraging. PCL eyes to expand their good cause to more communities around the regions whilst doing our business sustainably.

Amidst the pandemic period, it did not stop PCL from continue pursuing its CSR programme, which revolves with four (4) underlying CARE principles of **C**ommunity, **A**dvancement, **R**ecuperation and **E**nvironment, as follows:-

No.	Beneficiaries	Amount	Purposes of CSR
1.	Cambodian Red Cross	USD25,000.00	**Title of Project:** Together with the Cambodian Red Cross, Fight Against the Covid-19 and Build the Resilience of Cambodia the Society **Purpose:** To serve charitable activities in helping people who are suffering from natural disasters and other disasters.
2.	The Royal Cambodia Armed Forces	USD6,850.00	**Title of Project:** Fight Against Covid-19 **Purpose:** To support the armed forces to fight against Covid-19 and providing 100 sets of beds, bed sheets, mattresses, pillows & blankets.

ANNUAL CORPORATE GOVERNANCE REPORT

PART 6 – DISCLOSURE AND TRANSPARENCY

Identify the Following Information in the Annual Report:

No.	Information	Yes/No
1	Visions/ Missions/ Objectives	Yes
2	Financial Indicator	Yes
3	Non-financial Indicator	Yes
4	Main Risk Factors	Yes
5	Dividend Policy	Yes
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

*Listed Entity Shall Declaim the Reason if there is any above information missing.

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

The Board, assisted by the Disclosure Officers, shall be responsible for the following:-

a) determining whether information constitutes material information under the Cambodia Securities Exchange **("CSX")** and Securities and Exchange Commission of Cambodia **("SECC")** rules;
b) ensuring timely disclosure of material information in accordance with CSX and SECC rules; and
c) responding to rumors or reports, and unusual market activity.

The Disclosure Officers, upon consultation with the Board, is authorized to manage the contents to be provided to the media, investment community and other external parties, including the contents to be published in the Investor Relations section of the Company's corporate website.

Investor Relations

Our Executive Director, Mr. Charles Tan is tasked to oversee the corporate development' activities for PCL, which involve investor relations. He has been constantly engaged with analysts, fund managers and other stakeholders to promote the corporate growth potential of PCL as well as periodically updating them with the latest developments of 'the Company.'

PCL's corporate website at www.pestech.com.kh serves as a key communication channel for shareholders, investors, members of the public and other stakeholders to obtain up-to-date information on the Company's activities, financial results, major strategic development and other matters affecting stakeholders' interests.

WWW.PESTECH.COM.KH

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Kingdom of Cambodia.

OUR PROJECTS/PRODUCTS REACH:

• Australia • Brunei • Cambodia • China • Ghana • Indonesia • Iraq • Kyrgyzstan • Malaysia • Mali • Myanmar • Papua New Guinea • Philippines • Singapore • South Africa • Sri Lanka • Tanzania • Thailand • Vietnam