

# DISCLOSURE DOCUMENT

## Telcotech Ltd. ("Telcotech")

(Incorporated in Cambodia as Private Limited Company)

Offering in Cambodia of Unsecured, Unsubordinated, and Guaranteed Bonds Namely,  
**"Telcotech Public Bond"**  
to Institutional and High Net Worth Investors.

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**Issue Price: 100 percent**

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"Telcotech Public Bond" (the "**Bonds**") will be issued in registered form. The Bonds will be guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The Bonds will be offered in the total principal amount of up to KHR 82.3 billion (or its equivalent in USD of up to USD 20 million, whichever is lower). The net interest rate per annum is Term SOFR + 2.5%, due from and including the issue date of the Bonds and shall be paid on a semi-annual basis, redeemed and in arrears on 29 June and 29 December of each year. The Bonds have a nominal value of KHR 100,000 each. The Bonds will be listed on the Cambodia Securities Exchange (CSX).

### Financial Advisor and Underwriter

Royal Group Securities Plc.

### Bondholders' Representative

Wing Bank (Cambodia) Plc.

### Registrar

Wing Bank (Cambodia) Plc.

### Tentative Subscription Period

27 December – 28 December 2023

Registration Number: .....

Issued by Securities and Exchange Regulator of Cambodia dated.....





This Disclosure Document is based on information and materials provided by Telcotech Ltd. ("Telcotech") and other sources that Telcotech believes to be reliable. The Underwriter makes no representation or warranty, express or implied, as to the accuracy or completeness of such information and materials, and nothing contained in this Disclosure Document is, or shall be relied upon or construed as a promise, undertaking or representation by the Underwriter. The Underwriter assumes no responsibility or liability for the accuracy or completeness of the information or materials that are contained or referred to in this Disclosure Document.

The sole purpose of this document is for information only and it does not constitute and shall not be interpreted as an offer document or a prospectus or an offer for subscription of purchase of, or an invitation to subscribe for or purchase of an ownership stake in Telcotech or any interest in it.

Each person receiving or viewing this Disclosure Document acknowledges that such person has not relied on the Underwriter or any person affiliated with the Underwriter in connection with their investment decisions or their investigation of the accuracy or completeness of the information or materials contained in this Disclosure Document. Neither Telcotech nor the Underwriter is making any representation to the aforementioned person regarding the legality of the bid, subscription and purchase of, or investment in Telcotech's debt securities by such person. This Disclosure Document and all information and materials contained herein and their distribution or transmission must not, under any circumstances, be considered as legal, business or investment advice.

This Disclosure Document has been prepared for the purpose of obtaining an Approval and Registration from the Securities and Exchange Regulator of Cambodia (the "SERC"). It is intended solely for use and distribution during the Subscription process as contemplated by the Underwriter hereof. This Disclosure Document, as it currently stands, includes the final terms of the Bond determined by agreement between Telcotech and the Underwriter. Telcotech, with the prior consent of the Underwriter, may change certain parts of the Disclosure Document at any time prior to the registration with the SERC.

The investors should note that any approval or registration of this Disclosure Document from the SERC is not an indication that the SERC either recommends the subscription of (or "an investment in") Telcotech's debt securities or assumes the responsibility for the accuracy of information, opinion, or statements contained in this Disclosure Document.

Investors should rely on their own valuations or assessments as to the soundness of and the risks associated with an investment in Telcotech Public Bond by considering the objective of the investment, risk profile, their own financial position and so on. If investors have any doubt about this Disclosure Document or any of the matters contained herein, they should consult with qualified securities firms, investment advisors, or other professional advisors.



**A- General information of the issuer**

<b>Name of Telcotech</b>	<b>Telcotech Ltd.</b>
Address	#7D, Russian Blvd, Cambodia Chamber of Commerce Building, Sangkat Tuek L'ak Ti Muoy, Khan Tuol Kouk, Phnom Penh, Cambodia.
Phone number	(855) 95 975 838
Website	<a href="http://www.telcotech.com.kh">www.telcotech.com.kh</a>
E-mail	<a href="mailto:bond@telcotech.com.kh">bond@telcotech.com.kh</a>
Company registration number	00022508
Registration date	18 February 2008

**B- General information of Underwriter**

<b>Name</b>	<b>Royal Group Securities Plc.</b>
Address	No.246, Preah Monivong Blvd, Sangkat Boeung Rieng, Khan Daun Penh, Phnom Penh, Cambodia.
Phone number	(855) 23 994 999
Website	<a href="http://www.royalgroupsecurities.com">www.royalgroupsecurities.com</a>
E-mail	<a href="mailto:info@royalgroupsecurities.com.kh">info@royalgroupsecurities.com.kh</a>
Company registration number	2000237516
Registration date	13 February 2023
License number	0013 SERC/KT
License date	27 April 2023

**C- Information of legal advisor**

<b>Name of legal firm</b>	<b>Cambodia International Affair Law Firm</b>
Address	Villa number 31, Street 281, Sangkat Boeung Kork I, Khan Toul Kork, Phnom Penh, Cambodia
Tel	(855) 23 883 776
Fax number	N/A
Website	<a href="http://www.cialawfirm.com">www.cialawfirm.com</a>
E-mail	<a href="mailto:president@cialawfirm.com">president@cialawfirm.com</a>
Professional certificate issued by the Bar Association of the Kingdom of Cambodia	048/BAKC-PO/22
Certificate date	1 March 2022



<b>Name of legal firm</b>	<b>Cambodia International Affair Law Firm</b>
Registration number accredited by SERC	018 ន.ម.ក/ ក.ម
SERC registration date	24 January 2023

#### D- Information of Credit Rating Agent

<b>Name</b>	<b>Rating Agency of (Cambodia) Plc.</b>
Address	No.246 (2nd floor), Preah Monivong Boulevard (93), Village 10, Sangkat Boeung Rang, Khan Daun Penh, Phnom Penh, Cambodia
Phone number	017 392 777   017 383 777
Website	<a href="http://www.ratingagencyofcambodia.com.kh">www.ratingagencyofcambodia.com.kh</a>
E-mail	<a href="mailto:info@ratingagencyofcambodia.com.kh">info@ratingagencyofcambodia.com.kh</a> <a href="mailto:k.sorita@ratingagencyofcambodia.com.kh">k.sorita@ratingagencyofcambodia.com.kh</a>
Company registration number	2000127611
Registration date	16 February 2022
Registration number accredited by SERC	001 ន.ម.ក/ ក.វ
SERC registration date	12 July 2022

#### E- Information of Guarantor

<b>Name</b>	<b>Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank</b>
Address	Asian Development Bank Building, 6 ADB Avenue, Mandaluyong City 1550 Metro Manila, the Philippines
Phone number	+63 2 5322 7660
Fax	+63 2 5322 7661 1377
Website	<a href="http://www.cgif-abmi.org">www.cgif-abmi.org</a>
E-mail	<a href="mailto:telcotech.khr@cgif-abmi.org">telcotech.khr@cgif-abmi.org</a>

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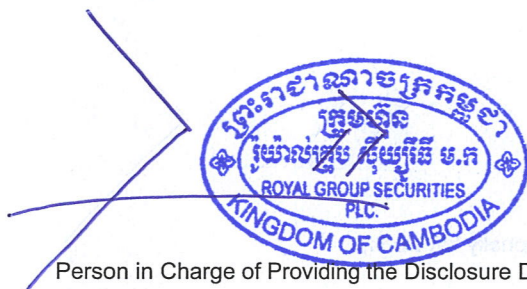




The Disclosure Document and supplementary materials can be obtained at:

Royal Group Securities Plc.	No.246, Preah Monivong Blvd, Sangkat Boeung Rieng, Khan Daun Penh, Phnom Penh, Cambodia. Tel: (855) 23 994 999
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Date: 22 December 2019



Person in Charge of Providing the Disclosure Document

Name: Mr. Seng Chan Thoeun

Position: Chief Executive Officer

Tel: (855) 23 994 999

E-mail: [thoeun@royalgroupsecurities.com.kh](mailto:thoeun@royalgroupsecurities.com.kh)

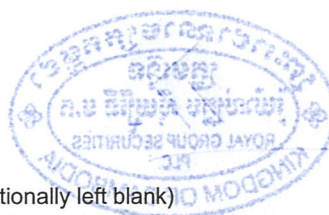
## TENTATIVE TIMETABLE FOR THE OFFERING

Events	Expected Date
Open date for Subscription	27 December 2023
Closing Date for Subscription	28 December 2023
Issue Date	29 December 2023
Listing Date	12 January 2024
First Interest Payment Date	29 June 2024

The timetable above is subject to change if necessary to follow all necessary legal requirements of the Bonds. The subscription starts on 27 December 2023 until 28 December 2023 at 5:00PM Cambodia Time.

If the closing date of subscription is delayed, the date for securities allotment and CSX listing date will be extended.

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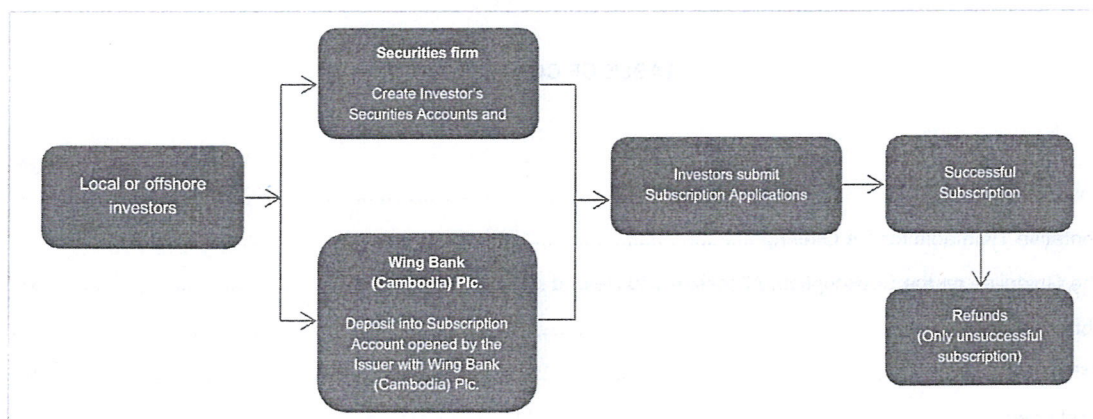
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## THE GUIDELINE ON THE SUBSCRIPTION, ALLOCATION AND REFUND



### I. The offered Coupon Rate

Term SOFR + 2.5% per annum (net of any tax)

### II. Obtaining of the Disclosure Document, Subscription Forms and Subscription Period

- (a) Investors may obtain the registered Disclosure Document and subscription forms at the address as specified below during business hours and days.

<b>Royal Group Securities Plc.</b>	No.246, Street Preah Monivong Blvd, Sangkat Boeung Rieng, Khan Daun Penh, Phnom Penh Tel: (855) 23 994 999
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- (b) The subscription period of the Bonds is from 27 Dec to 28 Dec 2023 (the "**Subscription Period**"). Local or offshore investors approach RGS or any securities firm to open a securities account and obtain an investor ID from the SERC. During this period, RGS will conduct KYC procedures.

### III. Method for Subscription

- (a) RGS will provide the registered Disclosure Document and subscription forms to investors.

#### List of Qualified Investors

The selling of Bonds in the primary market is not eligible for any person other than those (1) qualified as "Institutional Investors" and "High Net Worth Investors" as defined in the Prakas on Qualified Investors of the Securities and Exchange Regulator of Cambodia and (2) Institutional Investors and High Net Worth Investors that are deemed appropriate at the discretion of Royal Group Securities Plc. and Telcotech.

The types of the High Net Worth Investors referred to above are as follows:

1. Legal entities fulfilling one of the following criteria:
  - a) Total shareholders' equity of at least KHR2 billion as per the latest financial statement, or
  - b) Annual revenue of at least KHR500 million in the last 2 years, or
  - c) At least KHR200 million of investments in the securities sector in Cambodia; and
2. Any individual who aims to register as a Qualified Investor and, together with a spouse (if any), fulfils one of the following criteria:
  - a) Total net assets of at least KHR1 billion, or
  - b) Annual income of at least KHR80 million, or
  - c) Investment participation in the securities sector in Cambodia of at least KHR100 million.



**Required Documents to Check Investor Qualifications**

Bank Statement, or

Investment report issued by securities firm, or

Certificate of deposit, or

Asset valuation report, or

Receipt or Payment Report, or

Certificate of incorporation (for institutional investor) and

Other documents, if any.

- (b) Before subscribing the Bonds, investors shall have an investor ID and Securities Account. Local or offshore investors approach RGS or any securities firm to open a securities account and obtain an investor ID from the SERC. During this period, RGS will conduct KYC procedures.

**Required Documents for Securities Account Opening (Individual Investors) at RGS**

Required Application Forms	Status
1. Application for Individual Account Opening	1 Original Copy
2. Specimen Signature for Individual Account Opening	1 Original Copy
3. The Foreign Account Tax Compliance Act (FATCA) Form	1 Original Copy
4. Client Agreement	2 Original Copies
Required Documents	
1. ID Card or Passport	1 Certified True Copy
2. Photo	2 (passport size)
3. Fee for Investor ID for Individual Investor	KHR 20,000 or USD 5

**Required Documents for Securities Account Opening (Institutional Investors) at RGS**

Required Application Forms	Status
1. Investor Identification Number Application Form (Form B)	1 Original Copy
2. Application for Institutional/Legal Entity Account Opening	1 Original Copy
3. Specimen Signature for Institutional/Legal Entity Account Opening	1 Original Copy
4. Application For Web-based Information Service	1 Original Copy
5. Client Agreement	2 Original Copies
Required Documents	
1. Memorandum and Articles of Association	1 Certified True Copy
2. Certificate of Incorporation	1 Certified True Copy
3. Business License	1 Certified True Copy
4. Board Resolution	1 Certified True Copy
5. Power of Attorney <sup>1</sup>	1 Certified True Copy
6. List of Directors & Shareholders along with address	1 Certified True Copy
7. Patent or Tax Certificate	1 Certified True Copy
8. Valid ID Card or Valid Passport of All Directors	1 Certified True Copy
9. Valid ID card or Valid Passport of Company's Representative	1 Certified True Copy
10. Bank Reference Letter	1 Original Copy
11. Photo of Representative	2 (passport size)
12. Fee for Investor ID for Institutional Investor	KHR 50,000 or USD 13

<sup>1</sup> If persons authorized to open account and person listed on the trading instructions are different persons, a certified true copy of their ID cards or passports is required.





- (c) Each investor shall duly, completely and clearly fill in and sign the subscription form and affix the company seal (if any) thereto.
- (d) Investors shall submit the completed subscription form to the Underwriter at its office specified in b- General information of underwriter during the business hours/days during the Subscription Period.

The successful investors can subscribe more than the pre-allocated Bonds in the Letter of Undertaking. The additional Bond subscription will be subject to the competition with other subscribers. Investors that are eligible for subscription shall be Qualified Investors. RGS will check investors' qualifications. The allocation of the remaining Bonds in subscription is at the discretion of RGS and Telcotech.

- (e) Investors may deposit money for investment directly into Telcotech's Subscription Bank Account without opening a local bank account.

Subscription payments for the Bonds shall be made by investors on the date of subscription in full in the following accounts namely:

**"Subscription Account for Bonds of Telcotech"**

Account Number for Deposit	Account Name for Deposit
100 409 648	TELCOTECH LTD. Subscription Account

- (f) Investors who have submitted their subscription forms and made payments for their subscriptions may not cancel their subscriptions or request a refund of their subscription payments, except as specified in paragraph IV. (a) below.
- (g) If there has occurred any event causing or requiring the Issuer to suspend or cancel the offering of the Bonds or to be unable to issue or deliver the Bonds to investors, investors who have subscribed and made payments for the Bonds will be entitled to a refund of their subscription payments as specified in Clause V. (b) below.
- (h) Investors will not be entitled to receive any interest or compensation during the Subscription period of the Bonds.
- (i) The list of the Bonds Allocation will be publicly announced through a newspaper accredited by SERC.
- (j) With approval from the SERC, the total Bond proceeds are transferred from the Subscription Bank Accounts to Telcotech's separate bank account. Then, the Subscription Bank Accounts are closed.

**IV. Allocation of Bonds**

- (a) Restrictions on Allocation

The Underwriter will offer and allocate the Bonds only to investors who are qualified as Institutional Investors or High Net Worth Investors.

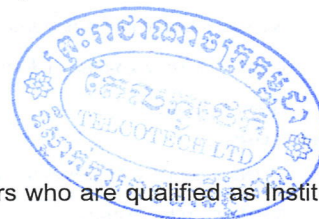
- (b) Allocation of the Bonds

The allocation of the Bonds to investors shall be at the absolute discretion of the Issuer and the Underwriter. The Issuer and the Underwriter may allocate any amount of the Bonds to any person or may refuse to allocate the Bonds subscribed by any investors as they deem appropriate.

- (c) Cancellation of Subscription

The Underwriter is entitled to revoke or cancel any subscription for the Bonds by any investor who fails to comply with the procedures indicated above or whose payment of subscription price by a crossed cheque or cashier's cheque is not honored upon presentation thereof.

An investor is entitled to revoke the subscription for the Bonds in the event that the Issuer suspends or ceases the offering of the Bonds or is unable to deliver the offered Bonds, from the announcement





date of the suspension or cessation of the offering or the Issuer's inability to deliver the Bonds in seven (7) Business Days after the last day of the Subscription Period.

## **V. Refund procedure**

### **(a) Procedure for Refunding Subscription Payments in case of Excess Subscriptions**

If an investor is not allocated any Bonds or is allocated Bonds in an amount less than that subscribed for, the issuer will return the subscription payments received by it to the investor without interest and/or compensation through a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

For the refund currency, the investor shall agree that the refund currency shall be the same currency as the subscription deposit.

Any and all expenses, fees and charges related to the refund including, without limitation, the bank transfer fee and service charge, shall be borne by the investor.

### **(b) Procedure for Refunding Subscription Payments in case of Repression or Cessation**

If an investor revokes the subscription for the Bonds as specified in the second paragraph of Clause IV- (b) above, the issuer will return the subscription payments received by it to the investor without interest and/or compensation via a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

## **VI. Delivery of Bonds**

The Issuer will ensure that the Registrar enter the name of each Bondholder to whom the Bonds have been allotted, together with details of the number of Bonds allotted to such Bondholder, into the Bondholders' Book no later than 7 (seven) Business Days after the Subscription Closing Date.

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## ABBREVIATIONS

AAG	Asia-America Gateway
ACCA	Association of Chartered Accountants
ADB	Asian Development Bank
ADSL	Asymmetric Digital Subscriber Line
AML	Anti-Money Laundering
AR/VR	Augmented Reality/Virtual Reality
AS	Autonomous System
ASEAN	Association of Southeast Asian Nations
BOD	Board of Directors
BPS	Bits Per Second
BTS	Base Transceiver Station
BU	Branching Unit
CCC	Cambodia Chamber of Commerce
CCTV	Closed-Circuit Television
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CFOCN	(Cambodia) Fiber Optic Communication Network Co., Ltd
CGIF	Credit Guarantee and Investment Facility, a trust fund of Asian Development Bank
CIFRS	Cambodian International Financial Reporting Standards
CNH	Chinese Yuan Offshore
CSX	Cambodia Securities Exchange
DIA	Dedicated Internet Access
DPLC	Domestic Private Leased Circuit
DR	Disaster Recovery
DTAs	Double Tax Agreement
DTT	Digital Terrestrial Television
DWDM	Dense Wavelength Division Multiplexing
EBITDA	Earning Before Interest Tax Depreciation & Amortization
EDC	Electricité Du Cambodge
FO	Fiber Optic
FMCG	Fast-Moving Consumer Goods
FTTH	Fiber to the Home
GDP	Gross Domestic Product
GDT	General Department of Taxation
ICT	Information and Communication Technology
IDR	Indonesian Rupiah
IFRS	International Financial Reporting Standards
IDC	Internet Data Center
IEPL	International Ethernet Private Line
IPLC	International Private Leased Circuit
IPVPN	Internet Protocol Virtual Private Network
ISP	Internet Service Provider





JBIC	Japan Bank for International Cooperation
KHR	Khmer Riel
KYC	Know Your Customer
MCT	Malaysia Cambodia Thailand
MEF	Ministry of Economy and Finance of Cambodia
MOC	Ministry of Commerce
MOI	Ministry of Interior
MPLS	Multi-Protocol-Label Switching
MNCs	Multinational Corporations
MPTC	Ministry of Post and Telecommunications
NID	National Identification Card
NOC	Network Operation Center
OTT	Over The Top
PDU	Power Distribution Unit
PHP	Philippine Peso
POP	Point of Presence
PRC	People's Republic of China
RGS	Royal Group Securities Plc.
SERC	Securities and Exchange Regulator of Cambodia
SIAC	Singapore International Arbitration Centre
SDWAN	Software-Defined WAN
SGD	Singapore Dollars
SLA	Service Level Agreement
SME	Small and Medium Enterprise
TC	Telecommunications of Cambodia
Telcotech	Telcotech Ltd.
THB	Thai Baht
TRC	Telecommunications Regulator of Cambodia
USD	United States Dollar
VAS	Value Added Services
VAT	Value Added Tax
VND	Vietnamese Dong
VPLS	Virtual Private LAN Service
VPN	Virtual Private Network
WAN	Wide Area Network
WiMAX	Worldwide Interoperability for Microwave Access

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## DEFINITIONS

**"Affiliate"** means, in relation to a person, a Subsidiary or Holding Company of that person or a Subsidiary of that Holding Company.

**"Appointment Agreement"** means the Contract on Providing Services of Securities Registrar, Securities Transfer Agent and Paying Agent dated 15 December 2023 and entered into or to be entered into by and between the Issuer and **Wing Bank Plc.** in connection with the issuance of the Bonds.

**"Board of Directors"** means a group of individuals that are appointed by the Shareholders from time to time and have the responsibility of administrating, overseeing and managing the company.

**"Bondholder(s)"** means the person(s) who owns the Bond(s) in accordance with the Terms and Conditions of the Bond.

**"Bondholders' Book"** means the book of bondholders of the Bonds, recording particulars of the Bondholders or other sources of registration information relating to the transfer, pledge, attachment, and other matters related to the Bonds as required by Appointment Agreement and the relevant rules and procedures prescribed pursuant to the applicable rule under Cambodian Laws.

**"Bondholders Representative"** means **Wing Bank Plc.** acting as bondholders' representative in respect of the Bonds, or any successor appointed as the bondholders' representative in respect of the Bonds from time to time in accordance with the Terms and Conditions and the Bondholders Representative Agreement.

**"Bondholders Representative Agreement"** means the Bondholders Representative Agreement entered into by and between the Bondholders Representative and the Issuer dated 15 December 2023 and any subsequent amendment thereto, or any agreement appointing a new Bondholders Representative to replace the existing Bondholders Representative (if any) from time to time.

**"Business Day"** means a day (other than a Saturday or Sunday) on which banks are open for general business in Manila, New York and Phnom Penh.

**"Cambodia"** means the Kingdom of Cambodia.

**"Chairman"** means the leader of the Board of Directors who is responsible for setting the agenda of board meetings, works to gather consensus on decisions, and ensures meeting run smoothly.

**"Default Interest Rate"** means the Interest Rate plus 2% percent per annum.

**"Disclosure Document"** means a document that describes a financial security for potential buyers with a description of the company's business, financial statements, biographies of officers and directors, any litigation that is taking place, a list of material properties and any other material information.

**"Executive Director"** means a member of the Board of Directors that also holds a position of senior manager of the company.

**"Holding Company"** means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

**"Indebtedness"** means any obligation or obligations (whether present or future, actual or contingent) for the payment or repayment of money borrowed and/or interest thereon.



**“Interest Payment Date”** means every 29 June and 29 December of each year with the first Interest Payment Date on 29 June, 2024 and the last Interest Payment Date on the Maturity Date.

**“Interest Rate or Coupon Rate”** means the interest per annum which is Term SOFR + 2.5% per annum (net of any tax).

**“Issue Date”** means 29 December 2023, being the issue date of the Bonds.

**“Maturity Date”** means 29 December 2028.

**“Notes”** mean KHR denominated bonds issued by the Issuer.

**“Memorandum and Articles of Association”** means a set of documents filed with a government body for the purpose of legally documenting the creation of a corporation. Articles of incorporation typically contain pertinent information such as the firm’s address, profile, distribution of corporate powers and the amount/type of stock to be issued.

**“Paying Agent”** means **Wing Bank Plc.** as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide paying agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendments thereto.

**“Principal Amount”** means at any time the outstanding principal amount in respect of the Bonds due on the Maturity Date, or on an accelerated basis.

**“Public Limited Company”** means a company created and registered in accordance with the Law on Commercial Enterprises with the purpose of issuing securities to the public.

**“Securities and Exchange Regulator of Cambodia (SERC)”** means the legal entity created by the government with the mandate of supervising and regulating the securities industry. The commission administers laws related to securities, formulates and enforces rules to protect against malpractice and seeks to ensure that companies provide the fullest possible disclosure to investors. All of the national exchanges and virtually all institutions in the securities industry fall under its jurisdiction.

**“Secondary Market”** means CSX and any other securities trading platforms that are permitted by the SERC.

**“Securities Registrar”** means **Wing Bank Plc.** as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide securities registrar services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

**“Securities Transfer Agent”** means **Wing Bank Plc.** as appointed under Appointment Agreement or any successor or replacement entity thereto, to provide securities transfer agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent dated 30 June 2010 and subsequent amendment thereto.

**“Subsidiary”** means, in relation to any company or corporation, a company or corporation:

- a) which is controlled, directly or indirectly, by the first mentioned company;
- b) all entities whose financial statements are required to be fully consolidated with the first mentioned company in accordance with the accounting standards adopted for the consolidated financial statements of such company; or
- c) which is a subsidiary of another subsidiary of the first mentioned company, and for this purpose, a company shall be treated as being controlled by another if that other company is able to direct its affairs and/or to control the composition of its Board of Directors or equivalent body.





**“Underwriter”** means **Royal Group Securities Plc.**, a public limited company incorporated under the laws of the Kingdom of Cambodia, having a commercial registration No. 2000237516 and a registered address at No.246, Street Preah Monivong Blvd, Sangkat Boeung Rieng, Khan Daun Penh, Phnom Penh, Cambodia, as appointed under the Underwriting Agreement entered between the Issuer and the Underwriter.

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## **DISCLAIMER**

### **The Responsibility of the Issuer, Underwriter, and Other Relevant Advisors**

The information in the Disclosure Document has been provided by Telcotech except as stated otherwise on the sources of the information. After careful review, to the best of its understanding and beliefs, Telcotech confirms that all the information in this Disclosure Document is accurate, and there is no omitted information or misleading material statements on the information or content in this Disclosure Document.

Telcotech would like to take full responsibility for the accuracy and completeness of the information contained in the Disclosure Document. The Underwriter also has studied its legal aspect and verified the accuracy of the information in this Disclosure Document. The Underwriter takes no responsibility for the accuracy or completeness of the information in the Disclosure Document.

The information speaks as of its date, and Telcotech does not hereby obligate itself in any manner periodically or otherwise to update this information.

### **Transfer of Bonds**

The subscription of the Bonds in the primary market is not eligible for any person other than the Qualified Investors who are deemed appropriate at the discretion of the Underwriter.

The Bonds shall be transferred in compliance with the applicable regulations of the CSX and any other relevant regulatory authority and agency.

For avoidance of doubt, the Bonds can only be transferred between Qualified Investors after being listed on CSX or the Secondary Market.

### **Forward-Looking Statements**

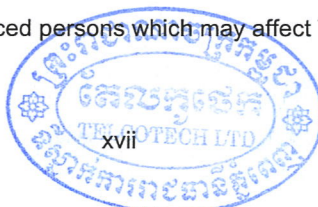
The Disclosure Document contains forward-looking statements. All of the statements except statements or information about the past are forward-looking statements. These forward-looking statements are not historic facts. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “assumes”, “projects”, “forecasts”, “estimates”, “expects”, “anticipates”, “believes”, “plans”, “intends”, “may”, “might”, “will”, “would”, “can”, “could”, “should” or, in each case, their negative, other variations, or comparable terminology.

The forward-looking statements appear in a number of places throughout the Disclosure Document and include statements regarding Telcotech’s intentions, beliefs or current expectations concerning, among other things, financial position, operating results, liquidity, prospects, growth, strategies and the industry in which Telcotech operates.

By their nature, forward-looking statements involve and are subject to known and unknown risks, uncertainties and assumptions as they relate to events, and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Thus, forward-looking statements are not guaranteed that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur. Telcotech does not take responsibility for the differences between what is stated in the forward-looking statements and what actually happens in the future.

Important factors that could cause those differences include, but are not limited to:

- Telcotech’s capacity in implementing its strategic business plan
- Business opportunities that Telcotech can catch
- Telcotech’s dividend policy
- Resignation of capable staff or experienced persons which may affect Telcotech’s business operation



- Changes in the demand for Telcotech's services
- Business plan and strategy of its competitors
- Telcotech's financial position
- Capital investment plan such as large expenditure and procurement
- Tax auditing and tax reassessment, which affects its liability

Some of the risks that could affect Telcotech's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in *Section 3: Risk Factors*.

Telcotech undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as the result of new information, future events or otherwise.

#### **Disclaimer in Relation to Representations other than those Contained in this Disclosure Document**

Telcotech and the Underwriter take no responsibility for any statements or arguments which differ from those in this Disclosure Document, and no person has been given the authorization to give any information or to make any representation, except as expressly contained in this Disclosure Document. If given or made, any such information or representation may not be relied upon as having been authorized by Telcotech or the Underwriter.

#### **Prospective Investors in Jurisdictions outside Cambodia**

The distribution of this Disclosure Document and the offer and sale of the Bonds may be illegal in certain jurisdictions. Telcotech and the Underwriter require persons into whose possession this Disclosure Document may come, to inform them of and observe any restrictions which may apply to this Disclosure Document and the offer and sale of the Bonds in relevant jurisdictions. This Disclosure Document does not constitute an offer of any securities, or any offer to sell, or a solicitation of any offer to buy any securities of Telcotech in any jurisdiction, to or from any person to whom it is unlawful to make such an offer in such jurisdiction. Any person in any jurisdiction outside Cambodia, in which the distribution of the Disclosure Document and the offer and sale of the Bonds is not restricted, must seek professional advice in relation to the contents of this Disclosure Document and the relevant laws and system of taxation in Cambodia.

#### **Status of the English Version of this Disclosure Document**

The Khmer version of this Disclosure Document is the official version of the Disclosure Document that is approved and registered with the SERC. The official Disclosure Document may be translated into English to help investors who cannot read Khmer. Investors who use a translated Disclosure Document should be cautious about the meaning of technical terms in securities and financial sectors, translated into Khmer, due to limited technical words in Khmer. The translation may have a meaning different from those meanings commonly used. Thus, investors are advised to seek opinions from professional advisors in the sector.

#### **Conventions**

Telcotech's fiscal year commences on 01 January and ends on 31 December of each year. Unless otherwise stated herein, references to a year is 31 December of that year. For example, a reference to 2021 in a table would be a reference to 31 December 2021.

All references to "Cambodia" contained in this Disclosure Document are to the Kingdom of Cambodia.

All references to KHR are to Khmer Riels, the official currency of the Kingdom of Cambodia.

All references to US\$ or USD are to United States Dollars, the de facto currency of commerce the Kingdom of Cambodia.

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## SECTION 1: SUMMARY OF DISCLOSURE DOCUMENT

### 1.1 General description of the Bonds being offered

<b>Issuer</b>	<b>Telcotech Ltd. (Telcotech)</b>
<b>Guarantor</b>	100% guarantee provided by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank ("CGIF"). It is a trust fund established by the contributing member countries and Asian Development Bank ("ADB") where ADB acts as trustee. The operations of CGIF shall be financed solely from funds that has and from time to time may be contributed to CGIF by the contributing member countries and ADB. Accordingly, the Guaranteed Party will not have recourse to any other assets of its contributing member countries or ADB.
<b>Guarantee</b>	CGIF Guarantee pursuant to the terms of the Guarantee Agreement
<b>Bond Name</b>	Telcotech Public Bond (the "Bonds")
<b>Bond Type</b>	Guaranteed bonds in a registered form
<b>Value of Bonds Offered</b>	KHR 82.30 billion (or its equivalent in US\$ of up to US\$ 20 million, whichever is lower)
<b>Guaranteed Amount</b>	<ul style="list-style-type: none"> <li>• 100% of the Principal Amount outstanding in respect of the Bonds;</li> <li>• Scheduled Interest which is overdue and unpaid;</li> <li>• Additional Accrued Interest; and</li> <li>• Bondholders' Representative Expenses</li> </ul>
<b>Currency</b>	KHR-denominated with the settlement in USD at a fixed USD/KHR foreign exchange rate upon bond issuance. This USD / KHR foreign exchange rate is calculated by taking the arithmetic mean of the official KHR/USD exchange rate published by the National Bank of Cambodia on each of the 6th Business Day to the 2nd Business Day prior to the date on which subscription for the Bonds commences.
<b>Maturity Date</b>	5 years from the Issue Date
<b>Guarantee Maturity</b>	Entire tenor of the Bond.
<b>Coupon Rate</b>	Term SOFR + 2.5% (net of any tax)
<b>Default Interest Rate</b>	Default interest of the Issuer's bond interest rate + [2.00%] p.a. will be charged on any amount that the Obligors are required to pay under the Reimbursement and Indemnity Agreement ("RIA") (including a payment of any Guarantee Fee) but which is not paid on its due date.
<b>Offering Price</b>	100% Fully paid
<b>Coupon Payment</b>	<p>The Bonds will bear interest from 29 December 2023, payable semiannually, to be paid in arrears on 29 June and 29 December of each year, with the first payment to be made on 29 June 2024.</p> <p>The semi-annual interest payment is the sum of interest accrued over the six (6) preceding Interest Periods.</p>
<b>Issue Date</b>	29 December 2023
<b>Number of Bonds offered</b>	823,000 Bonds





<b>Nominal Amount</b>	KHR 100,000 per bond
<b>Grace Period</b>	1.5 years
<b>Redemption</b>	<p>The Bonds shall be partially redeemed on and before the Maturity Date on a semi-annual basis.</p> <p>29<sup>th</sup> December 2025 = 10.00% of outstanding bonds</p> <p>29<sup>th</sup> June 2026 = 11.11% of outstanding bonds</p> <p>29<sup>th</sup> December 2026 = 12.50% of outstanding bonds</p> <p>29<sup>th</sup> June 2027 = 21.43% of outstanding bonds</p> <p>29<sup>th</sup> December 2027 = 27.27% of outstanding bonds</p> <p>29<sup>th</sup> June 2028 = 50.00% of outstanding bonds</p> <p>29<sup>th</sup> December 2028 = 100.00% of outstanding bonds</p>
<b>Credit Rating of Guarantor</b>	<p>The Bonds are to be guaranteed by CGIF.</p> <p>CGIF has the following credit ratings:</p> <ul style="list-style-type: none"> <li>• “AA/A-1+” Global (Long Term &amp; Short Term), Stable Outlook, by S&amp;P Ratings on 28 Feb 2023</li> <li>• “AAA”, National, Stable Outlook, by RAM Ratings on 4 December 2023</li> <li>• “AAA” National, Stable Outlook, by Fitch Ratings Indonesia on 17 January 2023</li> <li>• “AAA” National, Stable Outlook, by TRIS Ratings on 21 November 2023</li> <li>• “idAAA” National, Stable Outlook, by Pefindo Credit Rating Agency on 07 August 2023.</li> </ul>
<b>Governing Law</b>	The Bonds are governed by and construed in accordance with the laws of Cambodia.
<b>Registration</b>	The Issuer will apply for the Bonds to be registered with the Securities and Exchange Regulator of Cambodia (SERC) and expects to be listed on the Cambodia Securities Exchange (CSX).
<b>Purpose</b>	<ol style="list-style-type: none"> <li>1. Capacity upgrade of the existing Malaysia-Cambodia-Thailand (MCT) cable system and new clean line submarine system (USD 1.7 million)</li> <li>2. Clean line expressway and fiber backbone upgrade (USD 7.5 million)</li> <li>3. Capacity upgrade for nationwide network (USD 5 million)</li> <li>4. Fiber coverage Expansion (USD 3.7 million)</li> <li>5. Kampus for edge node data center (USD 2 million)</li> </ol>
<b>Underwriter</b>	Royal Group Securities Plc.
<b>Bondholders' Representative</b>	Wing Bank (Cambodia) Plc.
<b>Registrar, Transfer and Paying Agent</b>	Wing Bank (Cambodia) Plc.



## 1.2 Use of proceed

No.	Purposes	Amount (KHR Billion) *
	To finance the capital expenditures relating to the upgrade of the existing network infrastructure	
1	Capacity upgrade of the existing Malaysia-Cambodia-Thailand (“MCT”) cable system and new clean line submarine system	7.0

2	Clean line expressway and fiber backbone upgrade	30.9
3	Capacity upgrade for nationwide network	20.6
4	Fiber coverage expansion	15.4
5	Kampus for edge node data center	8.4
	<b>Total</b>	<b>82.3</b>

\*Note that the Bonds are KHR-denominated with the settlement in USD at a fixed USD/KHR foreign exchange rate upon bond issuance. This USD / KHR foreign exchange rate is calculated by taking the arithmetic mean of the official KHR/USD exchange rate published by the National Bank of Cambodia on each of the 6th Business Day to the 2nd Business Day prior to the date on which subscription for the Bonds commences.

### 1.3 General overview of the company

Telcotech Ltd. launched in 2007 as a wholly owned Cambodian company and has developed rapidly in order to accommodate international partnership commitments. Its key stakeholders have unrivalled experience and knowledge of business in Cambodia—inside and outside of the telecommunications industry as well as at an international level.

Licensed by the Royal Government of Cambodia to develop and operate submarine fiber optic cabling and associated network infrastructure, Telcotech's primary objective is to help further Cambodia's economic and social development by providing superior technology solutions to support telecommunications carriers and major enterprises in providing better services to their customers.

Telcotech is the first ISP to bring international standard service, such as MPLS, to Cambodia. Telcotech has invested in a multitude of high-quality infrastructure, allowing the Company to be the leading ISP in Cambodia. Telcotech established and introduced its own quality-management system, and was awarded an International Organization for Standardization's (ISO) 9001:2015 certification. Telcotech is the first ISP in Cambodia to have gained this international recognition.

In parallel with the rapid expansion of the technical side, Telcotech has also broadened the scope of its customer service network. Telcotech's registered address is located at #7D, Russian Blvd, Cambodia Chamber of Commerce Building, Sangkat Tuek L'ak Ti Muoy, Khan Tuol Kouk, Phnom Penh, Cambodia.

### 1.4 Business strategy and plan

Telcotech began operations in 2007, providing industry leading internet, data and backbone services in Cambodia and has expanded its reach to the wholesale space for both domestic and international infrastructures including the investment in submarine cables AAG and MCT.

The Company current strategic plans are as follows:

- Strive to gain development and innovation leadership in providing products and services.
- Introduce the first ISP to MPLS products by continually expanding the Company's high-quality infrastructure allowing the Company to be the leading ISP in Cambodia.
- Maintain the high-end quality for customers with an international recognition (certified by ISO 9001:2015 on its quality management system).
- Enhance the quality of after sales services to maintain the customer base and attract new customers.

The above-mentioned business expansion activities have put the Company on top of its peers in terms of huge amount of investment for fiber optic cables spreading all over the country. In addition to that, the Company has also been cooperating with Asia-America Gateway (AAG) and Malaysia-Cambodia-Thailand (MCT) to expand the submarine cable system from overseas to Cambodia.





## 1.5 Information of director and shareholder

### 1.5.1 Shareholding Structure

#### Shareholder structures of Telcotech

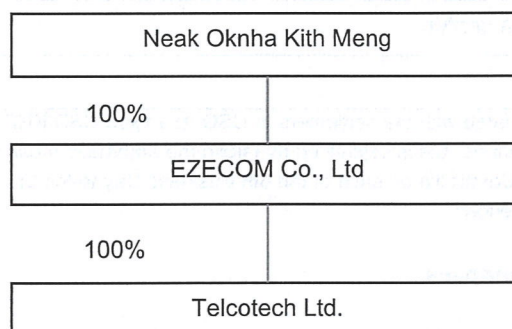


Table 1: Telcotech's ownership (as of 09 March 2023)

Shareholder	Neak Oknha Kith Meng
Number of shares	11,856,688
Par Value	US\$ 1.00
% Ownership	100%
% Voting Right	100%

### 1.5.2 Board of Directors

N°	Name & Position	Nationality	Designation	Date of Appointment	Termination Date
1	Neak Oknha Kith Meng	Cambodian	Chairman	02 Jan 2012	N/A
2	Mr. William Mark Hanna	British	Non-Executive Director	01 Dec 2023	01 Dec 2026
3	Mr. Paul Carey Clements	Australian	Non-Executive Director	01 Dec 2023	01 Dec 2026
4	Mr. Christopher Donald Tiffin	South African	Non-Executive Director	01 Dec 2023	01 Dec 2026
5	Ms. Hep Seka	Cambodian	Independent Director	01 Dec 2023	01 Dec 2026

## 1.6 Risks

Risks relating to the Bonds (details of which are described under *Section 3: Risk Factors* in the Disclosure Document.)

The purchase of Bonds may involve substantial risks and is suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Bonds. Please see *Section 3: Risk Factors* in the Disclosure Document.





<b>Key information on the key risks that are associated with the Issuer</b>	<p>In purchasing the Bonds, investors assume the risk that the Issuer may become insolvent or otherwise may be unable to make all payments due in respect of the Bonds. There are a number of risk factors, both specific to the Company and relating to the general business environment, which may impact the operating performance and financial position of the Company and affect the future financial performance. Investors should note that the following list is not an exhaustive list of all the risks that the Company faces or risks that may develop in the future. These factors include:</p> <ul style="list-style-type: none"> <li>• Country risk <ul style="list-style-type: none"> <li>◦ Political risk</li> <li>◦ Macro-economic conditions</li> </ul> </li> <li>• Business related risk <ul style="list-style-type: none"> <li>◦ Competition risk</li> <li>◦ Regulatory risk</li> <li>◦ Risk relating to change in customer behavior and technological developments</li> <li>◦ Risk from equipped adaptability for digital capacity</li> <li>◦ Supplier risk</li> <li>◦ Risk relating to loss of key personnel</li> <li>◦ Risk relating to failure to develop and successfully execute business plans</li> <li>◦ Risk relating to interruption to the main system</li> <li>◦ Risk of power cuts</li> <li>◦ Risk relating to information security and cyber-attacks</li> <li>◦ Foreign exchange risk</li> <li>◦ Interest rate risk</li> </ul> </li> </ul>
<b>Key information on the key risks that are associated with investing in Telcotech Bond</b>	<ul style="list-style-type: none"> <li>• Credit risk for investors</li> <li>• Liquidity risk of bond market</li> <li>• Risk in relation to newly established bond market</li> <li>• The Bonds may not be a suitable investment for prospective investors</li> </ul>
<b>Key information on the key risks that are associated with the Guarantee</b>	<ul style="list-style-type: none"> <li>• Enforcing Bondholders' rights under the Bonds or the Guarantee may involve multiple jurisdictions and may be difficult</li> <li>• Risk in relation to changes in the credit ratings of CGIF</li> <li>• Not all amounts due and payable in respect of the Bonds are guaranteed by CGIF</li> <li>• CGIF has the right to accelerate repayment of the Bonds following an acceleration event</li> <li>• Obligations of CGIF do not constitute an obligation of Asian Development Bank</li> <li>• CGIF is required to pay under the Guarantee only when certain conditions are met</li> <li>• There may be a change in English law</li> </ul>

## 1.7 Financial information

### 1.7.1 Revenue structure

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
Internet Fiber Optic Gepon	1,305,498	2,317,593	1,012,095	77.53%

International Private Leased Circuit ("IPLC")	7,742,805	8,297,414	554,609	7.16%
Domestic lease line	3,939,866	3,936,101	(3,765)	(0.10%)
Fiber optic wholesale	2,816,420	5,676,391	2,859,971	101.55%
Internet protocol ("IP") transit	370,874	506,252	135,378	36.50%
Installation income	160,945	980,824	819,879	509.42%
Data center	121,164	101,355	(19,809)	(16.35%)
Other incomes	47,550	128,050	80,500	169.30%
<b>Total revenue</b>	<b>16,505,122</b>	<b>21,943,980</b>	<b>5,438,858</b>	<b>32.95%</b>

#### 1.7.2 Summary of financial information

Description	31 December 21	31 December 22
	US\$	US\$
Total assets	61,766,293	66,018,166
Total liabilities	32,713,286	34,916,584
Total equity	29,053,007	31,101,582
Revenue	16,505,122	21,943,980
Profit from operations	(282,305)	3,774,920
Net profit	(425,736)	2,048,575
Debt to equity ratio	0.67	0.50
Return on average assets ratio	(0.68%)	3.21%
Return on average equity ratio	(1.45%)	6.81%

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## SECTION 2: INFORMATION RELATING TO THE OFFERING FOR SALE OF THE BONDS

### 2.1 Description of the Bonds being offered

The Bonds are subject to the Terms and Conditions in the form attached as Appendix II: Terms and Conditions of the Bonds to this Disclosure Document. Please refer to General Description of the Bonds and the offering for the terms of the Bonds being offered and the material terms under the Terms and Conditions, and the Bondholders' Representative Agreement. Unless otherwise defined in this section, capitalized terms used herein have the same meaning given to them in the Terms and Conditions.

### 2.2 Valuation Method

Telcotech will issue the Bonds at par value, meaning that the bond price and the nominal value are equal, and the yield to maturity and the coupon rate is the same. In principle, the yield to maturity of bonds is determined by using certain formulas in which the Premium Method is commonly used in developed debt markets as follows:

$\text{Yield to maturity} = \text{Risk free rate of the government bond} + \text{Spread over benchmark}$
--

Note:

- The risk-free rate of the government bond refers to the yield to maturity of government bonds of a country that has the same maturity as corporate bonds, considered the risk-free rate.
- Spread over the benchmark is an additional yield on the risk-free rate of the government bond because bonds issued by a private company are considered to be riskier than a government bond. Spread over the benchmark is estimated based on the average change of a yield to maturity of corporate bonds and a yield to maturity of government bonds.
- RGS applies the risk-free rate of the government bond based on the credit rating and adds the spread over the benchmark

To reduce uncertainties and avoid assumptions, RGS and Telcotech determine yield to maturity by comparing with the cost of borrowing funds, the current interest rate on deposits from commercial banks, and the coupon rate of listed corporate bonds and adding a premium to make the corporate bonds attractive for investors.

### 2.3 Procedure for interest payment and principal payment of the Bonds

For details, please see attached in this Disclosure Document - Appendix II: Terms and Conditions of the Bonds

### 2.4 Bondholders' right

"Bondholders' Rights" means all rights relating to the Bonds under the Terms and Conditions including, without limitation, the right to receive payment of the principal and interest on the Bonds and the right to attend and vote at meetings of the Bondholders.

### 2.5 Terms and Conditions of the Bonds

For details, please see Appendix II: Terms and Conditions of the Bonds.

### 2.6 The information of Underwriter

The Issuer has appointed the Underwriter whose name and address are as specified in Table: General information of Underwriter as Underwriter to the Bond transaction. In respect of the arrangement for the offering and sale of the Bonds, the Underwriter agrees to manage, arrange and procure subscriptions by Institutional Investors and High Net Worth Investors in accordance with and subject to the terms and conditions specified in the Underwriting Agreement between the Issuer and the Underwriter. In performing such duties, the Underwriter: (i) has already obtained all relevant license(s) required under the applicable laws and regulations of Cambodia; (ii) must comply with other relevant regulations applicable to it in relation to the offering and allocation of the Bonds.





Name	Royal Group Securities Plc.
Address	No.246, Preah Monivong Blvd, Sangkat Boeung Rieng, Khan Daun Penh, Phnom Penh, Cambodia.
Phone number	(855) 23 994 999
Website	<a href="http://www.royalgroupsecurities.com">www.royalgroupsecurities.com</a>
E-mail	<a href="mailto:info@royalgroupsecurities.com.kh">info@royalgroupsecurities.com.kh</a>
Company registration number	2000237516
Registration date	13 February 2023
License number	0013 SERC/KT
License date	27 April 2023

## 2.7 Underwriting Agreement

The underwriting agreement is made between the Issuer and Underwriter (hereinafter the "Underwriting Agreement"). Below is the summary of the Underwriting Agreement, but we do not include the entire agreement. Based on the SERC's approval and CSX's approval on listing the Bonds and based on the terms and conditions as stated in the Underwriting Agreement, the Underwriter undertakes to complete the Offering on behalf of the Issuer on best effort basis only.

Power, authorizations and duties of the Underwriter

- The Underwriter shall have powers to do all such acts and things as it may deem necessary or advisable for or in connection with the offering and, in particular, without limitation or prejudice to the foregoing and the other provisions of this Agreement:
- Assist Telcotech in seeking a guarantee for a corporate bond issuance from the CGIF;
- Advise on the timing, structure, methods, terms and conditions, appropriate markets, and other similar matters concerning the Bonds;
- Assist the Issuer in implementing the Bonds, including the preparation of a Single Submission Form and any supplementary disclosure with support from Telcotech and other advisors;
- Conduct, on behalf of the Issuer, the preparation of the necessary documents and applications including, but not limited to, application forms for the bond issuance to professional markets or qualified investors, listing eligibility review for submission to SERC, CSX, and any other applicable regulatory authorities in connection with the Transaction;
- Conduct and coordinate the procedures for the determination of the Bond's issue price, coupon rate, book building, and placement of the Bonds;
- Conduct and coordinate the business and financial due diligence on the Issuer;
- Assist the Issuer in relation to the marketing arrangements for the proposed Transaction (marketing and roadshow presentations designed to attract potential institutional and other investors) and assist the Issuer in preparing roadshow presentations and other marketing materials;
- Attend meetings of the board of directors of Telcotech to explain and respond to any questions relating to the Bonds issuance;
- Recommend professional advisors including accounting advisors (if required), legal advisors, bondholder's representatives (if required), securities registrar, transfer and paying agents;
- Coordinate and assist Telcotech, where appropriate, in communication, meeting and liaison with other advisors including securities registrar, transfer and paying agent and accounting firm;
- Carry out any other duties which are customary for the transaction and which may be agreed from time to time in writing by the Parties, including any duties which the Issuer may request for the assistance from RGS, provided that RGS deems such duties to be reasonable regarding the nature and type of the proposed transaction.

## 2.8 Bond allocations

The offering of the Bonds will be made through the Underwriters in accordance with Prakas on Public Issuance of Debt Securities. The Bonds will be offered only to the Institutional Investors and High Net Worth Investors.

## 2.9 Subscription and allocation

For more information, see “THE GUIDELINE ON THE SUBSCRIPTION, ALLOCATION AND REFUND” of the Disclosure Document.

## 2.10 Other expenses related to the bond issuance

Estimated amounts of fees and expenses incurred in connection with the Bond offering:

Fee for submission and registration of Disclosure Document	KHR 12 million
Other expenses*	Estimated KHR 2.4 billion

Note\*: other expenses including listing fees at CSX, depository fees, other advisory fees (underwriting, credit rating agent, bondholders representative fee, registrar fee, legal fee) and other offering expenses.

## 2.11 Use of proceeds

The use of proceeds of the issuance is to finance the capital expenditures.

No.	Purposes	Amount (KHR Billion) *
	To finance the capital expenditures relating to the upgrade of the existing network infrastructure	
1	Capacity upgrade of the existing Malaysia-Cambodia-Thailand (“MCT”) cable system and new clean line submarine system	7.0
2	Clean line expressway and fiber backbone upgrade	30.9
3	Capacity upgrade for nationwide network	20.6
4	Fiber coverage expansion	15.4
5	Kampus for edge node data center	8.4
	<b>Total</b>	<b>82.3</b>

## 2.12 Credit rating

Please refer to the credit rating report of the Bonds in Appendix V: Credit Rating Report of the Bond.

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## SECTION 3: RISK FACTORS

*Telcotech's business, financial condition and operating results could be materially adversely affected by any of the factors discussed below. Prospective investors should also read the detailed information set out elsewhere in this document (including any documents deemed to be incorporated by reference herein) and reach their own view prior to making any investment decision.*

### 3.1 Country risk

#### 3.1.1 Political risk

Cambodia has experienced new political chapter in its history following the most recent 2023 election. The new government is headed by newly elected prime minister after more than 3-decade long of Samdach Hun Sen's leadership. Adverse developments in the political and economic conditions in Cambodia and other countries in the region could materially affect the business, performance, financial condition, results of operation, and prospects of the Issuer. Investors should note that whilst the Issuer strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there can be no assurance that adverse political and economic factors will not materially and adversely affect the Issuer.

#### Mitigation:

Telcotech designs and implements a strong and efficient business model, with good liquidity access, which enables Telcotech to withstand unexpected circumstances beyond Telcotech control. Whilst Telcotech strives to continue to take effective measures such as prudent financial management and efficient operating procedures, there can be no assurance that some extraordinary circumstances will not materially and adversely affect Telcotech. It should be noted that Cambodia has had a stable political environment with a government run by practical technocrats for the last twenty years. It is not foreseen that any potential members of the new government will take a radically different approach to governing Cambodia.

#### 3.1.2 Macro-economic conditions

Telcotech's performance is impacted by macro-economic conditions and in particular by economic conditions in the markets in which we operate. Demand and pricing of products and services are subject to economic conditions and other factors (such as epidemics, pandemics or large-scale medical emergencies), which have had and/or, in the future, could have a material adverse effect on our business and results of operations.

#### Mitigation:

Telcotech continually reviews not only the economic conditions in Cambodia, but also the political, social, technological, environmental and legal conditions that can affect the economy. Telcotech can quickly adjust to changing conditions, by considering those changes into business strategies. Although we believe that Telcotech's customer base, together with our periodic review of economic conditions and preparation to make necessary adjustments, help mitigate potential effects from economic conditions, economic conditions in Cambodia could still materially and adversely affect Telcotech's financial position, cash flow and prospects.

### 3.2 Business related risk

#### 3.2.1 Competition risk

Faced with the intense competition of the telecommunication industry in Cambodia, operators continue to expand their networks to satisfy customer needs, including the provision of mobile packages bundled with various mobile devices, especially introducing unlimited data packages to attract customers along with its wholesale business. This causes a rival in price competition. To maintain its market share, Telcotech is continually implementing its strategic plan, which includes adding more product offerings and value-added services while continuing to differentiate itself from the competition through its exceptional reliability and service. While Telcotech enjoys its position with a large portion of market share and is taking steps to maintaining that position, it is possible that existing competition or new entrants to the market could capture some of Telcotech's market share. As a result, this could materially harm Telcotech's business, financial position, and profitability.

#### Mitigation:





Telcotech is incorporating the following steps into its risk management plan:

- Strive to gain development and innovation leadership in providing products and services.
- Extend the product portfolio to include enterprise related solutions linked with ISP services ranging from core network design & implementation, SDWAN technologies, Cloud solutions. XaaS solutions, information security
- Data center Colocation
- Obtaining customer trust on data. Information security by being the first telco to obtain ISO27001:2013 standards in Cambodia.
- The first ISP to introduce MPLS products by continually expanding the Company's high-quality infrastructure allowing the company to be the leading ISP in Cambodia.
- Internationally recognized and certified by ISO 9001:2015 on its quality management system.

### **3.2.2 Regulatory risk**

Telcotech is under the supervision of Telecommunication Regulator of Cambodia (TRC). The operation is under the law dated 17 December 2015 on the Law on Telecommunications. Related regulatory policies in Cambodia generally encourage increased fair competition in the telecommunications industry. Violations of such law and related policies or any significant change in laws and policies could expose Telcotech's operating entities to administrative fine and regulatory measures, which will adversely affect Telcotech's business, results of operations, financial condition, and prospects.

#### **Mitigation:**

For any work directly related to the government agencies, Telcotech has a unit responsible for regularly monitoring the issuance and change of regulations and then reporting on such changes to the management and coordinating with the relevant departments to ensure they are informed promptly and ready to respond. The unit's role includes performing as an intermediary to coordinate with government agencies and ensuring that it is given all the necessary information on the business impact of its regulations. Through this unit, the Company also has the opportunity to make comments or suggestions and/or raise our concerns or opposition to the enactment of the laws, rules, regulations and/or orders in the event that they are deemed likely to have a serious impact on the Telcotech's operations, or to have been unlawfully conducted. In 2020, ministry has revoked licenses of 17 ISP operators which put Telcotech, the leading operator in better position.

### **3.2.3 Risk relating to change in customer behavior and technological developments**

Changes and advances in technology, especially digital technology, enable service providers to launch new products with new business model. These developments also change consumer behavior, because customers have more choices from the new services in the digital world. This, therefore, forces the Company to adapt and develop its business plan to accommodate the changing technologies and new innovations in order to maintain its existing customer base, generate revenue from new channels, and ensure long-term sustainability.

#### **Mitigation:**

Telcotech is incorporating the following steps into its risk management plan:

- Define the key strategies, both short-term and long-term, to respond to the changing customer behavior and technologies.
- Enhance the digital customer experience, e.g., increase engagement with customers via a fully online system, build Chatbot capabilities, enhanced customer support through unified communication methods.
- Bundle product and service offerings of Voice over Internet Protocol Services ("VoIPs"), OTT solutions, Fiber Optic wholesale, Internet Fiber Optic Gepon, International Private Leased Circuit ("IPLC") and Data Center.

### **3.2.4 Risk from equipped adaptability for digital capacity**

Due to the rapidly changing technology and customer behaviors, telecommunication service providers need to improve their service capabilities in order to be able to respond quickly to customer needs. If the Company cannot develop the necessary skills or capabilities in a timely manner, it will impact to the Company's business advantage both in its current businesses and in new businesses in the future.





Mitigation:

To mitigate this risk, Telcotech may take the following measures:

- Recruit employees with skills, experience and certifications that meet the needs of the Company including development of necessary skills or capabilities that can be applied in new businesses in the future.
- Upskill the existing team to provide a speedier and efficient customer service along with introduction and adopting to new technologies.

### **3.2.5 Supplier risk**

Telcotech relies on suppliers for network and fiber optic cables and base station equipment including maintenance services which have the relevant technology. Any changes to the quality of the network provided or any increase in prices can materially harm Telcotech's business, financial position, and results of operations.

Mitigation:

To mitigate the supplier risk, Telcotech may take the following measures:

- Apply a multi-vendor purchasing policy for major equipment and services.
- Establish an approved vendor/supplier list of vendors/suppliers that pass the Company's quality standards (Multi-vendor).
- Control the equipment and spare parts inventory at a suitable level in order to avoid shortages.

### **3.2.6 Risk relating to loss of key personnel**

In order to maintain quality, efficiency, and a good reputation, Telcotech relies on the expertise of its personnel, particularly that of engineers, project managers, project engineers, and managers. Skilled workers in these positions are very limited in Cambodia, so it is important that the Company can retain these professionals. However, due to the competitive nature of the telecommunication industry in Cambodia, the risk of attrition is a constant threat. The loss of important staff members could cause delays in project completion, increase in project costs, or a decrease in project quality, any of which could materially adversely affect the Company's business, reputation, revenue, and profitability.

Mitigation:

Some workforce attrition is inevitable, but the Company seeks to minimize the impacts of it by continually expanding the capabilities of its staff through training programs. Highly skilled staff share their expertise with less experienced staff, allowing for internal replacements in the case of attrition of skilled staff. The Company also actively recruits top talent from universities and competitors and provides scholarship opportunities for underprivileged students aspiring to build their career in telecommunications industry. In order to retain existing staff and recruit new staff, the Company provides extensive perks aimed at increased job satisfaction; these include career development plans, annual bonuses, and competitive salaries.

### **3.2.7 Risk relating to failure to develop and successfully execute business plans**

To maintain its market share in the telecommunication industry, Telcotech may undertake a number of plans and strategies, such as adding more product offerings and value-added services while continuing to differentiate itself from the competition through its exceptional reliability and service. Failure to develop and successfully execute plans or strategies could adversely affect our business, sales and results of operations.

Mitigation:

Telcotech reviews its strategy and plan monthly and adjusts and improves the strategy as needed. However, future and abrupt changes in the telecommunication industry, including with new competitors entering the market or other unknown future changes, could prevent us from successfully develop and/or execute business plans and strategies in a timely manner and within the budget. Any failures, material delays or unexpected costs related to implementation of our strategy could have a material adverse effect on our business, financial condition, results of operations and cash flow.

### **3.2.8 Risk relating to interruption to the main system**

Telcotech relies on owned and leased digital infrastructure to deliver services to customers. This type of infrastructure is vulnerable to natural disasters such as flooding, storms, fires, and earthquakes. If any of the



infrastructure is physically damaged, it would result in service and operating system disruption. While Telcotech has determined that the likelihood of service interruption due to natural disaster is low, any such occurrence could materially and adversely affect Telcotech's business, reputation, financial position, and results of operations.

**Mitigation:**

Telcotech applies the business policy at both the enterprise and departmental level. The Company also conducts an Annual Review and carries out exercises to practice and test the Business Plan. Most importantly the business has started implementing a BCP strategy which will follow with ISO22301 which certifies the business's BCP standards. This will also be tied up to a real time DR site implementation with minimum RPO/ RTO. In addition, Telcotech received international ISO 9001:2015 for quality management system certification in recognition of quality and connectivity to cope with crisis situations and maintain the organization's sustainable development.

### **3.2.9 Risk of power cuts**

Power cuts by the electricity provider of Cambodia, Electricite du Cambodge (EDC), are a common and predictable event, particularly during the dry season, which runs from approximately December to June of each year. During this time, electricity generation from hydroelectric dams is insufficient to meet nationwide demand. As such, the EDC implements rotating power cuts in order to ration the limited supply of electricity. While this most commonly occurs during the dry season, it can occur throughout the year. Power cuts can cause service interruptions which can harm Telcotech's reputation and results of operations.

**Mitigation:**

Telcotech utilizes generators for key operational processes and infrastructure. For instance, the data center automatically switches to generator power in the event of a power cut, so functionality is not compromised. Additionally, Telcotech keeps open lines of communication with EDC to stay informed on scheduled power cuts and to keep apprised of details regarding non-scheduled power cuts.

### **3.2.10 Risk relating to information security and cyber-attacks**

The Company has rapidly developed products and services to serve customers' needs and increase their convenience. While technology is essential in developing and improving these products and services, the application of advanced technology may also come with a risk of information technology. Such risks result from the complexity of the technology itself, gaps in the skill and knowledge levels of the Company's employees, the potential deficiency of the Company's own system, and external threats or cyber-attacks.

**Mitigation:**

To ensure the effectiveness of the Company's information security, Telcotech regularly reviews and revises the security policy of the Company's IT system in the following ways:

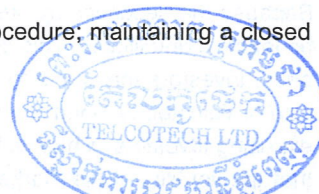
- Implementation of an Information security division whose core responsibility will be to identify and mitigate information security breaches and threats,
- Implementation of IT security tools such as SIEM, DLP, MDM, etc,
- ISO/IEC27001:2013 certification,
- Conducting regular VAPT on public facing systems, apps and web pages,
- Enhance information security measures, e.g., by reviewing the access control procedure; maintaining a closed working environment; and building IT awareness across the entire Company,
- Implementation of a SOC.

### **3.2.11 Foreign exchange risk**

Foreign exchange risk arises due to fluctuations in currency exchange rates. Telcotech's functional currency is USD. All revenues are collected in USD. However, some expenses such as utilities and taxes must be paid in KHR and Telcotech converts USD to KHR for these expenses.

**Mitigation:**

Management of Telcotech believes that there is low risk of any major financial losses due to foreign exchange fluctuations. The exchange rate between USD and KHR has been historically stable. For the 2021 and 2022





financial years, Telcotech has experienced only negligible gains and losses when it must convert USD to KHR to fund tax and utilities obligations. However, changes in future exchange rates could materially and adversely affect Telcotech's business and profitability.

### **3.2.12 Interest rate risk**

Regular, large capital expenditures are hallmarks of the industry in which Telcotech operates. Rapid technological innovations necessitate the upgrading and replacement of even functional equipment and digital infrastructure. A long period of low interest rates has benefited Telcotech by enabling large capital expenditures to be partially or wholly financed with bank loans or bond issuance with low interest expenses. However, any increase in market interest rates will raise the borrowing costs, which can reduce Telcotech profitability.

Mitigation:

Telcotech seeks facilities with relatively low interest rates and short terms. As of the date of reporting, Telcotech's debt securities consists of only a guaranteed bond issued on 25th August 2021 with an interest rate of 4.5% per annum. While the company's current borrowing is at a fixed interest rate, changes in future market interest rates are not expected to have a material and adverse effect on Telcotech's business and profitability.

## **3.3 Risks associated with investing in Telcotech's bond**

### **3.3.1 Credit risk for investors**

If the Issuer suffers from unanticipated results of operations or if its performance deteriorates materially, it may be unable to make payments of interest or principal due to lack of sufficient assets to perform its obligations under the terms and conditions of the Bond. Likewise, any anticipated changes in the financial condition and solvency of the Guarantor could result in their inability to pay interest or principal as outlined in the CGIF Guarantee.

Therefore, investors should consider all aspects of the Issuer's and the Guarantor's financial conditions as outlined in this Disclosure Document before making a decision on whether to invest in the Bonds. Investors may also consider the credit ratings of the Issuer or Guarantor when making an investment decision. Low credit ratings are indicative of high credit risk, and high credit ratings are indicative of low credit risk. Investors should bear in mind that credit ratings can change or be withdrawn by credit rating agencies, and it is recommended that investors perform independent research to monitor any changes in the business condition or credit ratings of the Issuer or Guarantor before any investment in the Bonds and while holding the Bonds.

### **3.3.2 Liquidity risk of bond market**

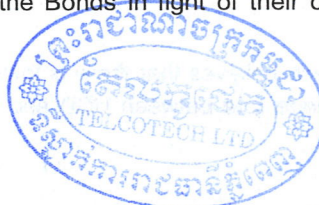
The market for the Bonds may lack liquidity as it is still new in Cambodia. Bondholders who wish to sell their Bonds may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Bonds. They may be traded at a discount to their initial offering price, depending upon prevailing interest rates, general economic conditions and the financial condition of Telcotech and its Shareholders. There may be a limited number of buyers when investors decide to sell the Bonds. This may affect the price investors receive for the Bonds or the ability to sell the Bonds at all.

### **3.3.3 Risk in relation to the newly established bond market**

Because the securities market, particularly the bond market, is new in Cambodia, the market for the Bonds may be inactive and illiquid. This could expose investors to high volatility and the limited ability to trade at their desired price. Investors may have to make large price concessions to either purchase the Bonds or sell the Bonds. The size of Telcotech's Bond is relatively small, which may result in the market being inactive and illiquid, therefore, exposing investors to high volatility and the limited ability to trade at their desired price. In particular, in the event that the liquidity of the market is low, investors will be unable to purchase or dispose of a large block of Bonds without causing substantial price movements.

### **3.3.4 The Bonds may not be a suitable investment for prospective investors**

Prospective investors must determine the suitability of the Bonds in light of their own circumstances. In particular, prospective investors should:





- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this document;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of their particular financial situation, an investment in the Bonds and the impact such investment will have on their overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- (iv) understand thoroughly the terms of the Bonds; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect their investment and their ability to bear the applicable risks.

Additionally, their investment activities may be subject to investment laws and regulations, or review or regulation by certain authorities. Prospective investors should consult their legal advisors to determine whether and to what extent (1) the Bonds are legal investments for them, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to their purchase of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

### **3.4 Risks relating to the Guarantee**

#### **3.4.1 Enforcing Bondholders' rights under the Bonds or the Guarantee may involve multiple jurisdictions and may be difficult**

The Bonds will be issued by the Issuer, which is incorporated under the laws of Cambodia and guaranteed by CGIF, which is a trust fund established by the ten members of the ASEAN together with the People's Republic of China, Japan, Republic of Korea and ADB. The Bonds and the Bondholders' Representative Agreement will be governed by Cambodian law and the Guarantee will be governed by English law. Parties to the Guarantee have agreed that disputes arising thereunder are subject to arbitration administered by SIAC in accordance with its arbitration rules.

In the event of a bankruptcy, insolvency or similar event, different proceedings could be initiated in Cambodia or Singapore. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of the rights of the Bondholders. Bondholders' rights under the Bonds and the Guarantee will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that the Bondholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings.

Furthermore, the bankruptcy, insolvency, administrative and other aspects of Cambodian law and English law may be materially different from, or be in conflict with, each other and those with which the Bondholders may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether the laws of any particular jurisdiction should apply, which could adversely affect the Bondholders and their ability to enforce their rights under the Bonds and the Guarantee in the relevant jurisdiction.

#### **3.4.2 Risk in relation to changes of credit rating of CGIF**

The Bonds are guaranteed by CGIF, which has credit ratings that reflect its claims paying ability as recognized by international and domestic credit rating agencies. CGIF has been rated AA for Global Long Term and A-1+ for Global Short Term with Stable outlook by Standard and Poor's as of 28 February 2023. CGIF has been rated AAA for National scale with Stable outlook by RAM Ratings as of 4 December 2023. CGIF has been rated AAA for National scale with Stable outlook by TRIS Ratings as of 21 November 2023. CGIF has been rated AAA for National scale with Stable outlook by Fitch Ratings Indonesia as of 17 January 2023 and has been rated idAAA for National scale with Stable outlook by Pefindo Credit Rating Agency as of 07 August 2023. If CGIF's credit ratings are suspended, reduced, or withdrawn at any time, the value and liquidity of the Bonds could be materially and adversely affected.

#### **3.4.3 Not all amounts due and payable in respect of the Bonds are guaranteed by CGIF**





CGIF does not guarantee all amounts due in respect of the Bonds. CGIF only guarantees to the Bondholders the payment of each "Bondholder Guaranteed Amount". CGIF's obligation to pay any Guaranteed Amount is subject to a Demand being delivered in respect of any such Guaranteed Amount in accordance with, and subject to, the terms of the Guarantee.

#### **3.4.4 CGIF has the right to accelerate repayment of the Bonds following an acceleration event**

Under the Guarantee, CGIF has the right to accelerate the bonds under specific circumstances outlined in the Guarantee. (A) At any time after the occurrence of an Issuer Event of Default (as defined in the Guarantee) or (B) the receipt by CGIF of a Demand (as defined in the Guarantee), CGIF may, in its absolute discretion, deliver a CGIF Acceleration Notice (as defined in the Guarantee) to the Issuer and the Bondholders' Representative declaring the Bonds to be immediately due and payable under the Bond Documents on a specified date (which must be in respect of either (A) or (B), no later than ten (10) Business Days from the date the CGIF Acceleration Notice (as defined in the Guarantee) is delivered by CGIF to the Issuer and the Bondholders' Representative pursuant to the Guarantee and confirms that it will pay all the Guaranteed Amounts on or before the Acceleration Due Date (as defined in the Guarantee).

If an Acceleration Event occurs and the Bonds are redeemed by CGIF, investors may suffer reinvestment risk.

#### **3.4.5 Obligations of CGIF do not constitute an obligation of Asian Development Bank**

The obligations of CGIF under the Guarantee do not constitute an obligation of the Asian Development Bank or any other contributors to CGIF. Each of the Bondholders, the Bondholders' Representative, the Paying Agent and the Securities Transfer Agent's recourse against CGIF under the Guarantee and any Bond Document (as defined in the Guarantee) is therefore limited solely to the assets of CGIF, which are all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF (the "**CGIF Assets**") and each of the Bondholders, the Bondholders' Representative, the Paying Agent and the Securities Transfer Agent has no recourse to any assets of the Asian Development Bank or any other contributors to CGIF. For the avoidance of doubt, CGIF Assets do not include any assets of the Asian Development Bank or any other contributors to CGIF.

Neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF are subject to any personal liability whatsoever to any third party including each of the Bondholders, the Bondholders' Representative, the Paying Agent and the Securities Transfer Agent in connection with the operation of CGIF or under the Guarantee. None of the Bondholders, the Bondholders' Representative, the Paying Agent or the Securities Transfer Agent may bring any actions against the Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents in connection with the Guarantee.

#### **3.4.6 CGIF is required to pay under the Guarantee only when certain conditions are met**

Under the Terms and Conditions and the Guarantee, if a Non-Payment Event (as defined in the Terms and Conditions) occurs and is continuing, the Bondholders' Representative or, where the Bondholders' Representative fails to make a Demand within the Demand Period, then an Eligible Bondholder, may make a Bondholder Demand within the requisite period to CGIF to pay under the Guarantee. Under the Guarantee, the obligations of CGIF to make payment of the Guaranteed Amount under the Guarantee will not arise until a Non-Payment Event has occurred and a Demand has been delivered by the Bondholders' Representative or the Eligible Bondholder to CGIF in compliance with the Guarantee.

#### **3.4.7 There may be a change in English law**

English law is the governing law for the Guarantee. Provisions of English laws applicable to the Guarantee may be different from the local law and local investors may not be familiar with English law. As such, no assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of the Guarantee (which is expected to be dated around the issue date of the Bonds).





## SECTION 4: COMPANY INFORMATION

### 4.1 Introduction and history

Telcotech Ltd. launched in 2007 as a wholly owned Cambodian company and has developed rapidly in order to accommodate international partnership commitments. Its key stakeholders have unrivalled experience and knowledge of business in Cambodia—inside and outside of the telecommunications industry as well as at an international level.

Licensed by the Royal Government of Cambodia to develop and operate submarine fiber optic cabling and associated network infrastructure, Telcotech's primary objective is to help further Cambodia's economic and social development by providing superior technology solutions to support telecommunications carriers and major enterprises in providing better services to their customers.

Telcotech is the first ISP to bring international standard service, such as MPLS, to Cambodia. Telcotech has invested in a multitude of high-quality infrastructure, allowing the Company to be the leading ISP in Cambodia. Telcotech established and introduced its own quality-management system, and was awarded an International Organization for Standardization's (ISO) 9001:2015 certification. Telcotech is the first ISP in Cambodia to have gained this international recognition.

In parallel with the rapid expansion of the technical side, Telcotech has also broadened the scope of its customer service network. Telcotech's registered address is located at #7D, Russian Blvd, Cambodia Chamber of Commerce Building, Sangkat Tuek L'ak Ti Muoy, Khan Tuol Kouk, Phnom Penh, Cambodia.

### 4.2 History of Telcotech

The following are key milestones in Telcotech's history:

#### 2007

-Telcotech launched as a full-service provider of fiber optic, enterprise solutions, and VAS services

#### 2011

-Acquired a wholesale provider, which expanded fiber coverage to nationwide

-Received ISO certification 9001:2008 for quality management system, becoming the only provider in Cambodia to receive certification

-Received best ISP Service Provider from Cambodia ICT Product & Service Awards

#### 2012

-Received best ISP Service Provider from Cambodia ICT Product & Service Awards

#### 2015

-Launched the first-ever submarine cable in Cambodia. The Malaysia-Cambodia-Thailand (MCT) cable spans 1,300 kilometers and positions Cambodia as a gateway for Asia data traffic as well as expanding connectivity within ASEAN.

#### 2016

-Received Best ISP for Business Award from Cambodia ICT Product & Service Awards

#### 2017

-Received Best Employer Brand Award from Employer Branding Institute, beating out over 100 other international companies

#### 2018



- Re-certified with ISO 9001:2015 for quality management system, remaining the only ISP in Cambodia with such certification
- Received Cambodia Successful Brand Award from Brand Alliance International

#### 2020

- Re-certified with ISO 9001:2015 for quality management system, remaining the only ISP in Cambodia with such certification
- Received Best Employer Branding Award from World HRD Congress
- Received Best Companies to Work for in Asia from HR Asia

#### 2021

- Received license data fiber infrastructure

#### 2022

- Received license for data center

#### 2023

- Received Asian Telecom Awards 2023 “Submarine Telecom Company of the Year – Cambodia”

### **4.3 Vision**

To lead the Cambodian development by offering the most relevant and advanced technology through constant development and innovation.

### **4.4 Mission**

To offer a superior level of uninterrupted connectivity to/from region and the globe and to be the wholesale market lead in Cambodia.

### **4.5 Business**

Telcotech is the most trusted provider of international telecommunications infrastructure and associated services. Through the provision of these services, the Company aids in the development of the Cambodian technology industry, economy and society. It has the most robust underground domestic fiber network throughout Cambodia with full redundancy and service availability at 99.95%. Through its 30,000km fiber optic network, Telcotech connects to its POPs in Hong Kong, Malaysia and Singapore. Telcotech is also the consortium member of the Asia-America Gateway (AAG) & Malaysia-Cambodia-Thailand (MCT) Submarine Cable with POPs in Hong Kong, Malaysia, Vietnam and Singapore.

Telcotech offers both domestic and international backbone to local fixed line, mobile and internet service providers through its portfolio of:

- 1- Fiber Backbone Services: Targeting mainly the mobile service providers.
- 2- Domestic Private Leased Circuit and Fiber Local Loops: Addressing mainly the IPLC partners, who have wider reach to the enterprises in the region. These services are steadily growing with the economy and the increasing presence of financial enterprises.
- 3- Telcotech IP transit service offers high quality, scalable and affordable bandwidth. The IP transit service is suitable for large corporate enterprises, internet service providers (ISP), and mobile operators who own the AS number.
- 4- IPLC is a point-to-point private link that can transport voice, data or video traffic between offices in different countries. It is designed for security and network resilience.





5- Direct peering with all major content providers such as Facebook, Google, Akamai, Netflix and other content delivery networks (CDNs) at all majors POP sites in Malaysia, Singapore and Hong Kong.

Telcotech has infrastructure ready in more than 200 Borey, building as well as special economic zone, Borey Peng Hout, New world, Vatanac tower, Olympia building, PPSEZ, OCIC area, Dara Sakor etc. Telcotech provides its various services via national and international infrastructure.

No.	Office	Location	Nature of Business
1	Head Office	#7D, Russian Blvd, Cambodia Chamber of Commerce Building, Sangkat Tuek L'ak Ti Muoy, Khan Tuol Kouk, Phnom Penh, Cambodia.	Main office
2	Technical Service Center	BKK322 #17, Street 322, Sangkat Boeung Kengkang I, Phnom Penh, Cambodia	Mainly Technical Service center and customer service counter for support operation
3	Cable Landing Station, SHV	Phum 6, Sangkat 4, Khan Mitepheap, SHV	Operation office for submarine cable landing station

National:

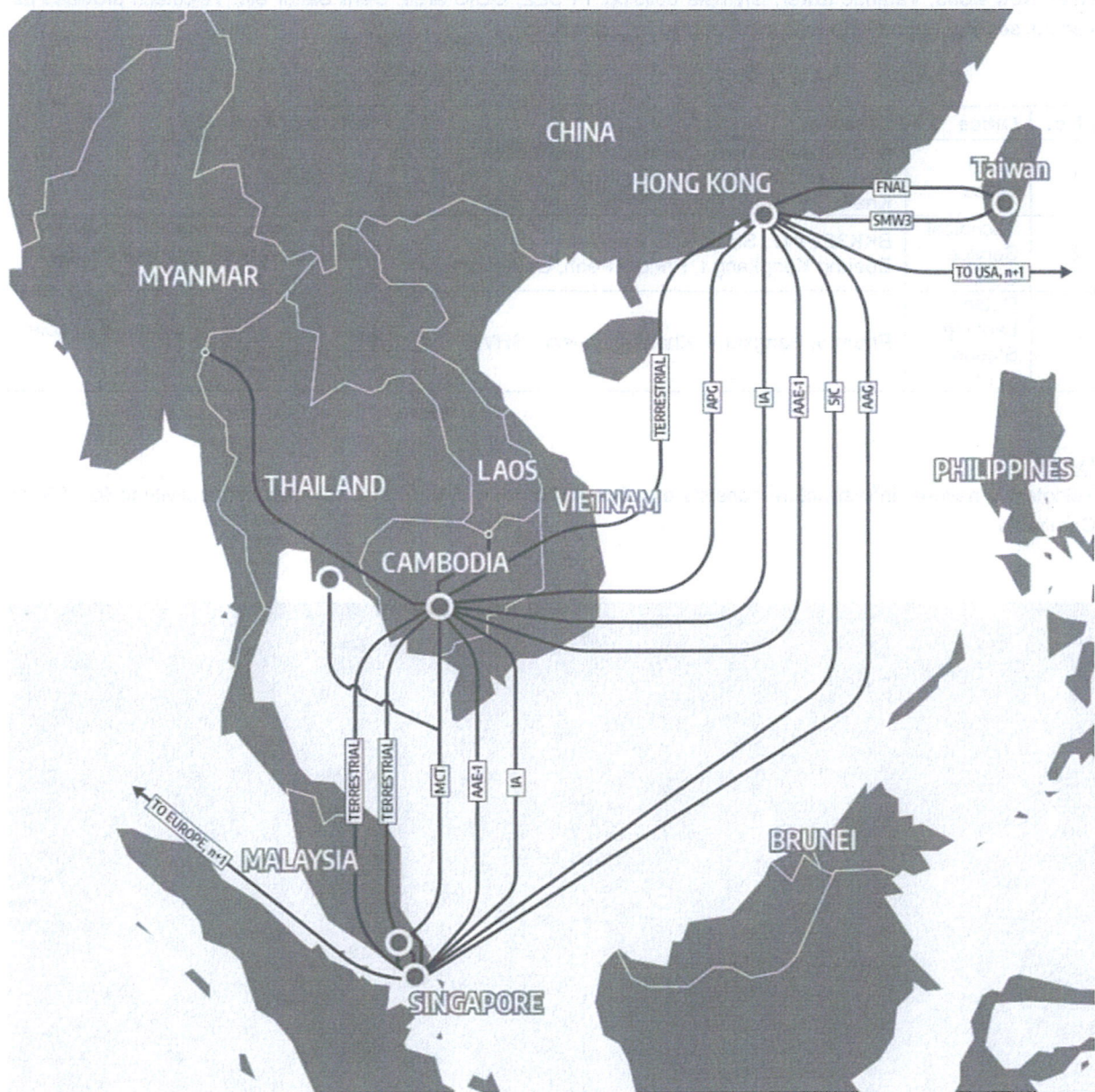
Telcotech's national infrastructure consists of a fiber optic cable system that provides connectivity to 99.95% of Cambodia.





International:

Telcotech has robust network connecting from Hong Kong to Singapore using both terrestrial and subsea cable. Telcotech connects to the upstream providers is through multiple separate routes, via MCT, AAE1, APG, AAG, IA and Terrestrial cables.



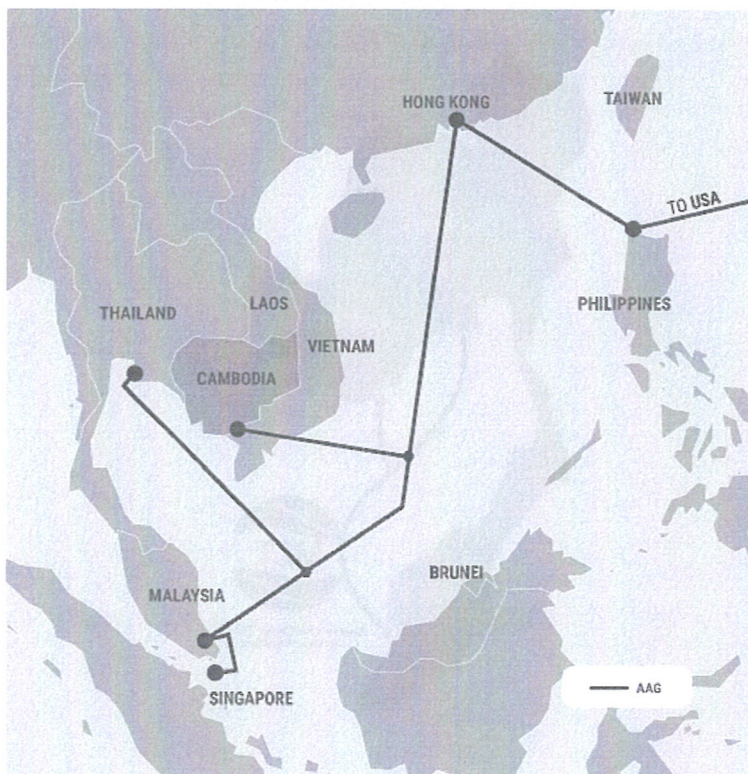
Asia-America Gateway (AAG) Submarine Cable

Telcotech has contracted with Hauwei Marine Networks Co., Ltd to connect the submarine cable system of Cambodia to the AAG. This means Telcotech is the sole Cambodian member of the Asia-America Gateway, a 20,000-kilometer network of high-bandwidth submarine cable that connects the US to South East Asia, and various other major fiber networks – extending Telcotech's connectivity around the globe. This key partnership allows Telcotech to offer a superior level of uninterrupted connectivity to Asia and the world at highly cost-effective rates.





#### Asia-America Gateway (AAG) submarine cable



#### Malaysia-Cambodia-Thailand (MCT) Submarine Cable

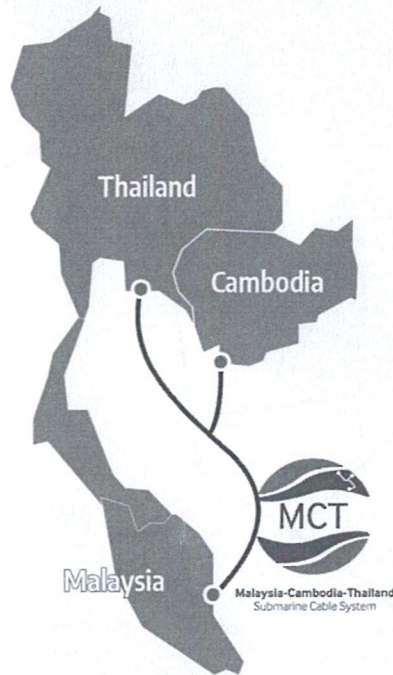
Malaysia-Cambodia-Thailand (MCT) is the first submarine cable system in Cambodia. MCT spans approximately 1,380 kilometers, positions Cambodia as the gateway to Asia, and enables Cambodia to harvest the Asia traffic as well as extend the connectivity to ASEAN and the rest of the world via Malaysia. The MCT cable system lands at Sihanoukville, Cambodia, Rayong, Thailand and Kuantan, Malaysia.

The MCT submarine cable is a collaboration among Telcotech, Symphony Communication Public Co. of Thailand, and Telekom Malaysia Berhad Co., Ltd. All three companies were responsible for the installation of the cable and are currently responsible for the maintenance of their respective sections of the cable. Telcotech has responsibility for approximately 470 kilometers of the total 1,380-kilometer length. The partnership and resulting MCT cable allow Telcotech to offer a superior level of uninterrupted connectivity to Asia and the world.

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#### MCT cable network



#### Telcotech's products and services

Product Name	Product Description
IP Transit	High quality, scalable and affordable bandwidth.
International Private Leased Circuit (IPLC)	A point-to-point private link that can transport voice, data or video traffic between offices in different countries.
International Ethernet Private Line (IEPL)/ Multiprotocol Label Switching (MPLS)	A point-to-point service that delivers premium end-to-end transmission.
Domestic Private Leased Circuit (DPLC)	End-to-end DWDM, MetroNetwork solutions.
Data Center/ Co-Location	Secure location for storing and backup of all data and information.
Contents Cache	Performance optimization utilizing local servers.

#### IP Transit

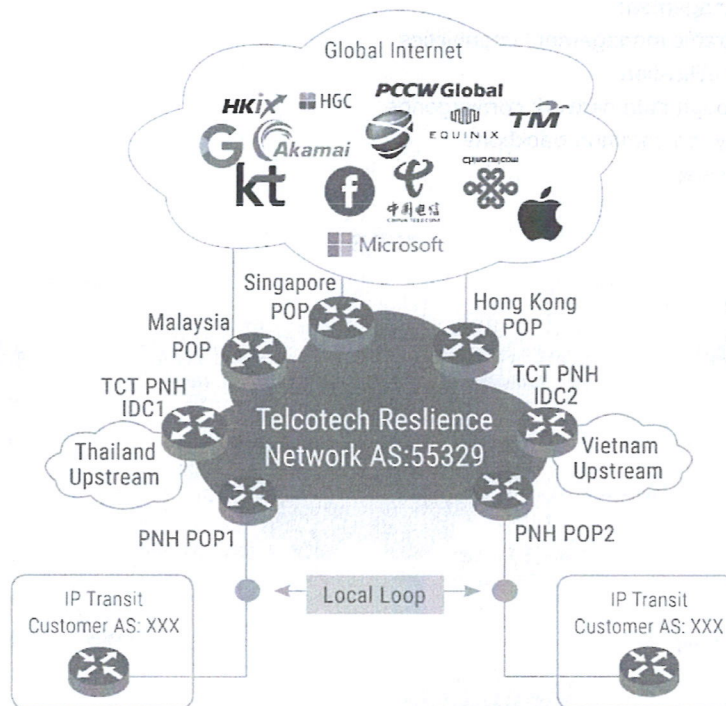
Telcotech IP Transit service offers high quality, scalable and affordable bandwidth. It combines a wide choice of service locations with outstanding connectivity to major access and content network providers throughout the world. The IP Transit service is suitable for large corporate enterprises, internet service providers (ISP), and mobile operators who own the AS Number.

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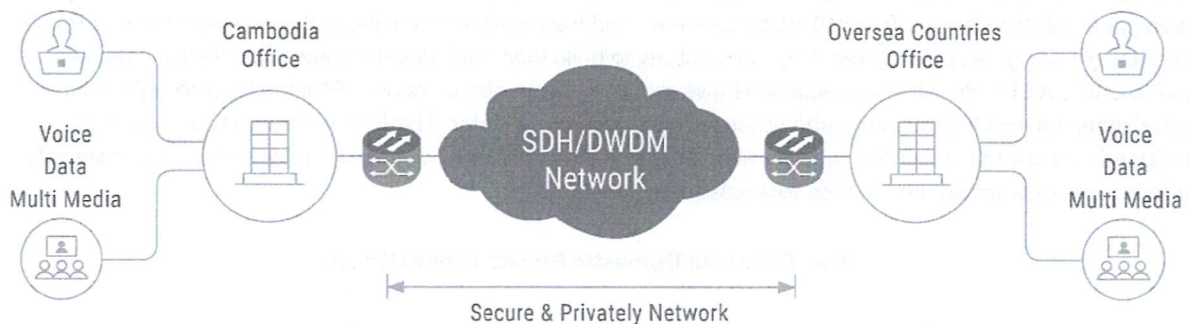
### IP transit



### IPLC

IPLC is a point-to-point private link that can transport voice, data or video traffic between client offices in different countries. It offers a carrier-grade IPLC service that is designed for security and network resilience. Customers gain the benefit of global coverage from Telcotech's partnerships with Tier-1 operators worldwide.

### IPLC



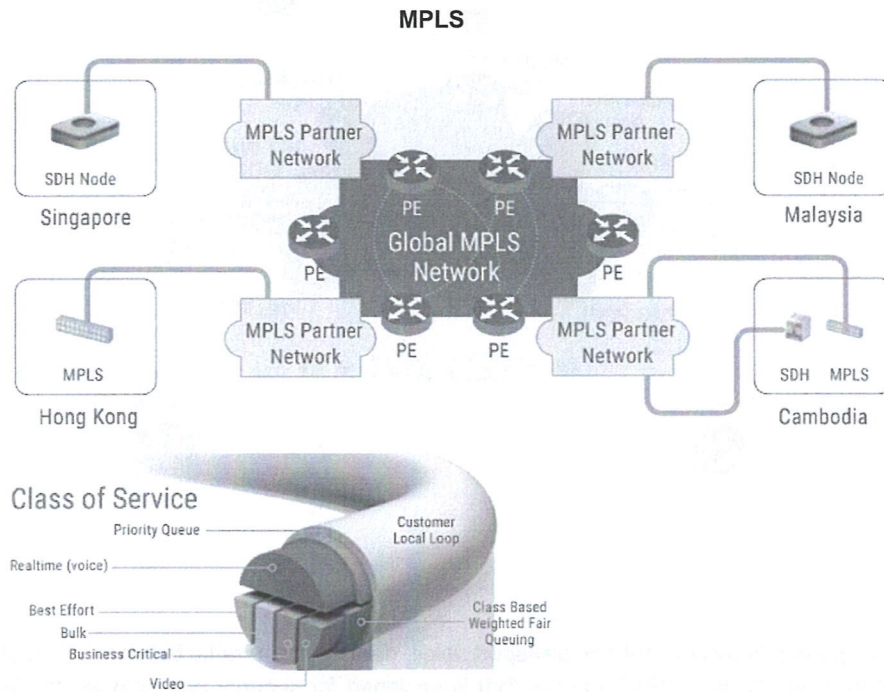
### MPLS

MPLS (Multi-Protocol Label Switching) services are highly scalable, protocol agnostic, data-carrying mechanisms that help corporations efficiently utilize their IT network. Telcotech is the first ISP to bring this international standard service to Cambodia. MPLS services provide businesses a flexible, cost-effective wide area network solution, linking all locations via a secure data transmission and scalable network. This allows for optimization of the traffic of data, voice, and video.

The main benefits of using MPLS services are:



- 1.Increased resilience
- 2.Improved data management
- 3.Multi-service and traffic management capabilities
- 4.Maximize network utilization
- 5.Cost reduction through data network convergence
- 6.Enables “triple play” on common backbone
- 7.Supports multiple cities



#### Fiber Backhaul/ Domestic Private Leased Circuit DPLC

As data traffic continues to grow rapidly, mobile operators are densifying their networks to expand capacity. To keep pace with the demand for nx10 gigabits-per-second transmission capacity, mobile operators and ISPs are increasingly using dedicated, direct fiber connectivity to build their backhaul networks. Telcotech's complete, end-to-end DWDM, MetroNetwork solutions give mobile network operators and ISPs the tools to build robust, sustainable network infrastructure and reach revenue objectives faster. The fiber connectivity solutions are designed for maximum flexibility, incorporating plug-and-play, add-as-you-grow modular technology to simplify ordering and deployment and reduce total cost of ownership.

#### Fiber Backhaul/Domestic Private Lease Circuit





## Data Center/ Co-Location

Telcotech's current Data Centre can fulfill client requirements, catered to fit their needs such as securely storing equipment known as Co-Location/ Web Hosting or choosing Telcotech's data center as a Disaster Recovery Location for backup of all data and information. Customers can choose to utilize Telcotech's internationally standard premium-grade data center or the more economically cost-efficient grade, depending on requirements. Telcotech's data center easily supports Business Continuity Management for clients due to Telcotech's expertise and facilities for procedures and applications such as power backup, environmental control, and protection against fire. Furthermore, Telcotech's optimal data center location ensures protection from adverse effects of any natural disaster.

Specifications:

### Data center/Collocation specification

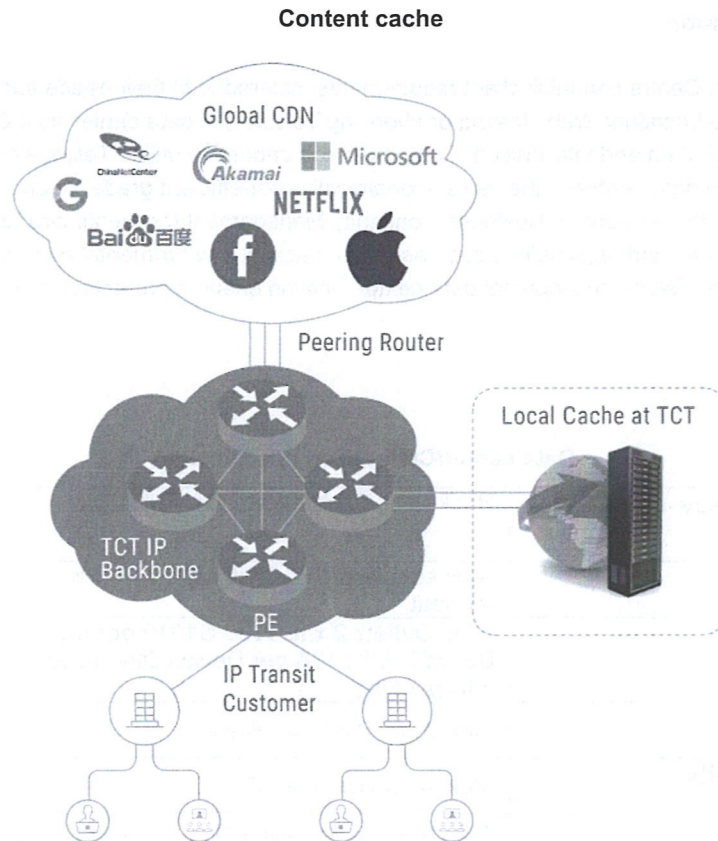
<b>Delivery/Technology</b>	Rackunits, Private Partition, FullRack
<b>Power source</b>	A&B supply 220VAC via MCB20A1PK6A48VDC available on request
<b>Power outlets</b>	PDU Outlets 2 x IEC320 C1310 per Device PDU Outlets 2 x BS1363 (UK) 13A per Device Direct outlets 2 x IEC309 (Blue) 1P 16A per Rack
<b>Power capacity</b>	Maximum 7kw/h per Rack
<b>Floor Load Capacity</b>	Maximum 7kw/h per Rack
<b>Power Protection</b>	Auto Voltage Stabiliser Dual UPS Redundant Generators
<b>Facility protection</b>	<ul style="list-style-type: none"><li>- 24x7 NOC Monitoring</li><li>- 24x7 NOC Monitoring</li><li>- CCTV</li><li>- Door Access Control Environmental</li><li>- Monitoring Fire Detection</li><li>- Clean Agent Fire Suppression</li></ul>

## Contents Cache

Content caching is a type of performance optimization in which files are loaded from nearby servers instead of a single origin server. When enabled, users save time by loading content from a local server instead of a distant one.

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#### 4.6 Strategic plan

Telcotech began operations in 2007, providing industry leading internet, data and backbone services in Cambodia and has expanded its reach to the wholesale space for both domestic and international infrastructures including the investment in submarine cables AAG and MCT.

Telcotech has developed its products to cater to enterprises and consumers that demand high-quality internet services. In addition, the product portfolio has been extended to cater to all enterprise related networks and cloud requirements for customers. These products can be broadly classified as follows:

- Internet Services: offering a wide range of internet products and packages suitable for both enterprises and households, delivered via FTTH fiber optics.
- Domestic Private Leased Circuit: Offering a wide range of VPLS, MPLS, and IPVPN to a variety of enterprise segments ranging from Bank/MFI to MNCs in Cambodia.
- Data Center & POP colocation: offering reliable and resilient world-class data center facilities for customers to host all mission critical data including VPS services. Custom designed to meet global standards, the data center employs the latest technologies to local enterprise customers and highly available POP services to international carriers with high-end data infrastructure requirements.
- Cloud solutions ranging from Microsoft 365, Microsoft Azure, AWS, and other leading cloud service partnerships.
- SDWAN technology partnerships.
- Enterprise Core network designing and implementation.

The Company current strategic plans are as follows:

- Strive to gain development and innovation leadership in providing products and services.





- Introduce the first ISP to MPLS products by continually expanding the Company's high-quality infrastructure allowing the Company to be the leading ISP in Cambodia.
- Maintain the high-end quality for customers with an international recognition (certified by ISO 9001:2015 on its quality management system).
- Enhance the quality of after sales services to maintain the customer base and attract new customers.

The above-mentioned business expansion activities have put the Company on top of its peers in terms of huge amount of investment for fiber optic cables spreading all over the country. In addition to that, the Company has also been cooperating with Asia-America Gateway (AAG) and Malaysia-Cambodia-Thailand (MCT) to expand the submarine cable system from overseas to Cambodia.

Telcotech's future plans will focus on:

- Improvement Telcotech's aging fiber infrastructure and to expand our coverage to serve more local ISPs and Telco as well as international customers
- Provide access to more local Enterprise customer to web scalers and promoting cloud adoption
- Offer a new 'Clean Line' and 'Express way' connectivity across Cambodia to OTT & web scalers with the latest technology and full redundancy via Subsea assets
- Provide faster 'Pop to Pop' connectivity for our international carrier customers to cross Cambodia for Broder to Border.

#### 4.7 Revenue breakdown

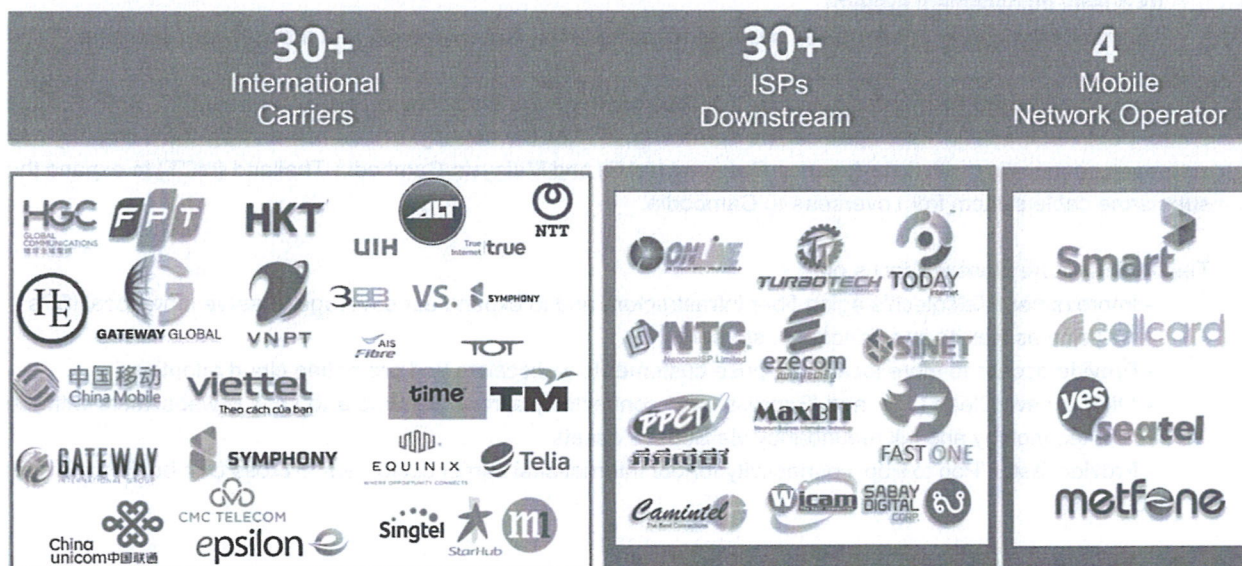
	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Internet Fiber Optic Gepon	1,305,498	5,310,766	2,317,593	9,472,003
International Private Leased Circuit ("IPLC")	7,742,805	31,497,731	8,297,414	33,911,531
Domestic lease line	3,939,866	16,027,375	3,936,101	16,086,845
Fiber optic wholesale	2,816,420	11,457,197	5,676,391	23,199,410
Internet protocol ("IP") transit	370,874	1,508,715	506,252	2,069,052
Installation income	160,945	654,724	980,824	4,008,628
Data center	121,164	492,895	101,355	414,238
Other incomes	47,550	193,433	128,050	523,339
<b>Total revenue</b>	<b>16,505,122</b>	<b>67,142,836</b>	<b>21,943,980</b>	<b>89,685,046</b>

Revenue from International Private Leased Circuit ("IPLC") was the largest, accounting for 38% of total revenue in 2022. Revenue from Fiber optic wholesale was the second, followed by Domestic lease line and Internet Fiber Optic Gepon, accounting for 26%, 18% and 11% respectively.

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Telcotech's customers can be classified into three segments: 1) International Carriers; 2) ISPs Downstream; and 3) Mobile Operators.



Telcotech leverages its superior infrastructure and capabilities to generate significant revenue. These capabilities along with excellent customer service have earned Telcotech a strong reputation as a trustworthy and reliable service provider. With high barriers to entry, there is a low likelihood of new players entering the wholesale telecommunications market. Increasing need for wholesale telecommunications services along with Telcotech's key competitive advantages will allow Telcotech to grow in the years to come.

#### 4.8 Telcotech's strengths and weaknesses

##### Strengths:

- Brand awareness
- Reputation and trust
- Flexible offerings which bring more value to customers on service packages and delivery
- Multiple international infrastructure backbone, which provides the most reliable services and diversifies the infrastructure on which the network relies
- Lower cost service provider
- Capable sales team who can speak multiple languages (Chinese, Japanese, Vietnamese, and English)
- Service provider for major government projects including MOC, TAX, MEF, and MOI
- Excellent after-sales support
- Flexible pricing
- Infrastructure backbone covers 99% of Cambodia
- Strong relationships with key segment customers
- Submarine cable ownership (MCT) – the only one in Cambodia
- Multiple upstream and peering

##### Weaknesses:

- High cost of installation
- Limited network coverage at the district level
- Limited financial resources
- Lack of business support system and operation support system
- Lack of staff training on newest technology





## **4.9 Overview of telecommunication industry**

### **4.9.1 History**

Cambodia emerged from a long civil war in the early 1980s, with political and civil unrest persisting until the 1990s. Since then, the country has experienced rapid economic growth. However, many industries, including the telecommunications industry, are still in the early stages of development.

### **4.9.2 Regulatory environment**

Telecommunication services are essential for communication in society and require good infrastructure and policies to satisfy both: 1) service providers and 2) service receivers. All geographical levels need telecommunication services and connectivity from city, national, regional, and global. These services enable market efficiency and economic growth.

Telecommunications is a risk-prone industry and demands strong network externalities. As the sector grows, the Telecommunication service is becoming more complicated in terms of market competition, regulations, and technology. The government plays an important role in supporting the growth of the telecommunication sector in Cambodia. The Ministry of Posts and Telecom Cambodia (MPTC) is the sole institution in charge of establishing policy and regulations.

Since the market has been rapidly developing, the government has made efforts to liberalize the market by allowing private investment and promoting competition. The approach has contributed to the success of the telecommunications sector, especially regarding mobile services. Telecommunication Regulator of Cambodia (TRC) was established in 2012, and it has the responsibility of reviewing laws and regulations and managing the telecommunications market. This was previously undertaken by the Ministry of Posts and Telecommunications (MPTC).

The TRC is an independent and accountable regulator with the mandate of creating a global, competitive, stable and more self-regulating telecommunications industry in order to generate economic growth and address the social needs for the development of Cambodia. TRC is responsible for policy making. The TRC is vested with regulatory and supervisory authority including the responsibility of issuing and administering licenses and the administration of Cambodia's radio frequency spectrum.

The TRC has the following functions and duties:

- i. implementation of telecommunications sector policy developed by the MPTC;
- ii. ensuring telecommunications sector structures are in line with the telecommunications sector policy;
- iii. supporting the telecommunications market environment in order to ensure fair and effective competition in the telecommunications sector;
- iv. protecting the public interest in receiving services provided by licensees;
- v. enforcing regulations for the telecommunications sector; and
- vi. determining which telecommunications networks and services are required to have a standard license or a particular license.

### **4.9.3 Economic landscape**

Over the past two decades, Cambodia has experienced an extraordinary economic transformation. Cambodia has almost tripled its GDP in 15 years and increased per capita GDP by even more. Driven by garment exports and tourism, Cambodia's economy has sustained an average growth rate of roughly 7.1% between 1995 and 2019, making it one of the fastest-growing economies in the world, according to the World Bank.

The world pandemic of COVID-19 has impacted the entire world's economic growth in unprecedented way. Cambodia has seen negative growth in 2020. However, GDP growth was at 3% in 2021 and continued to grow to 5% in 2022.

Moving forward, Cambodia's next wave of growth is expected to come from increasing value-added products and services as well as nurturing new sectors such as the digital economy. Since 2014, the Cambodian authorities

have issued several policy documents related to digital development and established laws to facilitate growth in the digital ecosystem.

In 2014, the Cambodia ICT Master Plan 2020 was approved which aims to improve the information and communications technology (ICT) industry and human resources development, internet connectivity, cyber security, and government e-services.

On 17th December 2015, Cambodia's new law on telecommunications came into force. The law establishes the Telecommunication Regulator of Cambodia (TRC), and grants it extensive powers to control telecommunication information and communication service data and mandating operators that have previously received a license from the Ministry of Posts and Telecommunications (MPTC) to reapply for such permits. It also established the universal service obligation fund (USO) and capacity building, research and development fund, requiring telecommunication operators to contribute as 2% and 1% respectively of annual gross revenues.

In 2016, MPTC published the Telecoms and ICT Policy, which outlines policy measures and associated targets to expand ICT infrastructure and develop ICT human capacity.

In 2022, the Royal Government of Cambodia issued the Cambodian Digital Government Policy 2022-2035.

In 2023, the Royal Government of Cambodia issued the Pentagonal Strategy Phase I for growth, employment, equity, efficiency and Sustainability.

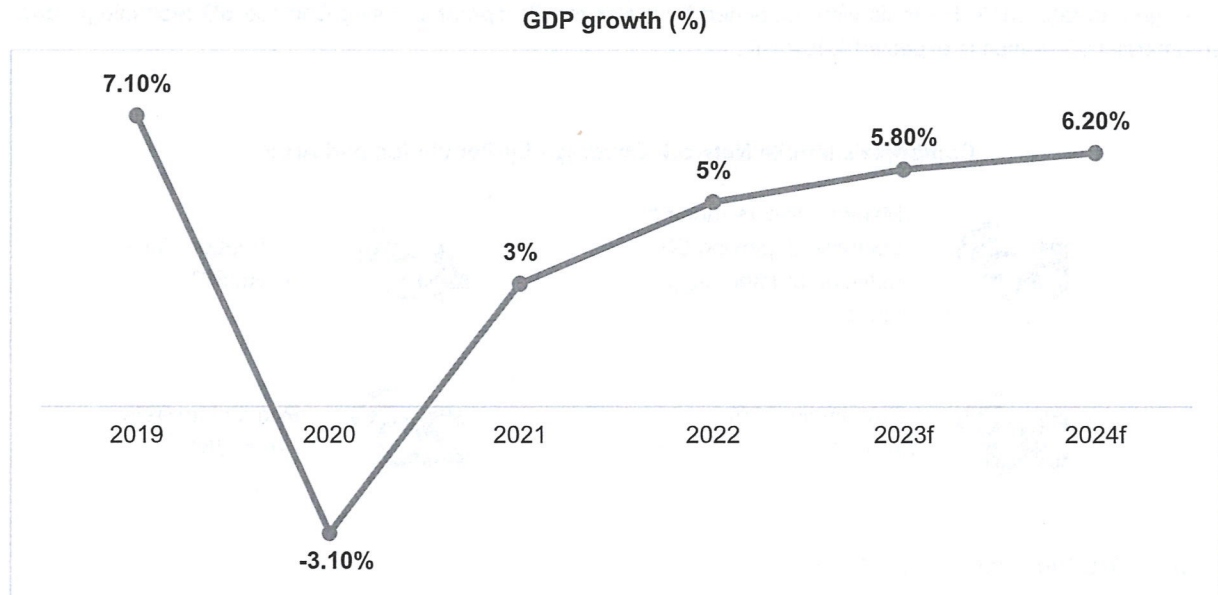
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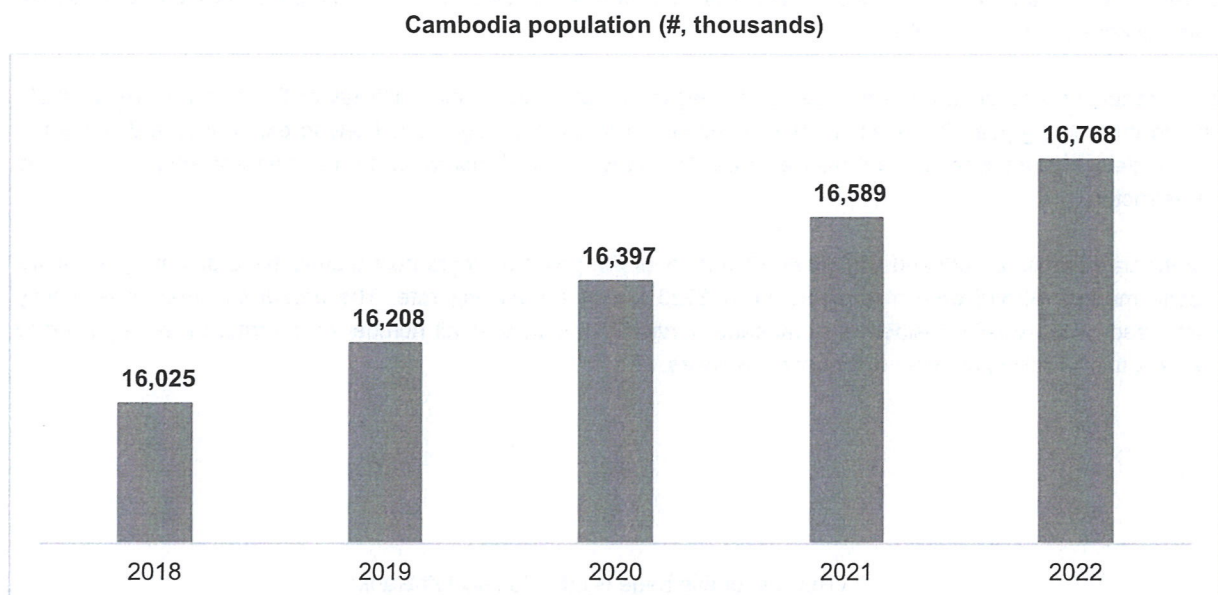


#### 4.9.3.1 Current business environment

Cambodia has a current population of more than 16.7 million (2022), with an annual population growth rate of about 1.1%. Cambodia has experienced strong and sustained economic growth at the macro level, averaging roughly 7.1% from 1995 to 2019, according to the World Bank. Within this environment, ICT infrastructure has expanded quickly.



Source: World Economic Outlook Updated April 2023, IMF



Source: The World Bank

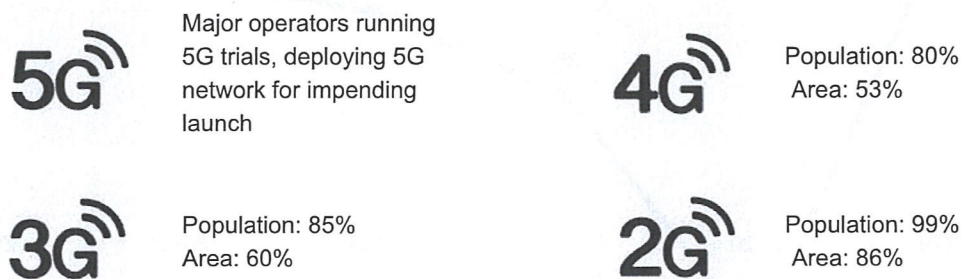
Cambodians have embraced mobile technologies. With a dramatic increase in mobile subscriptions over the past decade, Cambodia has bypassed building the fixed-line infrastructure and quickly launched mobile telephony.

Mobile cellular subscriptions in Cambodia increased from less than 10 per 100 inhabitants or 10% penetration in 2005 to 130% as of 2020, totaling 20.83 million subscriptions (some subscriptions are estimated to be currently inactive).



The number of mobile phone subscriptions peaked in 2019, but declined in the following years due to COVID-19 pandemic. Although digital infrastructure is in place, its speed, quality, and capacity must be improved to meet the increasing demands of the digital economy. Most mobile broadband subscriptions are served with 2G and 3G services and in areas where 4G coverage exists, average speed of mobile internet connections is still very slow. In recent times, Cambodian mobile operators have focused efforts on expanding 4G coverage reaching 80% of the population and 53% of land area as of 2019. The demand for mobile data is taxing the capacity of operators' networks as the average speed of mobile internet connections remain very low and below regional and global averages. In late 2019, 5G trials were launched by major mobile operators using Chinese 5G technology, and commercial 5G launch is expected follow suit.

#### Cambodia's Mobile Network Coverage by Population and Area



Source: TRC Presentation (July, 2019)

Moreover, Cambodia is well on the way on preparing for the rollout of 5G services, with the government and mobile network operators focused on Huawei as the vendor for rolling out 5G infrastructure. This will help drive developments in the mobile broadband sector as faster speeds offered by the operators encourage greater use of data services among subscribers.

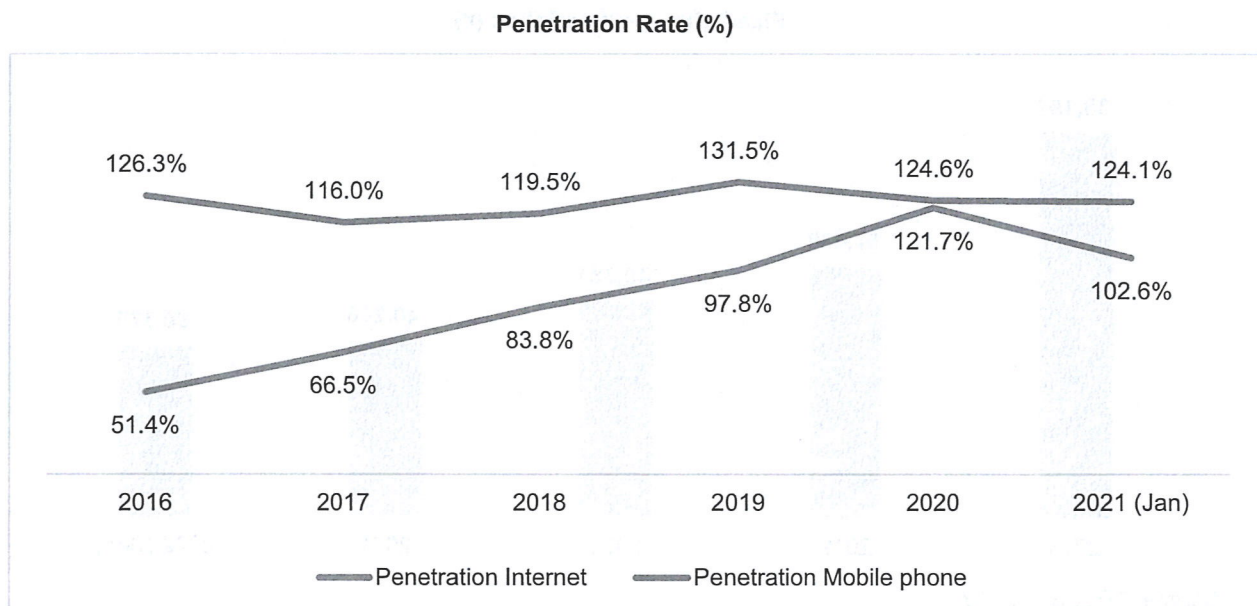
The production and supply chains have been negatively affected by the outbreak of the Coronavirus in 2020. During the coming year, the telecommunications sector to various degrees is likely to experience a downturn in mobile device production, while it may also be difficult for network operators to maintain and upgrade existing infrastructure.

Cambodia's mobile broadband has grown sharply over the past five years from a small base driven by a mature mobile market. Strong growth is predicted to 2023 but at a declining rate. The broadband market is mainly composed of low-quality residential broadband services, though a small number of operators are beginning to address this by rolling out fiber optic-based services.

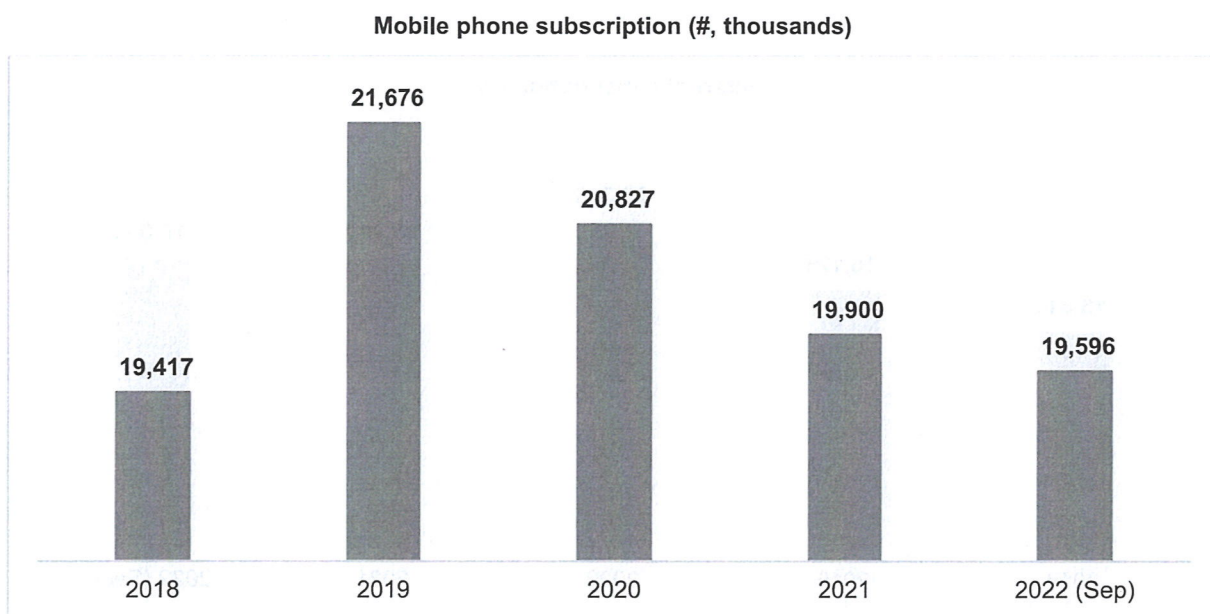
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Source: TRC, Jan 2021

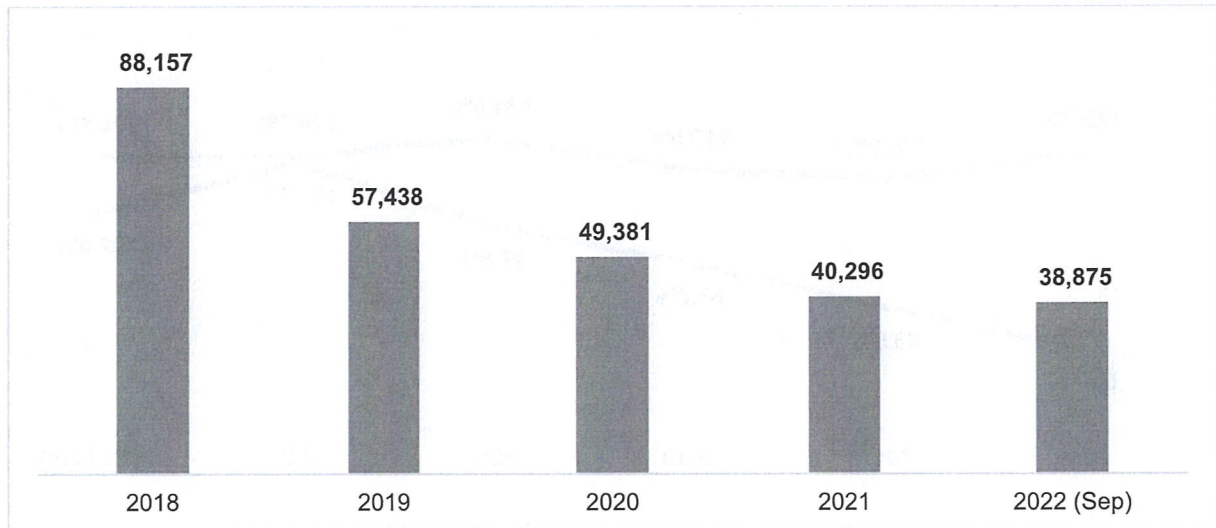


Source: TRC, Sep 2022

In contrast, fixed-line subscriptions, at 0.4% penetration in 2020, have continued to decline year on year from a once high of approximately 88,157 subscriptions in 2018 to around 38,875 subscriptions in September 2022. The number of fixed phones continues to fall steadily as customers migrate to mobile platforms for voice and data services. This has also had an effect on the number of fixed-line internet accesses, a sector which is highly under-developed.



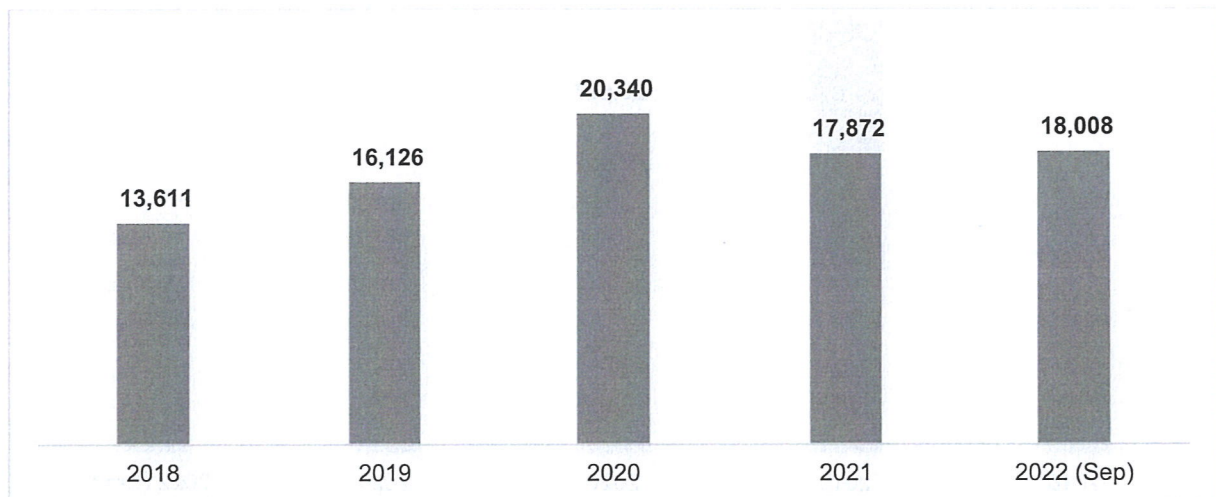
**Fixed phone subscription (#)**



Source: TRC, Sep 2022

According to the World Bank, as of 2022, fixed-broadband subscriptions stood at 3.04 per 100 inhabitants, totaling around 510,000 subscriptions and are well below the regional and global averages but with steady growth.

**Internet subscription (#)**

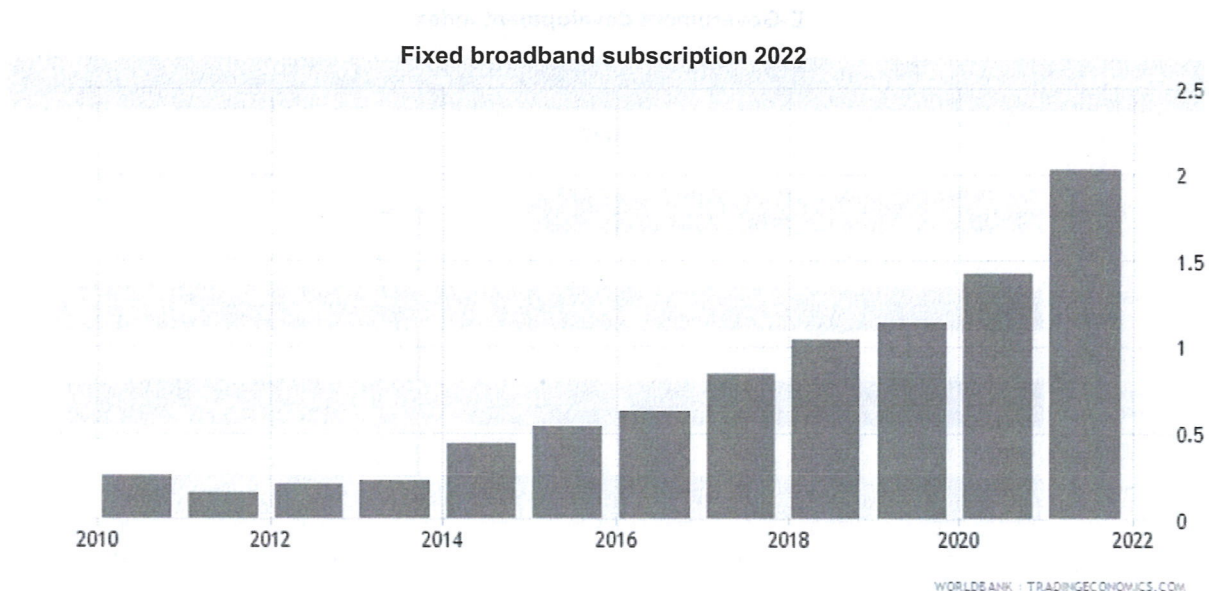


Source: TRC, Sep 2022

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Source: World Bank Data: Trading Economics 2022

Digital communication has been rapidly adopted in Cambodia to support high-demand for real-time communication. Due to the numbers of operators, there is strong competition between mobile operators. This scenario pushed the mobile market in Cambodia to focus on service-based competition. The strong competition in the mobile market industry has resulted in lower prices that allow for the widespread adoption of mobile services in Cambodia, as evidenced by the high penetration rate of 124.1% for mobile phones and 102.6% for internet in early 2021.

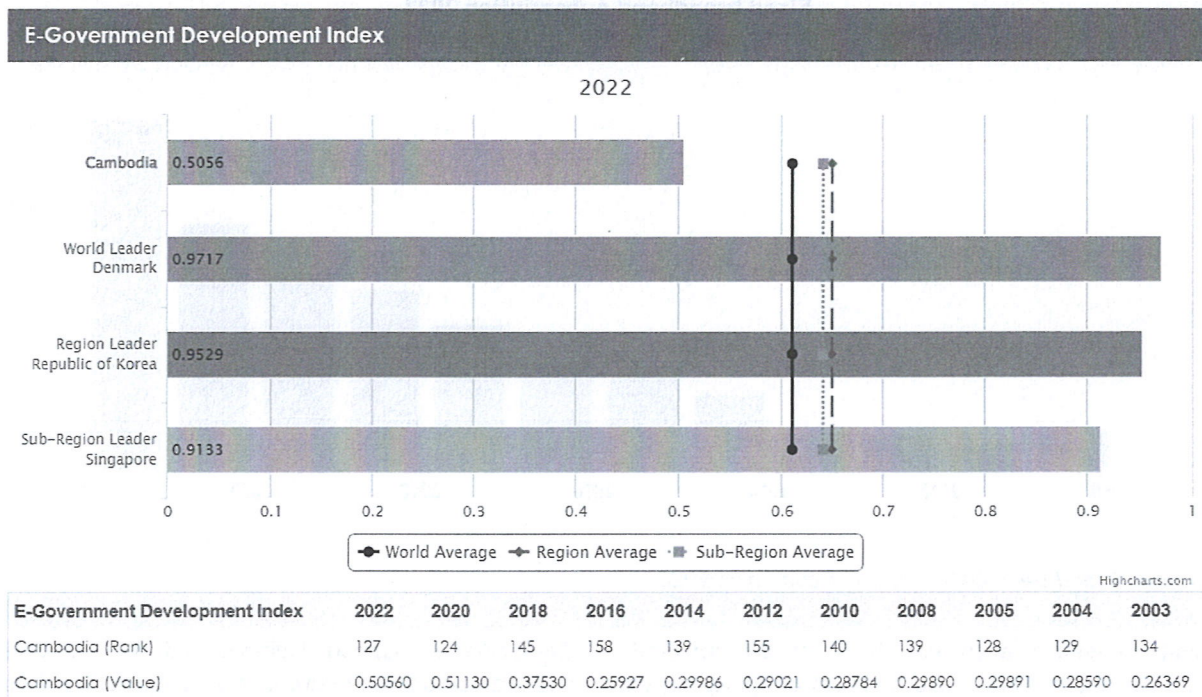
Internet connectivity is the fundamental requirement for participation in the digital economy. However, for businesses, fixed-broadband adoption is essential as it provides faster speeds and more reliable connections. Fixed broadband not only leads to faster internet speeds but also lets businesses better cope with activities such as video streaming for collaboration, access to cloud computing and to coordinate activities in real time.

Low fixed broadband adoption in Cambodia may be due to a combination of factors, including limited availability of optical fiber in rural areas, the low number of households with a computer, and the pull factor from mobile internet where prices are relatively lower compared to fixed-broadband internet. The growth of fixed-broadband services in Cambodia has been largely overshadowed by the strong focus on mobile services.

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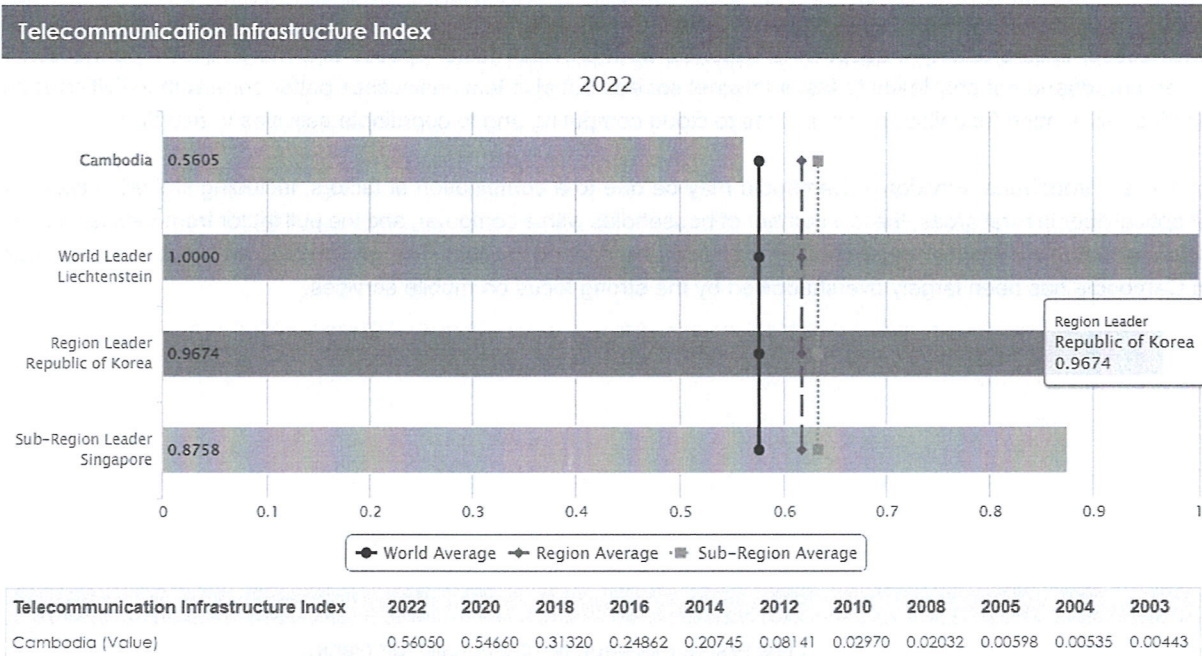


### E-Government development index



Source: Division for Public Institutions and Digital Government, United Nations 2022

### Telecommunication infrastructure index compared to the region and the world



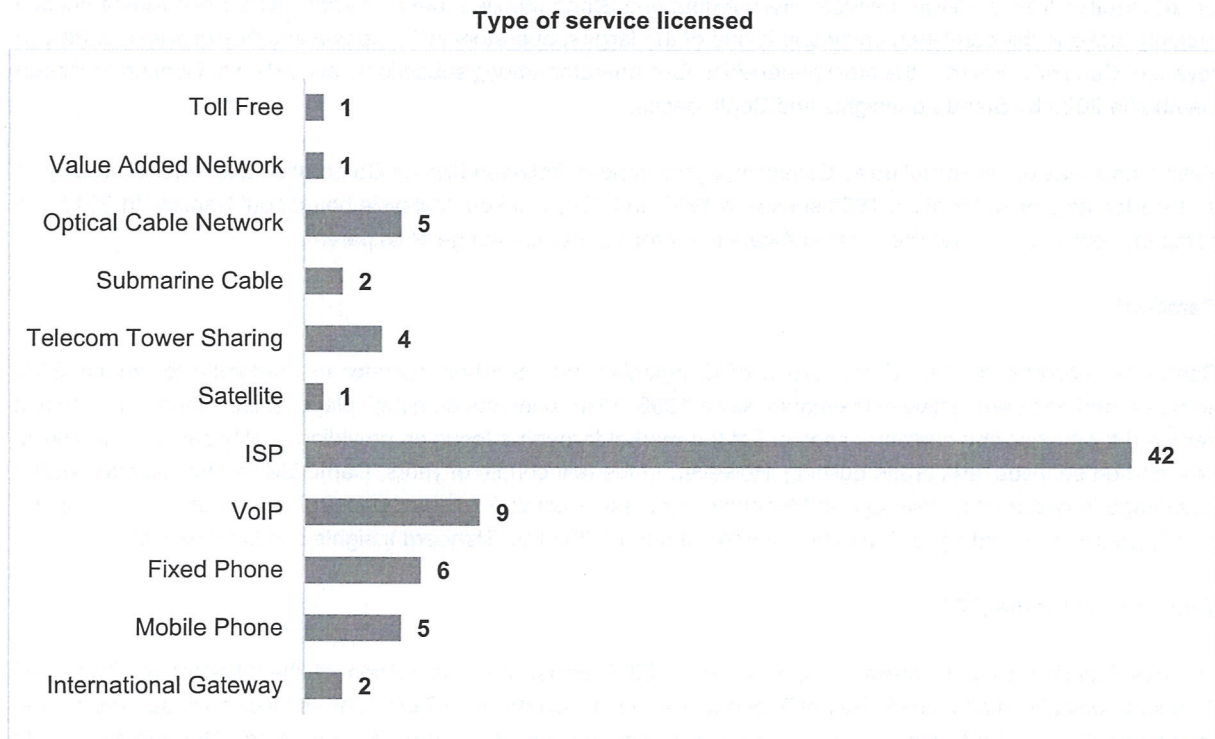
Source: Division for Public Institutions and Digital Government, United Nations 2022





With a strong focus on driving the Cambodian economy, there is enormous growth on the telecommunication front which is the foundation to a successful digital economy.

Despite its status as a lower middle-income country, Cambodia has made a lot of effort to expand and upgrade its telecom infrastructure. The number of competing operators in the telecommunications sector continues to grow. As of 2022, there have been 42 ISPs licensed to provide services.



Source: TRC, Nov 2022

#### 4.9.3.2 Competitive landscape

The main players in the telecommunications industry are listed below along with their business descriptions. Of these, Telcotech considers Viettel (Cambodia) Pte Ltd and MekongNet to be its main competitors.

##### **Viettel (Cambodia) Pte Ltd**

Leading mobile operator in Cambodia which carry brand name of "Metfone" with branch name of "Closer". Metfone currently own a good network in Cambodia with more than 11,000 on-air BTS including all old and up-to-date technology 2G, 3G, 4G and 4.5G, more than 23,000 km optical cable already implemented over 25/25 provinces and 100% districts with modern transmission technology DWDM and full MPLS/IP, international connectivity with all other country over both submarine cables (AAG, APG, IA, AAE\_1) and terrestrial cable. Within the entity, they hold ISP and restricted FOC license. They are well known to be low-cost carrier that may compromise with quality deliverables.

Of all the market entrants, Metfone has been the most aggressive competitor in terms of price. In order to support their low-price strategy, they have built their network using a significant portion of secondhand equipment and towers from their Vietnam operations, which has been shifted to Cambodia as the Vietnamese infrastructure has been upgraded. They have also built a larger fiber backbone network to connect their towers, limiting the use of microwave transmission for backbone traffic. Metfone ranks second among the most popular mobile operators in Cambodia according to Consumer Report Cambodia 2023 by Standard Insights and Confluences.

##### **MekongNet**



One of the founding ISP with extended ISP (MekongNet) and FOC (AngkorData Internet) license within the Anana Group of Companies. They used to have relative mid-size customers base but mostly from enterprise and SME segment. With recent change of Board of Directors, their business has been seem as aggressively covering consumer segment. They have also started domestic exchange (DIX) just 4 years ago but relative small in comparison with Sabay DIX.

### **Smart**

Smart resulted from a merger between Hello Axiata and Smart Mobile (Latelz) in early 2013. Hello Axiata holds a majority stake in the combined entity and is one of the largest operators in Cambodia in terms of subscribers and revenue. Currently, Smart is the most preferred mobile operator among subscribers according to Consumer Report Cambodia 2023 by Standard Insights and Confluences.

Hello Axiata was originally set up as Casacom, a joint venture between Samart Corporation and Telekom Malaysia and started as a provider of NMT900 service in 1992. In 2006, Telekom Malaysia bought out Samart. In 2010, the company rebranded its service to Hello Axiata to mirror the name-change of its parent.

### **CamGSM**

CamGSM, wholly owned by Royal Group of Companies, was the first operator in Cambodia to launch GSM services, and has been active in the market since 1996. It has been the dominant player since it launched and has captured the higher-end customer segment of the market through a focus on providing quality service, innovative new add-on services, and brand building. However, in the last couple of years, CamGSM has lost its competitive advantage in geographic coverage to Metfone's aggressive network roll-out. CamGSM is the third most popular mobile operator according to Consumer Report Cambodia 2023 by Standard Insights and Confluences.

### **Telecom Cambodia (TC)**

TC was founded as a state-owned enterprise in 2006 under the supervision of the Ministry of Posts and Telecommunications and the Ministry of Economics and Finance (MEF). TC provides services such as fixed phone, international calls, VoIP, internet, lease lines and transit service between mobile operators. Granted to TC with exclusive rights, transit service refers to service for cross-network calling. In other words, all cross-network calling must pass through TC. The transit service had been the main source of revenue for TC from 2010 to 2012. However, this segment started to plunge from 2013 due to decreasing numbers of mobile operators in the market.

### **EZECOM**

Founded in 2007, EZECOM is 100% owned by the Royal Group of Companies and has become a leading internet service provider for wide variety of innovative premium communication services. The company has incorporated its own fiber optic and WiMAX network with internet, VoIP, VPN and a custom-built world-class data center. Ezecom, through 100% owned Telcotech, is the sole Cambodian company to be a consortium member of the MTC submarine cable running between a landing station in Preah Sihanouk province and Kuantan, the state capital of Pahang in Malaysia, where it links into Asia-America Gateway (AAG), a 20,000-kilometre cable linking Southeast Asia to the United States. This major industry development has increased data speeds from 512 kilobits per second to two megabits per second.

### **SINET**

Founded in 2009, SINET is a specialist dedicated internet and telecom service provider with strong focuses on engineering and reliable support. SINET is one of the biggest providers with nation-wide Fiber, DWDM, SDH and a MetroEthernet backbone. SIENT owns and operates over 200 active network POPs across Cambodia in all main cities and provincial towns and also in remote districts and villages.

SINET is a registered trademark of S.I Group Co. Ltd., a Cambodia-based diversified group involved in sectors such as trading, property, FMCG, travel, hospitality and ICT for more than 20 years.





## **4.10 Industry Trends**

### **4.10.1 Investment in 5G technology to create new business models and revenue sources**

Mobile service providers have been actively preparing for 5G technology in collaboration with equipment vendors, universities and partners in different industrial sectors, through research and development, testing and trials of potential commercial uses. Business alliances are also being sought out for the creation of new business models that will support growth across a variety of industries. For the consumer market, 5G technology is designed to support high-definition video streaming services, cloud gaming, and the provision of interactive content driven by augmented reality/virtual reality (AR/VR). For the business market, there are potential new services that address various industries, including the manufacturing, service, and agricultural sectors, with services such as automated manufacturing processes, remote controlled machinery, smart home solutions, etc.

The mobile broadband market will be driven by increasingly faster speeds offered by the mobile operators as they further roll out their 4G networks and eventually launch 5G networks. To prepare for the rollout of 5G services, Cambodia has entered into a deal with Huawei to roll out 5G mobile infrastructure.

### **4.10.2 Fixed broadband market expands, supported by wireless, home internet services**

The continued rise of urbanization rates will boost consumer demand for high-speed internet services. This, along with the fact that the ratio of households with fixed broadband connectivity still has the potential to increase from its current level, means that all service providers must continue to focus on expansion of coverage for home internet services. While major services continue to be provided, investment must be considered in areas where market demand and investment worth are clear. In certain remote suburban or rural areas, where there may be limitations in regard to the costs of fiber cables, 5G technology can help to provide additional coverage, enabling broadband access via the 5G network. This means there will be greater use of 5G routers for home internet signal reception instead of the rather limited fiber cables, which will result in service providers being better able to manage network installation costs to suit the specific areas and needs of consumers.

### **4.10.3 Mobile telecom market continues to grow with rising 4G usage**

Growth in the mobile market is expected to continue in tandem with rising demand for data usage due to the continued popularity of social media, games, and video streaming as urban communities continue to expand. While the mobile user base is expected to have low growth, 4G usage will be the key growth driving factor. However, the economic outlook could pressure consumer spending and hence industry competition in 2020 is likely to continue with offers of value-driven price plans to attract customers.

## **4.11 Tax analysis**

Telcotech is a large taxpayer and is required to pay tax under the real regime tax system as set forth by the GDT. Telcotech is responsible for paying 1% sales tax, 20% income tax, 1% prepayment tax, 10% VAT, 10% to 15% withholding tax, and 5% to 20% salary tax. Tax expenses include current tax and deferred tax and are recorded in the income statement.

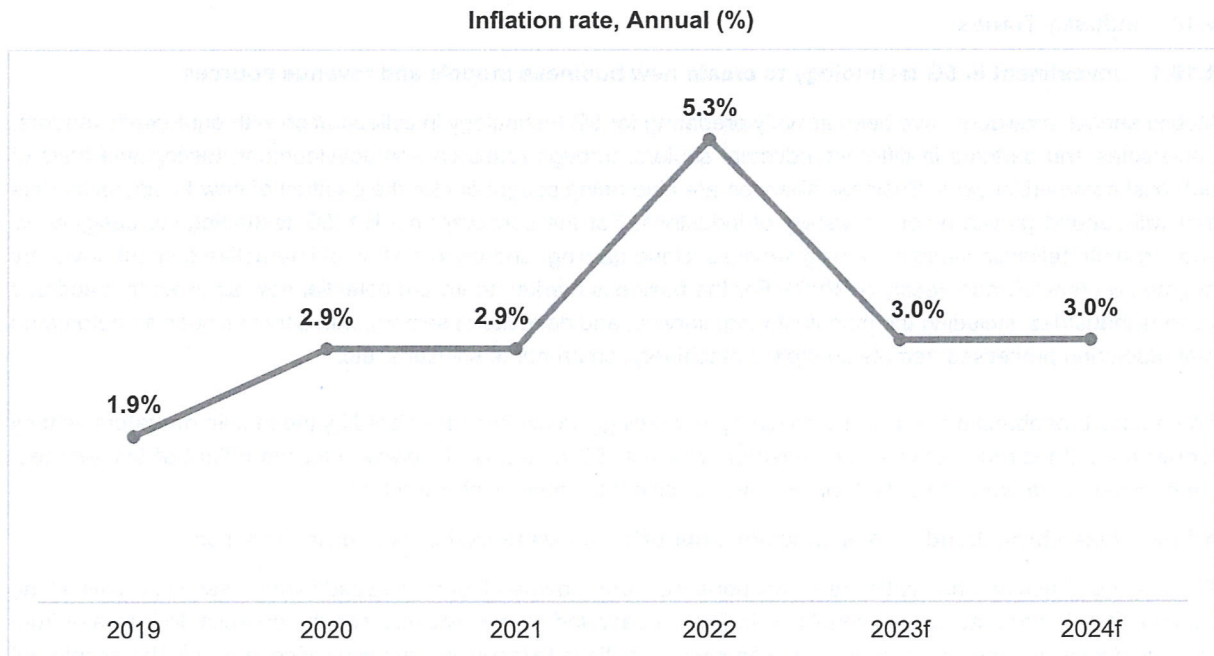
## **4.12 Impacts of exchange rate**

Telcotech transacts its business and maintains its accounting records primarily in US\$. While some transactions such as tax payments are transacted in KHR, these make up a small percentage of overall transactions. Therefore, management has determined that changes in exchange rates between the US\$ and KHR are unlikely to materially affect Telcotech's business or results of operations.

## **4.13 Impacts of inflation**

Inflation refers to the overall increase in the price of goods and services, reducing the purchasing power of currency. Inflation can have a large effect on consumer spending and on the costs of doing business. Therefore, inflation can materially affect financial position and results of operations. Inflation in Cambodia has been stable since 2012, with rates in the moderately low range. According to the World Bank, the inflation rate in Cambodia was 2.9% in 2021, 5.3% in 2022, and estimated to be 3% in 2023.





Source: World Economic Outlook Updated April 2023, IMF

#### 4.14 Competitive and regulatory landscape

In addition to general business laws and regulations, Telcotech is subjected to the Law on Telecommunications. Telcotech is regulated by the Ministry of Posts and Telecommunications (MPTC) as well as the Telecommunication Regulator of Cambodia (TRC). These regulators have the responsibility for issuing various telecommunications licenses, which are required for conducting operations in this sector in Cambodia.

As of November 2022, there are 78 licenses provided to telecommunications companies operating in Cambodia. Types of licenses include:

- International Gateway
- Mobile Phone
- Fixed Phone
- VoIP
- ISP
- Satellite
- Telecom Tower Sharing
- Submarine Cable
- Fiber Optical Cable Network
- Value Added Network
- Toll Free

The number of licenses are shown in the following table.





#### Number and type of licenses issued by TRC



Source: TRC, Nov 2022

Telcotech is one of only two companies in Cambodia that are licensed for a submarine cable. Telcotech has been granted a license with concession on a 30-year contract starting from 2008. The license is for the construction of international telecommunications network and services provision via a submarine fiber optic system and related infrastructure. Due to the large capital expenditure required to install and maintain a submarine cable network, Telcotech does not anticipate any direct competition in the short to medium term.

#### 4.15 Information of Issuer's Creditor

Besides bond issuance to qualified investors in 2021, Telcotech does not have any other creditors as of the registration date of this disclosure document.

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## SECTION 5: INFORMATION ON CORPORATE GOVERNANCE

### 5.1 Telcotech's shareholding structure

#### Shareholder structures of Telcotech

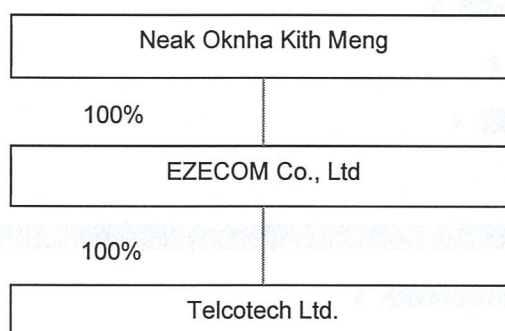


Table 2: Telcotech's ownership (as of 09 March 2023)

Shareholder	Neak Oknha Kith Meng
Number of shares	11,856,688
Par Value	US\$ 1.00
% Ownership	100%
% Voting Right	100%

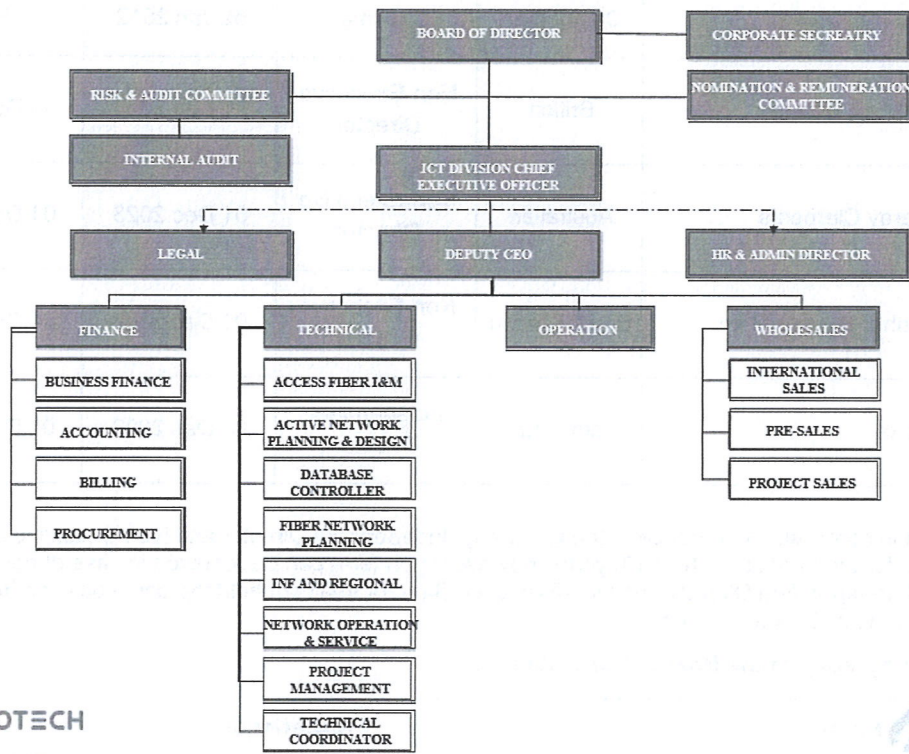
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## 5.2 Telcotech's Organization Chart

Organization chart of Telcotech



**TEL COTECH**

## 5.3 Business structure

According to Telcotech's Articles of Association dated 02 January 2012, the Company has been registered as a Private Limited Company. Telcotech is 100% owned by EZECOM Co., Ltd., which in turn is 100% owned by Neak Oknha Kith Meng.

The Company is supervised by the Board of Directors, which is the Company's decision-making body. The director manages the business and affairs of the Company under the support of the senior management team, who oversee day-to-day management of the Company.

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#### 5.4 Current member list of the Board of Directors

N°	Name & Position	Nationality	Designation	Date of Appointment	Termination Date
1	Neak Oknha Kith Meng	Cambodian	Chairman	02 Jan 2012	N/A
2	Mr. William Mark Hanna	British	Non-Executive Director	01 Dec 2023	01 Dec 2026
3	Mr. Paul Carey Clements	Australian	Non-Executive Director	01 Dec 2023	01 Dec 2026
4	Mr. Christopher Donald Tiffin	South African	Non-Executive Director	01 Dec 2023	01 Dec 2026
5	Ms. Hep Seka	Cambodian	Independent Director	01 Dec 2023	01 Dec 2026

Note: As reflected in corporate governance of the Company, Independent Director and Non-Executive Director shall be appointed for terms of up to three (3) years, however such term can be renewed in case of necessity provided that such Independent Director and Non-Executive Director shall not hold the same position in the listed entity for more than nine (9) years in total.

##### 5.4.1 A brief biography of the Board of Directors

No.	Name	Experience
1	Neak Oknha Kith Meng <i>Chairman</i>	<p>A philanthropist and businessman, Cambodian-born; Neak Oknha Kith Meng spent his youth in Australia after escaping the Khmer Rouge. Upon completion of his studies at the Australian National University, Canberra, he returned to Cambodia at the start of the UNTAC administration in the early 1990s. During this time, he realized the need for his country to be rebuilt from scratch with the support of local businessmen.</p> <p>A young man with a vision, he saw this as an opportunity to build a business empire while investing in his country's infrastructure and technology development. This was the beginning of the Royal Group of Companies (RGC); becoming the first conglomerate in Cambodia. Over the past three decades RGC grew from strength to strength with an extensive business portfolio ranging from Banking &amp; Finance, Railway, Aviation, Telecommunications, Technology, Media, Hospitality, Property &amp; Real Estate, and Education. Currently, he is also the President of the Cambodia Chamber of Commerce; bridging relations between domestic and international corporates and the Royal Government of Cambodia.</p> <p>Kith Meng resides in Phnom Penh with his wife and four children.</p>
2	Mr. William Mark Hanna <i>Non-Executive Director</i>	<p>A British National, Mr. William Mark Hanna joined Royal Group in 2007 as Group Chief Financial Officer. With over 30 years of experience from overseas and Cambodia Mark has contributed to the Royal Group substantial growth. Currently Mark also serves as a director of Royal Railway Plc, a subsidiary company of Royal Group.</p>





No.	Name	Experience
		<p>Prior to joining Royal Group, Mark was a Chief Executive Officer at Warf Telecom International and Wataniya telecom, Maldives. Mark was also a Chief Financial Officer at Millicom International Cellular, Cambodia, a mobile communication provider which included an ISP, wireless broadband internet access provider, an international voice and data gateway and a commercial television station.</p> <p>Mark is a graduate from Napier University, majoring in accounting. He is also a Zenger Miller Certified Trainer and a Chartered Management Accountant (CIMA).</p>
3	<p>Mr. Paul Carey Clements <i>Non-Executive Director</i></p>	<p>A senior executive with over 30 years of experience in the Financial Services sector with significant international exposure and holding leadership roles across a range of organizations and business units spanning both front office (sales, P&amp;L) and back office (business operations, transformation, and risk) in Australia, Indonesia, China and Cambodia (Westpac Banking Corporation, ANZ Bank, and JP Morgan among others)</p> <p>Paul held senior roles developing the strategic direction, restructuring, establishing, and growing businesses in different geographic and cultural locations leveraging his leadership, partnering, sales, and business skills.</p> <p>In Cambodia, Paul had previously been involved with ANZ Royal Bank, Cambodia Mekong Bank Public Limited, WorldBridge Outsourcing Solutions Co., Ltd and HCC Group Co., Ltd (EnviroCam).</p> <p>Paul holds a Bachelor of Business (majoring in Banking and Finance) and a Postgraduate degree majoring in Accounting.</p>
4	<p>Mr. Christopher Donald Tiffin <i>Non-Executive Director</i></p>	<p>Mr. Christopher Donald Tiffin is an experienced senior executive specializing in the Telecommunication, ICT &amp; Digital Services sectors, providing financial &amp; commercial leadership, along with being an integral part of setting up two new businesses within the last 7 years outside the traditional Telco: a TowerCo Infrastructure business and most recently a fully digital Mobile Money (Digital Financial Services) business. Skilled in Business Planning, Business Partnering, development &amp; implementation of the overall Business Strategy, staff management &amp; building High-performing Teams, Financial Leadership, Product/Services development, Customer Experience strategy/management and Channel/Retail/Distribution/Supply Chain leadership. An influential and humble leader, with the proven ability to drive and influence positive cross-cultural and market transformations.</p> <p>He holds Bachelor of Accounting Science from University of South Africa. Chris is a qualified Chartered Accountant – CA (SA) member of SAICA (South Africa Institute of Chartered Accountants) as well as an FCA (Fellow Chartered Accountant) member of the Institute of Chartered Accountants England &amp; Wales (ICAEW)</p>
5	<p>Ms. Hep Seka <i>Independent Director</i></p>	<p>Seka is a lawyer licensed by BACK, arbitrator admitted by NCAC and accredited mediator by CEDR. She has extensive regulatory expertise specializing in corporate law and real estate, infrastructure and construction. With her superb legal acumen, stakeholder management and technical skills, Seka has assisted on numerous major property projects and regularly acts on significant commercial, industrial and residential developments throughout Cambodia. She holds a Master 2 of Business Comparative Law (LL.M.) from the University Lumière Lyon</p>



No.	Name	Experience
		2, France, which included an exchange program at the University of Montreal, Canada.  Seka is recognized as a distinguished practitioner in Infrastructure in Cambodia and notable practitioner in real estate by Asialaw in 2022.

#### 5.4.2 Powers and duties of the Board of Directors

Telcotech is under the leadership of the BOD, the BOD shall have general powers to manage the Company which includes the following:

- Appoint and remove all officers of the company and determine the specific powers for such officers;
- Set the salaries and other compensation for all officers of the company;
- Propose the salary or other compensation for all directors and submit for such proposal to the Shareholder for approval;
- Issue notes, bonds, debentures and other forms of debt and the terms of such instruments;
- Propose to the shareholder amendments to these Articles of Incorporation;
- Propose to the Shareholder an agreement of merger or consolidation between the Company and any other person;
- Propose to the Shareholder the sale of all or a major part of the company's assets;
- Propose to the Shareholder the dissolution or liquidation of the company;
- Declare dividends in accordance with accounting principles and the terms of payment of each class of shares entitled to receive dividends;
- Issue, reissue or sell securities in the company;
- Borrow money on behalf of the company;
- Issue, reissue or sell securities in the company;
- give a guarantee on behalf of the company;
- Mortgage, pledge or otherwise create a secured interest in any or all property of the Company to secure any obligation of the company; and
- Prepare financial statements each fiscal year (defined below) for submission to the Shareholder for approval.

#### 5.4.3 Independent Director

Telcotech has one (1) Independent Director who can independently exercise his or her best judgment without any interference in order to promote transparency, accountability and effectiveness of the Company's business, operations, and management to serve and protect the interests of Telcotech and its shareholders. The Independent Director must not have any material relationship with Telcotech or related persons, other than the Director's fees paid to the Independent Director.

#### Responsibilities of the Independent Director

The Independent Director shall independently exercise his or her best judgment without any interference in order to promote transparency, accountability, and effectiveness of the business operations and management performance to serve and protect the interests of the Company and its shareholders.

The Independent Director must not have a material or pecuniary relationship with the Company or related persons, other than the Director's fees paid to the Independent Director.

The Independent Director has the following responsibilities:

- To participate in the Board of Directors' meeting and to bring an independent judgment to bear on the issues of strategy, policy, accountability, resources, the appointment of senior management, and other matters;
- Taking the lead role in solving and preventing potential conflicts of interest;





- Serving on the Board committees such as the Audit and Risk Committee; and
- Strictly monitor Telcotech to ensure the achievement of goals and objectives.

## 5.5 Board committees

### 5.5.1 Audit and Risk Committee

The Audit and Risk Committee has been established under Telcotech's Board committees to assist the Board in overseeing the Company's business and operations.

Chaired by	Designation	List of members	Meeting Frequency
Ms. Hep Seka	Independent Director	1. Mr. William Mark Hanna 2. Mr. Christopher Donald Tiffin	Annually

#### Responsibilities of the Audit and Risk Committee

- To review financial report, audit and risk report;
- To review internal control, internal and external auditing;
- To review and oversee the risk management processes, including risk identification and risk mitigation;
- To report and provide advice to the Board of Directors on the above matters;
- To enable AP to provide the shareholders and the required institutions with a balanced and assessment of the position and prospects of financial of AP;
- To oversee Internal Audit and Senior Management to ensure that they provide a balanced and understandable assessment, position and prospects and monthly reports on financial position and the material operation of AP;
- To ensure Internal Audits are properly performed;
- To act with due care and skill and to take all reasonable steps necessary to ensure the accuracy of reporting of AP's financial operations; and
- To perform other actions as determined by the Board of Directors.

### 5.5.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) plays a key role in reviewing and proposing the remuneration or benefits to Senior Officers. With an objective of achieving reasonable and acceptable rates and seeking to ensure the appointment and retention of appropriate talent for the further success of Telcotech. The Nomination and Remuneration Committee is established by the Board of Directors. The Nomination and Remuneration Committee shall be composed of at least three (3) members and shall have a non-executive director as its chairman.

Chaired by	Designation	List of members	Meeting Frequency
Mr. William Mark Hanna	Non-Executive Director	1. Mr. Paul Carey Clements 2. Mr. Christopher Donald Tiffin	Annually

#### The responsibilities of the NRC

- To assess and set the requirements, qualifications, and procedures for the nomination of Directors and Senior Officers.
- To evaluate the performance of Directors and Senior Officers and to report the same to the Board of Directors.
- To set, review and recommend the compensation and remuneration for the Board of Directors and Senior Officers.



- To review and update the mechanism and evaluate the performance of the Board of Directors, Directors and other committees at least 1 time a year.
- Other duties as determined by the Board of Directors.

### 5.5.3 Internal audit

Internal auditors are required to have the following qualifications and responsibilities:

#### Qualifications of internal auditor

- Must hold at least a bachelor's degree with training and experience in the field of auditing.
- Must be capable of leading and managing auditing staff.
- Must have technical skills relevant to financial operations.
- Must have the ability and commitment to meet auditing standards.
- Must have appropriate communication skills and must act honestly and ethically.

#### Responsibilities of Internal Auditor:

- Produce all internal audit reports and provide these reports to the Audit and Risk Committee to review, evaluate and circulate to the Board of Directors;
- Circulate all significant findings which may affect Telcotech's operation to the Audit and Risk Committee or Independent Director;
- Prepare a meeting with Audit and Risk Committee at least once a year without the presence of Senior Officers;
- Perform other duties assigned by the Audit and Risk Committee and the Board of Directors; and
- Other duties as determined by the Audit and Risk Committee and the Board of Directors.

### 5.5.4 External audit

The Audit and Risk Committee shall propose a list of recognized audit firms to the Shareholders to review and nominate Telcotech's auditor. The Audit and Risk Committee shall oversee the interaction between Telcotech and the external audit firm to limit the risk of possible conflicts of interest. Audit services, non-audit services, and fees paid to external auditors should be approved in advance by the Audit and Risk Committee and disclosed in the annual report.

#### The restriction of using the external audit firm

Telcotech will not retain the same audit firm for more than five (5) consecutive years and shall not employ the same audit firm within three (3) years after the previous five (5) years term.

#### Suspension, termination, or change of external audit firm

In the event that Telcotech decides to dismiss, suspend, terminate, or change its audit firm Telcotech will include the reason for such dismissal, suspension, termination, or change in its annual report and must disclose that information to the competent institution in a timely manner in accordance with the relevant corporate disclosure regulations.

## 5.6 Senior Officers

### 5.6.1 Current member list of senior officers

No.	Name	Position	Nationality
1	Mr. QUAH CHIN HONG	Deputy Chief Executive Officer	Malaysian
2	Mr. CHETRA DY	Chief Financial Officer	Cambodian
3	Ms. JANEJIRA WATCHARASAMPHAN	Chief Technical Officer	Thai
4	Mr. KIMTENG LIM	Head of Operations	Cambodian
5	Mr. KHORN KHIENG	Associate Director, Sales	Cambodian





### 5.6.2 A brief biography of the Senior Officers

Nº	Name & Position	Experience
1	Mr. Quah Chin Hong <i>Deputy Chief Executive Officer</i>	<p>Mr. Chin Hong was appointed as the Deputy Chief Executive Officer for Telcotech in March 2023.</p> <p>Prior to taking over the additional responsibilities at TCT, Mr. Chin Hong was accountable for both the Project Management Office (PMO) and the Strategic Partnerships function of Cellcard business. He has over 23 years of strategic experience in management roles overseeing the full spectrum of business portfolio management, digital transformation and customer experience enhancements in delivering multi-million dollars in revenue.</p> <p>He is proficient in devising effective 'Go-to-Market' strategies as well as the rollout of corporate digital transformation programs with a proven track record of implementing real achievable and sustainable change management. Mr. Chin Hong has worked for established telecoms and multi-media companies such as Celcom Axiata Berhad, MEASAT Broadcast Network Systems Bhd (Astro) and DiGi Telecommunications prior to joining Cellcard.</p> <p>Mr. Chin Hong is a Malaysian national and is proficient in English, Malay and Chinese. He holds a Bachelor Degree in Information Technology (a Major in IT Management) from Australia.</p>
2	Mr. Dy Chetra <i>Chief Financial Officer</i>	<p>Chetra DY joined Telcotech as Chief Finance Officer in April 2016.</p> <p>He has over 20 years of experience in various positions and management in finance. Prior to employment with Telcotech, he worked for CamGSM as Accounting Manager from 2006 to 2013, Financial Controller from 2007 to 2016, and Acting Chief Financial Offer from 2008 to 2010. Prior to that, he was Internal Audit Manager at Hattha Kaksekar from 2012 to 2013, Head of Finance at Standard Chartered Bank from 2001 to 2012, and Senior Auditor at KPMG from 1996 to 2001.</p> <p>He obtained a Bachelor of Accounting from National University of Cambodia in 1995 and Master Degree in Finance from Charles Sturt University (EFI) in 2016.</p>
3	Ms. Janejira Watcharasamphan <i>Chief Technical Officer</i>	<p>Ms. Janejira joined Telcotech in November 2022.</p> <p>As Chief Technical Officer overseeing all technical aspects of the company, Janejira brings over 15 years of extensive experience managing infrastructure and providing technical and operational leadership for organizations.</p> <p>Prior to joining Telcotech, Janejira served as CTO and recognized excellent leadership at an Infrastructure provider company in Myanmar. Before that, she was Head of the Transport Network Department in Telenor Myanmar, responsible for fiber planning, DWDM, IP Core, IPRAN, Microwave, and network design in the whole country.</p> <p>Janejira received her Master of Science in Information Technology and Bachelor in Telecommunication Engineering with first-class honors from KMITL.</p>
4	Mr. Khieng Khorn <i>Associate Director, Sales</i>	<p>Mr. Khorn joined Telcotech in March 2023.</p> <p>As the Associate Sales Director, Khorn is responsible for overseeing and directing the international and national wholesales strategy, targets, and initiatives. As part of maintaining an aggressive campaign program aimed at increasing product sales, Khorn ensures understanding, effective</p>



N°	Name & Position	Experience
		<p>implementation, and coordination of the sales strategy using his accumulated experience of more than 15 years in the telecommunications industry.</p> <p>Prior to joining Telcotech, Khorn worked as a senior sales and channel manager in Huawei Technologies Cambodia's Enterprise business group with extensive experience leading enterprise and channel business development. His success included achieving sales targets and market share within multiple industries, including the Cambodian government, financial institutions, insurance, education, healthcare industry, distributors, and a number of channel partners that performed exceptionally well. In addition to the technical expertise, he also had significant product line experience and used to lead a wireless team for CamGSM as Wireless Vice Director.</p> <p>The honors Khorn has received include employee ambassadorship, special awards for outstanding work, and regional excellence mentorship, to name a few. Khorn is an MBA candidate with a bachelor's degree in Information Technology. He is fluent in both English and Khmer.</p>
5	<p>Mr. Lim Kimteng</p> <p><i>Head of Operation</i></p>	<p>Mr. Kimteng joined Telcotech in July 2023.</p> <p>As Head of Operation, Kimteng brings in strategic business development method attributable to achieving the Company goals.</p> <p>Over his 20+ years of experience across the industry from mobile, Towerco, fintech and the fix wireless etc., he has strong fundamental understanding of technical requirements. His key achievements are radically transformed and improvised sales productivity of 15,000 dealers, successful of rollout the Fintech business, developing new successful markets and many other cost saving related project. He has strategically managed corporate restructuring deals.</p> <p>He has taken a part of Axiata talent development program (producing CxO journey). He obtained a Bachelor's Degree in Computer Science. He is fluent in both English and Khmer.</p>

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## 5.7 Numbers of total employees and full-time employees

### 5.7.1 Number of employees by education levels

Levels of education	30 December 2021	30 December 2022	30 September 2023
ACCA/CPA	0	0	1
Master	0	2	15
Bachelor	37	49	133
Associate	0	0	12
Diploma and short course training	0	0	16
High school & Second school diploma	0	0	78
<b>Total</b>	<b>37</b>	<b>51</b>	<b>255</b>

### 5.7.2 Number of employees by departments

No	DEPARTMENT	31 December 2021			31 December 2022			30 September 2023		
		Total	M	F	Total	M	F	Total	M	F
1	Office of the CEO	-	-	-	3	2	1	5	4	1
2	Finance	2	-	2	8	3	5	8	1	7
3	Technical	30	30	-	31	30	1	230	220	10
4	Operation	-	-	-	-	-	-	3	3	-
5	Wholesales	4	3	1	6	5	1	8	6	2
6	Legal	-	-	-	2	-	2	1	-	1
7	IT	1	1	-	1	1	-	-	-	-
	<b>Total</b>	<b>37</b>	<b>34</b>	<b>3</b>	<b>51</b>	<b>41</b>	<b>10</b>	<b>255</b>	<b>234</b>	<b>21</b>

In August 2021, the Group (Ezecom and Telcotech) had internal restructuring that led to less staffs under Telcotech. Telcotech also outsourced human resource during the time. In March 2023, there was another restructuring with Ezecom and Telcotech starting to have separate management team and more employees were assigned to be under Telcotech. Furthermore, the increase was partially due to Ezecom's acquisition of SingMeng and Openet.

### 5.7.3 Directors' role in another company as a director, a shareholder, an owner or a partner of another company

Name of Director	Companies/Entities	Role (Director/Shareholder/Owner Partner) in another company
Neak Oknha Kith Meng	Royal Group Co., Ltd.	Chairman of the Board
	Ezecom Co., Ltd.	Chairman of the Board
	CamGSM Plc.	Chairman of the Board
	J Trust Royal Bank Plc.	Chairman of the Board
	Wing Bank (Cambodia) Plc.	Chairman of the Board
	Infinity Insurance Plc.	Chairman of the Board
	Cambodia Life Insurance Plc.	Chairman of the Board
	SBI Royal Securities Plc.	Chairman of the Board
	Cambodian Broadcasting Service Co., Ltd.	Chairman of the Board
	Southbridge International School (Cambodia) Limited	Chairman of the Board
	Digital Sky Multimedia Co., Ltd.	Chairman of the Board
	Royal Group Phnom Penh SEZ Plc.	Chairman of the Board



	Cambodiana Investment Phnom Penh Pte. Ltd.	Chairman of the Board
	Helicopters (Cambodia) Ltd.	Chairman of the Board
	Helicopters Angkor Co., Ltd.	Chairman of the Board
	Royal Railway	Chairman of the Board
	Royal Financial Consultancy Plc.	Chairman of the Board
	GSS Global Security Solutions Co., Ltd.	Chairman of the Board
	The Royal Sands Koh Rong Co., Ltd.	Chairman of the Board
	Telemobile (Cambodia) Corporation (TCC)	Chairman of the Board
	Digistart Co., Ltd.	Chairman of the Board
	Royal Group Securities Plc.	Chairman of the Board
	Royal Group Trustee Co., Ltd.	Chairman of the Board
	Royal Group Mekong Asset Strategy Co., Ltd.	Chairman of the Board
	Royal Group Trustee Co., Ltd.	Chairman of the Board
	Royal Group Village Waters Co., Ltd.	Chairman of the Board
	Royal Group Koh Rong Utilities Co., Ltd.	Chairman of the Board
	Royal Group Properties Co., Ltd.	Chairman of the Board
	Royal Group Greenmax Co., Ltd.	Chairman of the Board
	Royal Group Network Solution Co., Ltd.	Chairman of the Board
	Royal Group Biance Co., Ltd.	Chairman of the Board
	Royal Group Samra Aviation Co., Ltd.	Chairman of the Board
	Royal Group Finance Co., Ltd.	Chairman of the Board
	Royal Group Koh Rong Development Company Ltd	Chairman of the Board
	Royal Group Power Co., Ltd.	Chairman of the Board
	Royal Group Holding Company Limited	Chairman of the Board
	Royal Group International Holding Company Limited	Chairman of the Board
	Royal Group Investment Group Company Limited	Chairman of the Board
	Royal Group Poipet SEZ Co., Ltd.	Chairman of the Board
	Royal Group Koh Rong Blockchain City Development Co., Ltd.	Chairman of the Board
	Royal Group Kandal SEZ Co., Ltd.	Chairman of the Board
	Royal Group Aviation Services Co., Ltd.	Chairman of the Board
	Royal Group Ream Development Co., Ltd.	Chairman of the Board
	Royal Construction Materials Group Co., Ltd.	Chairman of the Board
	Royal Cambodian Limousine Service Co., Ltd.	Chairman of the Board
	Kampuchea Food Corporation Co., Ltd.	Director
	Hydro Power Lower Sesan 2 Co., Ltd.	Director
	Royal Cambodia Co., Ltd.	Director
	Nitrogen Chemical & Fertilizers (Cambodia) Ltd.	Director
	Chailease Royal Finance Plc.	Director
	Chailease Royal Leasing Plc.	Director
	Royal Group of Companies Ltd.	Group Chief Financial Officer



Mr. William Mark HANNA	J Trust Royal Bank PLC	Director
	Cambodia Life Micro Insurance "CAMLIFE" PLC	Director
	Chailease Royal Leasing PLC	Director
	Chailease Royal Finance PLC.	Director
	Ezecom Co., Ltd.	Director
	Kampuchea Food Corporation Co., Ltd	Director
	Nitrogen Chemicals & Fertilizer (Cambodia) LTD	Director
	Royal Railway PLC.	Director
	SBI ROYAL SECURITIES PLC.	Director
	CamGSM PLC.	Director
	ROYAL MILLICOM CO., LTD.	Director
	Digital Sky Multimedia Co., Ltd.	Director
	ROYAL GROUP BINANCE CO., LTD.	Director
	Royal Group Power Co., Ltd.	Director
	Royal Group Securities Plc.	Director
	ROYAL GROUP PHNOM PENH SEZ PLC	Director
Mr. Paul Carey CLEMENTS	J Trust Royal Bank PLC	Director
	WorldBridge Outsourcing Solutions Co., Ltd.	Shareholder & Director
	International Business Chamber of Cambodia (IBC)	Chairman
	CamGSM PLC.	Director
	Royal Railway PLC.	Director
Mr. Christopher Donald Tiffin	Royal Group of Companies Ltd.	Group Chief Operating Officer
	United (Cambodia) Land Co., Ltd	Director
	Kampuchea Food Corporation Co., Ltd	Director
	Royal Group Funds Co., Ltd	Director
	CamGSM PLC.	Director
Ms. HEP Seka	DFDL Mekong (Cambodia) Co., Ltd.	Partner and Deputy Managing Director
	J Trust Royal Bank PLC.	Independent Director
	CAMELIFE MICRO INSURANCE "CAMLIFE" PLC	Independent Director
	ROYAL GROUP PHNOM PENH SEZ PLC	Independent Director
	CamGSM PLC.	Independent Director



#### 5.7.4 Involvement of directors and senior officers in certain legal proceedings for the last 2 years

There has been no involvement of directors or senior officers in legal proceedings for the last 2 years.

#### -Bankruptcy petitioned against any company in which any senior officer or director of the issuer was a director, a senior officer or a partner

There has been no bankruptcy petitioned against any company in which any senior officer or director of the issuer was a director, a senior officer or a partner.

#### -Conviction of any crime or any criminal proceeding pending against directors or senior officers

There has been no conviction of any crime or any criminal proceeding pending against directors or senior officers.

#### -Permanent or temporary jurisdiction of any competent court against any director or senior officer enjoining, barring, suspending or limiting the involvement in any securities or business activity

There has been no permanent or temporary jurisdiction of any competent court against any director or senior officer enjoining, barring, suspending or limiting the involvement in any securities or business activity.

#### -Decision of SERC, Foreign Securities and Exchange Commission or other regulators enjoining, barring, suspending or limiting the involvement of directors or senior officers in any securities or business activity

There has been no decision of SERC, foreign securities and exchange commission or other regulators enjoining, barring, suspending or limiting the involvement of directors or senior officers in any securities or business activity.

#### 5.8 Information of remuneration and compensation of directors and senior officers

Classification (US\$)	2021	2022
Director	-	-
Senior Officers	231,048	18,491
Other Benefits	38,859	10,787
Total	269,907	29,278

There was no remuneration or compensation were paid to director in both 2021 and 2022.

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## SECTION 6: RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Telcotech has disclosed information about material financial contracts with a value threshold of at least USD 200,000 and limits the review of the material commercial contracts to only those that reach a value threshold of USD 100,000. Please refer to Section 7: Financial information, Material contracts.

The disclosures of relationships and transactions with related parties mentioned below are regarding the material financial and commercial contracts with the abovementioned thresholds for the last two years prior to the filing of the application.

### **6.1 Material transactions with Directors or Senior Officers or persons whereby Directors or Senior Officers of the company has interest during the last 2 years prior to the filing of application.**

As per the documents and written declaration provided, the Company does not have any material transaction with its directors or Senior Officers or persons whereby Directors or Senior Officers during the last 2 years.

### **6.2 Material transactions with shareholders holding at least 5% of the outstanding shares during the last 2 years prior to the filing of application.**

As per the documents and written declaration provided, the Company had at least 1 (one) material transaction with its shareholders holding at least 5% of the outstanding shares during the last 2 years which was Ezecom Co., Ltd.

Material transaction with its shareholder as follows:

As per the documents and written declaration provided, the Company signed an Intercompany Service Agreement with Ezecom Co., Ltd. for providing IP Transit services (including China IP Transit, IP Transit, IPLC and maintenance) on 01 August 2021. The total amount of the transaction was US\$ 286,393.34 for year 2021 and US\$ 396,000 for year 2022 respectively. As at 15 September 2023, the amount of transaction was US\$ 254,100.

### **6.3 Material transactions with family members of Directors or Senior Officers or shareholders holding at least 5% of the outstanding shares during the last 2 years prior to the filing of application.**

As per the documents and written declaration provided, the Company does not have any material transaction with any family members of its directors or shareholders holding at least 5% of the outstanding shares during the last 2 years.

### **6.4 Material transactions with persons who have relationship with Directors of the company, its subsidiary or holding company where relationship occurred in the transaction or any arrangement with the company during the last 2 years prior to the filing of application.**

As per the documents and written declaration provided, on 01 October 2022, Telcotech signed an IP Transit Service Agreement with CamGSM Plc. for providing Domestic IP Transit. The total amount of the transaction was US\$ 168,000 for year 2022 and US\$ 504,000 for year 2023.

### **6.5 Material transactions with persons who were Directors or with any person who has relation with the former Directors of the company during the last 2 years prior to the filing of application.**

Based on the documents and written declaration provided by the Company, the Company does not have any material transactions with persons who were Directors or with any person who has relation with the former Directors of the company during the last 2 years.

### **6.6 Material transactions with Directors holding any position in an association or non-profit organization or other companies for the last 2 years prior to the filing of application.**

Based on the documents and written declaration provided by the Company, the Company does not have any material transactions with Directors holding any position in an association or non-profit organization or other companies other than the Company during the last 2 years.

### **6.7 Material transactions with Directors receiving any interest or professional fee for services in which Director provided via any firm to issuer during the last 2 years prior to the filing of application.**



Based on the documents and written declaration provided by the Company, the Company does not have any material transactions with any Director receiving any interest or professional fee for services in which Director provided via any firm to issuer during the last 2 years.

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## SECTION 7: FINANCIAL INFORMATION

### 7.1 Functional currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars ("US\$"), management has determined US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

### Presentation in Khmer Riel (KHR)

In compliance with the Law on Accounting and Auditing, the financial statements shall be expressed in Khmer Riel (KHR). Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity accounts are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR at the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognized as "Currency Translation Differences" in other comprehensive income.

The financial statements presented in US\$ are based on the following applicable exchange rates per US\$1:

Description		31 December 2021	31 December 2022
Closing rate	US\$1=	4,074	4,117
Average rate	US\$1=	4,068	4,087

Source: Audited financial statements of Telcotech 2021-2022

The translation to Khmer Riel should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

### 7.2 Historical financial information

The following information shows financial information for the years ended 31 December 2021 and 2022. For the year ended 31 December 2021 and 2022, the financial information has been audited by accredited auditors.

#### 7.2.1 Statement of comprehensive income for the years ended 31 December 2021 and 2022

The table below shows the audited comprehensive income statements for the years ended 31 December 2021, and 2022.

INCOME STATEMENT	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Revenue	16,505,122	67,142,836	21,943,980	89,685,046
Cost of sales and services	(15,200,077)	(61,833,913)	(17,328,250)	(70,820,558)
Gross profit	1,305,045	5,308,923	4,615,730	18,864,488
Operating and administrative expenses	(1,587,350)	(6,457,341)	(840,810)	(3,436,390)
<b>Profit from operations</b>	<b>(282,305)</b>	<b>(1,148,418)</b>	<b>3,774,920</b>	<b>15,428,098</b>
Finance cost, net	(1,304,438)	(5,306,454)	(990,966)	(4,050,078)
Minimum tax expense	(168,120)	(683,912)	(219,440)	(896,851)





<b>Profit/(Loss) before income tax</b>	<b>(1,754,863)</b>	<b>(7,138,784)</b>	2,564,514	10,481,169
Income tax expenses	(49,423)	(201,053)	(515,939)	(2,108,643)
<b>Profit/(Loss) from continuing operations</b>	<b>(1,804,286)</b>	<b>(7,339,837)</b>	2,048,575	8,372,526
Gain from discontinued operation, net of tax	1,378,550	5,607,941	-	-
<b>Net (loss)/profit for the year</b>	<b>(425,736)</b>	<b>(1,731,896)</b>	2,048,575	8,372,526
Currency translation difference	-	852,332	-	1,310,736
<b>Total comprehensive (loss)/profit for the year</b>	<b>(425,736)</b>	<b>(879,564)</b>	2,048,575	9,683,262

## 7.2.2 Statement of financial position for the years ended 31 December 2021 and 2022

The table below shows the audited statement of financial position as of 31 December 2021 and 2022.

<b>BALANCE SHEET</b>	<b>31 December 2021</b>		<b>31 December 2022</b>	
	<b>US\$</b>	<b>KHR'000</b>	<b>US\$</b>	<b>KHR'000</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and bank balances	3,555,982	14,487,071	10,947,624	45,071,368
Term deposits	6,000,000	24,444,000	1,564,570	6,441,335
Trade and other receivables	13,545,057	55,182,563	8,079,149	33,261,856
Inventories	153,779	626,496	132,095	543,835
<b>Total current assets</b>	<b>23,254,818</b>	<b>94,740,130</b>	<b>20,723,438</b>	<b>85,318,394</b>
<b>Non-current assets</b>				
Property and equipment	33,873,838	138,002,016	40,295,076	165,894,828
Loan to shareholder	4,637,637	18,893,733	4,999,652	20,583,567
<b>Total non-current assets</b>	<b>38,511,475</b>	<b>156,895,749</b>	<b>45,294,728</b>	<b>186,478,395</b>
<b>Total assets</b>	<b>61,766,293</b>	<b>251,635,879</b>	<b>66,018,166</b>	<b>271,796,789</b>
<b>Liabilities and equity</b>				
<b>Current liabilities</b>				
Trade and other payables	7,429,821	30,269,091	13,726,269	56,511,049
Deferred revenue	538,449	2,193,641	74,608	307,161
Amounts due to MPTC	1,273,384	5,187,766	1,794,836	7,389,340
Minimum tax liabilities/ Current Income tax liabilities	392,213	1,597,876	417,717	1,719,741
Finance lease liabilities	13,579	55,321	-	-
Debt securities	4,071,698	16,588,098	4,024,367	16,568,319
<b>Total current liabilities</b>	<b>13,719,144</b>	<b>55,891,793</b>	<b>20,037,797</b>	<b>82,495,610</b>
<b>Non-current liabilities</b>				
Amounts due to MPTC	1,251,808	5,099,866	151,218	622,564
Deferred revenue			291,252	1,199,084
Debt securities	15,266,770	62,196,821	11,459,919	47,180,487
Employee benefit obligation	15,105	61,538	-	-
Deferred tax liability, net	2,460,459	10,023,910	2,976,398	12,253,831
<b>Total non-current liabilities</b>	<b>18,994,142</b>	<b>77,382,135</b>	<b>14,878,787</b>	<b>61,255,966</b>
<b>Total liabilities</b>	<b>32,713,286</b>	<b>133,273,928</b>	<b>34,916,584</b>	<b>143,751,576</b>



<b>Equity</b>				
Share capital	11,856,688	48,019,586	11,856,688	48,019,586
Retained earnings	17,196,319	69,670,053	19,244,894	78,042,579
Currency translation reserves	-	672,312	-	1,983,048
<b>Total equity</b>	<b>29,053,007</b>	<b>118,361,951</b>	<b>31,101,582</b>	<b>128,045,213</b>
<b>Total liabilities and equity</b>	<b>61,766,293</b>	<b>251,635,879</b>	<b>66,018,166</b>	<b>271,796,789</b>

### 7.2.3 Statement of cash flow for the years ended 31 December 2021 and 2022

The table below shows the audited statement of cash flow as of 31 December 2021 and 2022.

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
<b>Cash flow from operating activities</b>				
Net profit/(loss) for the year	(425,736)	(1,731,896)	2,048,575	8,372,526
<i>Adjustments for:</i>				
Depreciation	5,720,403	23,270,599	5,005,382	20,456,996
Minimum tax expense	246,320	1,002,030	219,440	896,851
Income tax expense	394,060	1,603,036	515,939	2,108,643
Interest expense	1,329,196	5,407,169	1,265,171	5,170,754
Interest income	(19,768)	(80,416)	(273,171)	(1,116,450)
Provision for doubtful debts	44,515	181,087	-	-
Provision for employment benefits	(13,186)	(53,641)	137,725	562,882
Foreign exchange gain	(53,033)	(215,738)	(25,167)	(102,858)
	7,222,771	7,222,771	8,893,894	36,349,344
<i>Changes in:</i>				
Trade and other receivables	6,820,711	27,746,652	5,465,908	22,339,166
Inventories	72,717	295,813	21,684	88,623
Trade and other payables	(1,878,018)	(7,639,777)	(765,579)	(3,128,921)
Deferred revenue	(1,896,854)	(7,716,402)	(172,589)	(705,371)
Amount due to MPTC	2,221,782	9,038,209	(636,645)	(2,601,968)
<b>Cash generated from operating activities</b>	<b>12,563,109</b>	<b>51,106,725</b>	<b>12,806,673</b>	<b>52,340,873</b>
Minimum tax paid	(256,565)	(1,043,706)	(193,936)	(792,616)
Payments of employee benefits	(1,371)	(5,577)	(152,830)	(624,616)
Interest paid	(683,935)	(2,782,248)	(1,114,370)	(4,554,430)
Interest received	19,768	80,416	64,477	263,517
<b>Net cash generated from operating activities</b>	<b>11,641,006</b>	<b>47,355,610</b>	<b>11,410,014</b>	<b>46,632,728</b>
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment (*)	(9,285,885)	(37,774,980)	(4,364,593)	(17,838,092)
Term deposits with bank, net	(6,000,000)	(24,408,000)	5,145,430	21,029,372
<b>Net cash from/(used in) investing activities</b>	<b>(15,285,885)</b>	<b>(62,182,980)</b>	<b>780,837</b>	<b>3,191,280</b>
<b>Cash flows from financing activities</b>				
Loan to a shareholder	(4,637,637)	(18,865,907)	(153,321)	(626,623)
Repayments on borrowings	(7,429,855)	(30,224,650)	(3,922,309)	(16,030,477)
Proceed from debt securities	19,117,791	77,771,175	-	-



Lease liabilities	26,419	107,472	-	-
Payment of lease liabilities	(12,840)	(52,233)	(13,579)	(55,497)
<b>Net cash (used in)/generated from financing activities</b>	<b>7,063,878</b>	<b>28,735,857</b>	<b>(4,089,209)</b>	<b>(16,712,597)</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,418,999</b>	<b>13,908,487</b>	<b>8,101,642</b>	<b>33,111,411</b>
<b>Cash and cash equivalents at 01 January</b>	<b>136,983</b>	<b>554,096</b>	<b>3,555,982</b>	<b>14,487,071</b>
Currency translation differences	-	24,488	-	395,956
<b>Cash and cash equivalents at 31 December</b>	<b>3,555,982</b>	<b>14,487,071</b>	<b>11,657,624</b>	<b>47,994,438</b>

(\*) This amount includes the payment of property and equipment acquired on credit.

### 7.3 Key financial ratio

Financial Ratios	31 December 2021	31 December 2022
Revenue (USD)	16,505,122	21,943,980
EBITDA (USD)	5,337,144	8,780,302
EBIT (USD)	(282,305)	3,774,920
Net income (USD)	(425,736)	2,048,575
<b>1. Profitability</b>		
<b>Return on Average Equity (ROAE) (1)/Average(2 and 3)</b>	<b>(1.45%)</b>	<b>6.81%</b>
(1): Net income (USD)	(425,736)	2,048,575
(2): Beginning Equity (USD)	29,478,743	29,053,007
(3): Ending Equity (USD)	29,053,007	31,101,582
<b>Return on Average Asset (ROAA) (1)/Average(2 and 3)</b>	<b>(0.68%)</b>	<b>3.21%</b>
(1): Net income (USD)	(425,736)	2,048,575
(2): Beginning Asset (USD)	63,481,305	61,766,293
(3): Ending Asset (USD)	61,766,293	66,018,166
<b>Gross margin (1)/(2)</b>	<b>7.91%</b>	<b>21.03%</b>
(1): Gross Profit (USD)	1,305,045	4,615,730
(2): Revenue (USD)	16,505,122	21,943,980
<b>EBITDA margin (1)/(2)</b>	<b>32.34%</b>	<b>40.01%</b>
(1): EBITDA (USD)	5,337,144	8,780,302
(2): Revenue (USD)	16,505,122	21,943,980
<b>EBIT margin (1)/(2)</b>	<b>(1.71%)</b>	<b>17.20%</b>
(1): EBIT (USD)	(282,305)	3,774,920
(2): Revenue (USD)	16,505,122	21,943,980
<b>2. Indebtedness</b>		
<b>Debt/EBITDA (1)/(2)</b>	<b>3.62</b>	<b>1.76</b>
(1): Debt (USD)	19,338,468	15,484,286
(2): EBITDA (USD)	5,337,144	8,780,302
<b>EBITDA/Interest (1)/(2)</b>	<b>4.09</b>	<b>8.86</b>
(1): EBITDA (USD)	5,337,144	8,780,302
(2): Interest (USD)	1,304,438	990,966
<b>Debt/Equity (1)/(2)</b>	<b>0.67</b>	<b>0.50</b>
(1): Debt (USD)	19,338,468	15,484,286
(2): Equity (USD)	29,053,007	31,101,582
<b>Debt/Assets (1)/(2)</b>	<b>0.31</b>	<b>0.23</b>
(1): Debt (USD)	19,338,468	15,484,286
(2): Assets (USD)	61,766,293	66,018,166
<b>3. Liquidity Analysis</b>		
<b>Current Ratio (1)/(2)</b>	<b>1.70</b>	<b>1.03</b>
(1): Current Asset (USD)	23,254,818	20,723,438





(2): Current Liabilities (USD)	13,719,144	20,037,797
<b>Quick Ratio (1)-(2)/(3)</b>	<b>1.68</b>	<b>1.03</b>
(1): Current Asset (USD)	23,254,818	20,723,438
(2): Inventories (USD)	153,779	132,095
(3): Current Liabilities (USD)	13,719,144	20,037,797
<b>4. Activity Ratio</b>		
<b>Asset Turnover Ratio (1)/Average(2 and 3)</b>	<b>0.26</b>	<b>0.34</b>
(1): Revenue (USD)	16,505,122	21,943,980
(2): Beginning Asset (USD)	63,481,305	61,766,293
(3): Ending Asset (USD)	61,766,293	66,018,166

#### 7.4 Capitalization and indebtedness

##### 7.4.1 Capitalization

The below table sets out Telcotech's internal sources of capital for the years ended 31 December 2021 and 31 December 2022. There was no change to the share capital in the last two years.

Equity	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Share capital	11,856,688	48,019,586	11,856,688	48,019,586
Retained earnings	17,196,319	69,670,053	19,244,894	78,042,579
Currency translation reserves	-	672,312	-	1,983,048
<b>Total equity</b>	<b>29,053,007</b>	<b>118,361,951</b>	<b>31,101,582</b>	<b>128,045,213</b>

##### 7.4.2 Indebtedness

The below table shows Telcotech's liabilities for the years ended 31 December 2021 and 31 December 2022. The indebtedness is classified as current and non-current.

Equity	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
<b>Current liabilities</b>				
Trade and other payables	7,429,821	30,269,091	13,726,269	56,511,049
Deferred revenue	538,449	2,193,641	74,608	307,161
Amounts due to MPTC	1,273,384	5,187,766	1,794,836	7,389,340
Minimum tax liabilities/ Current Income tax liabilities	392,213	1,597,876	417,717	1,719,741
Finance lease liabilities	13,579	55,321	-	-
Debt securities	4,071,698	16,588,098	4,024,367	16,568,319
<b>Total current liabilities</b>	<b>13,719,144</b>	<b>55,891,793</b>	<b>20,037,797</b>	<b>82,495,610</b>
<b>Non-current liabilities</b>				
Amounts due to MPTC	1,251,808	5,099,866	151,218	622,564
Deferred revenue			291,252	1,199,084
Debt securities	15,266,770	62,196,821	11,459,919	47,180,487
Employee benefit obligation	15,105	61,538	-	-
Deferred tax liability, net	2,460,459	10,023,910	2,976,398	12,253,831
<b>Total non-current liabilities</b>	<b>18,994,142</b>	<b>77,382,135</b>	<b>14,878,787</b>	<b>61,255,966</b>
<b>Total liabilities</b>	<b>32,713,286</b>	<b>133,273,928</b>	<b>34,916,584</b>	<b>143,751,576</b>



## 7.5 Changes in accounting policy

As of the date of this Disclosure Document, the accounting policies have been applied consistently to all periods presented in these financial statements.

## 7.6 Dividend policy

Since the date of incorporation, Telcotech has paid no dividends to shareholders.

## 7.7 Material changes

As of the date of this Disclosure Document, Telcotech does not have any material changes that would affect the financial situation and result of the Company.

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Particulars	31 December 2020	31 December 2019	31 December 2018
Share capital	1,000,000,000	1,000,000,000	1,000,000,000
Reserves	1,000,000,000	1,000,000,000	1,000,000,000
Retained earnings	1,000,000,000	1,000,000,000	1,000,000,000
Other reserves	1,000,000,000	1,000,000,000	1,000,000,000
Total	3,000,000,000	3,000,000,000	3,000,000,000
Share capital	1,000,000,000	1,000,000,000	1,000,000,000
Reserves	1,000,000,000	1,000,000,000	1,000,000,000
Retained earnings	1,000,000,000	1,000,000,000	1,000,000,000
Other reserves	1,000,000,000	1,000,000,000	1,000,000,000
Total	3,000,000,000	3,000,000,000	3,000,000,000
Share capital	1,000,000,000	1,000,000,000	1,000,000,000
Reserves	1,000,000,000	1,000,000,000	1,000,000,000
Retained earnings	1,000,000,000	1,000,000,000	1,000,000,000
Other reserves	1,000,000,000	1,000,000,000	1,000,000,000
Total	3,000,000,000	3,000,000,000	3,000,000,000
Share capital	1,000,000,000	1,000,000,000	1,000,000,000
Reserves	1,000,000,000	1,000,000,000	1,000,000,000
Retained earnings	1,000,000,000	1,000,000,000	1,000,000,000
Other reserves	1,000,000,000	1,000,000,000	1,000,000,000
Total	3,000,000,000	3,000,000,000	3,000,000,000





## SECTION 8: MANAGEMENT DISCUSSION AND ANALYSIS

### 8.1 Management's discussion and analysis

The following discussion should be read together with the audited financial statements for the years ended 31 December 2021, and 2022 as set out in Appendix III of the Disclosure Document. These financial statements have been prepared in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (CIFRS for SMEs), which are recognized and practiced in Cambodia.

The discussion in this section contains uncertainties and risks with regard to forward-looking statements or unforeseen events. Thus, investors should read other parts of the Disclosure Document such as *Risk Factors*. In case of doubt, investors should seek advice from professionals.

#### 8.1.1 Overview of business operation

##### 8.1.1.1 Revenue Analysis

**Years ended 31 December 2021 and 2022:**

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Internet Fiber Optic Gepon	1,305,498	5,310,766	2,317,593	9,472,003
International Private Leased Circuit ("IPLC")	7,742,805	31,497,731	8,297,414	33,911,531
Domestic lease line	3,939,866	16,027,375	3,936,101	16,086,845
Fiber optic wholesale	2,816,420	11,457,197	5,676,391	23,199,410
Internet protocol ("IP") transit	370,874	1,508,715	506,252	2,069,052
Installation income	160,945	654,724	980,824	4,008,628
Data center	121,164	492,895	101,355	414,238
Other incomes	47,550	193,433	128,050	523,339
<b>Total revenue</b>	<b>16,505,122</b>	<b>67,142,836</b>	<b>21,943,980</b>	<b>89,685,046</b>

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#### Changes in revenue from 2021 to 2022

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
Internet Fiber Optic Gepon	1,305,498	2,317,593	1,012,095	77.53%
International Private Leased Circuit ("IPLC")	7,742,805	8,297,414	554,609	7.16%
Domestic lease line	3,939,866	3,936,101	(3,765)	(0.10%)
Fiber optic wholesale	2,816,420	5,676,391	2,859,971	101.55%
Internet protocol ("IP") transit	370,874	506,252	135,378	36.50%
Installation income	160,945	980,824	819,879	509.42%
Data center	121,164	101,355	(19,809)	(16.35%)
Other incomes	47,550	128,050	80,500	169.30%
<b>Total revenue</b>	<b>16,505,122</b>	<b>21,943,980</b>	<b>5,438,858</b>	<b>32.95%</b>

Telcotech reported total revenue of US\$ 21,943,980 in 2022 compared to US\$ 16,505,122 in 2021, an increase of US\$ 5,438,858 or 32.95%. The increase was mostly due to a growth in revenue from Internet Fiber Optic Gepon, Fiber Optic Wholesale, Installation Income, and International Private Leased Circuit ("IPLC"). These increases were partially offset by a decrease in Data Center revenue.

Revenue from Internet Fiber Optic Gepon was US\$ 1,305,498 in 2021 compared to US\$ 2,317,593 in 2022, an increase of US\$ 1,012,095 or 77.53%. This growth in the revenue was mostly due to high demand from Ezecon after their acquisition of Openet and SingMeng.

Revenue from Fiber optic wholesale was US\$ 2,816,420 in 2021 compared to US\$ 5,676,391 in 2022, an increase of US\$ 2,859,971 or 101.55%. This increase was mostly due to main link and access network charged to Ezecon from 1 May 2022 to 31 December 2022. There was no charge in 2021 since Telcotech obtained license for fiber optic cable network infrastructure on 1 May 2022.

Installation Income grew from US\$ 160,945 to US\$ 980,824 between 2021 and 2022, representing US\$ 819,879 or 509.42% increase. The increase was due to last miles charged to Ezecon after Telcotech received fiber optic cable network infrastructure license which effective from 1 May 2022.

Revenue from International Private Leased Circuit ("IPLC") expanded from US\$ 7,742,805 in 2021 to US\$ 8,297,414 in 2022, an increase of US\$ 554,609 or 7.16%. This increase is contributed by increasing demand from Cellcard and Smart.

#### 8.1.1.2 Analysis of gross profits

Gross profits are displayed in the below table for the years ended 31 December 2021 and 2022.

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
<b>Revenue</b>	16,505,122	67,142,836	21,943,980	89,685,046
Cost of sales and services				
Internet	6,177,144	25,128,622	6,359,653	25,991,902
Depreciation	5,461,309	22,216,605	4,879,849	19,943,943
MPTC revenue share	929,218	3,780,059	1,189,246	4,860,448
Personnel expenses	567,129	2,307,081	575,839	2,353,454
Reversal of bonus accrual	-	-	(199,148)	(813,918)
Internet fiber optic	566,102	2,302,903	1,450,672	5,928,896



Cambodia Fiber Optic Communication Network ("CFOCN")	472,027	1,920,206	1,575,110	6,437,475
Spare Part	215,331	875,967	14,164	57,888
Telecommunication ("TC") fiber	195,660	795,945	195,660	799,662
Electricity pole charge	182,108	740,815	323,718	1,323,035
COGS – MCT	168,008	683,457	465,634	1,903,046
COGS – DDOS	109,526	445,552	101,027	412,897
COGS - Eze Wifi Box-Sales	4,107	16,707	-	-
Others	152,408	619,994	-	-
Management fee	-	-	396,826	1,621,830
<b>Total cost of sales and service</b>	<b>(15,200,077)</b>	<b>(61,833,913)</b>	<b>(17,328,250)</b>	<b>(70,820,558)</b>
<b>Gross profit</b>	<b>1,305,045</b>	<b>5,308,923</b>	<b>4,615,730</b>	<b>18,864,488</b>

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### Changes in gross profits from 2021 to 2022

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
<b>Revenue</b>	<b>16,505,122</b>	<b>21,943,980</b>	<b>5,438,858</b>	<b>32.95%</b>
<b>Cost of Sales and services</b>				
Internet	6,177,144	6,359,653	182,509	2.95%
Depreciation	5,461,309	4,879,849	(581,460)	(10.65%)
MPTC revenue share	929,218	1,189,246	260,028	27.98%
Personnel expenses	567,129	575,839	8,710	1.54%
Reversal of bonus accrual	-	(199,148)	(199,148)	-
Internet fiber optic	566,102	1,450,672	884,570	156.26%
Cambodia Fiber Optic Communication Network ("CFOCN")	472,027	1,575,110	1,103,083	233.69%
Spare Part	215,331	14,164	(201,167)	(93.42%)
Telecommunication ("TC") fiber	195,660	195,660	-	0.00%
Electricity pole charge	182,108	323,718	141,610	77.76%
COGS – MCT	168,008	465,634	297,626	177.15%
COGS – DDOS	109,526	101,027	(8,499)	(7.76%)
COGS - Eze Wifi Box-Sales	4,107	-	(4,107)	(100.00%)
Others	152,408	-	(152,408)	(100.00%)
Management fee	-	396,826	396,826	100.00%
<b>Total cost of sales</b>	<b>(15,200,077)</b>	<b>(17,328,250)</b>	<b>2,128,173</b>	<b>14.00%</b>
<b>Gross profit</b>	<b>1,305,045</b>	<b>4,615,730</b>	<b>3,310,685</b>	<b>253.68%</b>
<b>Gross margin</b>	<b>7.91%</b>	<b>21.03%</b>		

From 2021 to 2022, gross profit increased by US\$ 3,310,685 or 253.68% from US\$ 1,305,045 to US\$ 4,615,730. The strong increase in gross profit was made on the growth in revenue greater than the growth of cost of sales and services. This led to a significant increase of gross margin from 7.91% in 2021 to 21.03% in 2022.

### Discussion of changes in cost of sales and services from 2021 to 2022

Only material increases or decreases in the cost of sales and services have been analyzed. These include:

- Depreciation
- MPTC revenue share
- Reversal of bonus accrual
- Internet fiber optic
- Cambodia Fiber Optic Communication Network ("CFOCN")
- Spare part
- Electricity pole charge
- COGS – MCT
- Management fee





	31 December 2021	31 December 2022	Changes		Reasons
	US\$	US\$	US\$	%	
Depreciation	5,461,309	4,879,849	(581,460)	(10.65%)	Most of equipment such as main link and last miles are fully depreciated
MPTC revenue share	929,218	1,189,246	260,028	27.98%	This increase was due to increase in revenue
Reversal of bonus accrual	-	(199,148)	(199,148)	-	Over accrual bonus for 2019 due to delay payment and staff left in 2020 and 2021, led to actual payment much lesser.
Internet fiber optic	566,102	1,450,672	884,570	156.26%	This increase was due to the purchase more internet bandwidth to support the growth in revenue.
Cambodia Fiber Optic Communication Network ("CFOCN")	472,027	1,575,110	1,103,083	233.69%	This increase was due to the price increase by 5 times for optical fiber with 48 cores. For 12 core and 24 cores, the price increased at least 2 times.
Spare Part	215,331	14,164	(201,167)	(93.42%)	This is due to contract negotiation that allowed Telcotech not to pay network maintenance support in 2022.
Electricity pole charge	182,108	323,718	141,610	77.76%	This increase was due to more pole rental demand after acquisition of Opennet and SingMeng by Ezecon
COGS - MCT	168,008	465,634	297,626	177.15%	There were 2 incidents that happened in 2022 that required restoration on MCT submarine.
Management fee	-	396,826	396,826	100.00%	After internal restructuring on 1 <sup>st</sup> August 2021, some employees are assigned to be under Ezecon. In 2022, Telcotech outsourced those employees.

#### 8.1.1.3 Analysis of operating profit

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Revenue	16,505,122	67,142,836	21,943,980	89,685,046
Cost of sales and services	(15,200,077)	(61,833,913)	(17,328,250)	(70,820,558)
Gross profit	1,305,045	5,308,923	4,615,730	18,864,488
Operating and administrative expenses				





Personnel expenses	678,008	2,758,137	135,251	552,771
Bonus expense reversal	-	-	(52,856)	(216,022)
Professional fees	273,425	1,112,293	92,182	376,748
Depreciation	158,140	643,314	125,533	513,053
Seniority indemnity	114,665	466,457	137,725	562,882
Insurance expenses	89,453	363,895	-	-
Advertising expenses	56,977	231,782	20,229	82,676
Bad debts expense	44,515	181,087	213,937	874,361
Office rental	30,664	124,741	36,000	147,132
Commissions expenses	23,189	94,333	856	3,498
Travel expenses	10,150	41,290	21,377	87,368
Seminar and conference expenses	15,789	64,230	-	-
Operating and maintenance	5,484	22,309	34,663	141,668
Utilities expenses	2,677	10,890	8,312	33,971
Other expenses	84,214	342,583	67,601	276,284
<b>Total operating and administrative expenses</b>	<b>(1,587,350)</b>	<b>(6,457,341)</b>	<b>(840,810)</b>	<b>(3,436,390)</b>
<b>Profit from operations</b>	<b>(282,305)</b>	<b>(1,148,418)</b>	<b>3,774,920</b>	<b>15,428,098</b>
<b>Operating margin</b>	<b>(1.71%)</b>	<b>(1.71%)</b>	<b>17.20%</b>	<b>17.20%</b>

#### Changes in operating profits from 2021 to 2022

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
<b>Revenue</b>	<b>16,505,122</b>	<b>21,943,980</b>	<b>5,438,858</b>	<b>32.95%</b>
Cost of sales and services	15,200,077	17,328,250	2,128,173	14.00%
<b>Gross profit</b>	<b>1,305,045</b>	<b>4,615,730</b>	<b>3,310,685</b>	<b>253.68%</b>
<b>Operating and administrative expenses</b>				
Personnel expenses	678,008	135,251	(542,757)	(80.05%)
Bonus expense reversal	-	(52,856)	(52,856)	(100.00%)
Professional fees	273,425	92,182	(181,243)	(66.29%)
Depreciation	158,140	125,533	(32,607)	(20.62%)
Seniority indemnity	114,665	137,725	23,060	20.11%
Insurance expenses	89,453	-	(89,453)	(100.00%)
Advertising expenses	56,977	20,229	(36,748)	(64.50%)
Bad debts expense	44,515	213,937	169,422	380.60%
Office rental	30,664	36,000	5,336	17.40%
Commissions expenses	23,189	856	(22,333)	(96.31%)
Travel expenses	10,150	21,377	11,227	110.61%
Seminar and conference expenses	15,789	-	(15,789)	(100.00%)
Operating and maintenance	5,484	34,663	29,179	532.08%
Utilities expenses	2,677	8,312	5,635	210.50%
Other expenses	84,214	67,601	(16,613)	(19.73%)
<b>Total operating and administrative expenses</b>	<b>(1,587,350)</b>	<b>(840,810)</b>	<b>(746,540)</b>	<b>(47.03%)</b>
<b>Operating profit</b>	<b>(282,305)</b>	<b>3,774,920</b>	<b>4,057,225</b>	<b>1,437.18%</b>
<b>Operating margin</b>	<b>(1.71%)</b>	<b>17.20%</b>		





From 2021 to 2022, operating profits increased by US\$ 4,057,225 from a loss of US\$ 282,305 in 2021 to a profit of US\$ 3,774,920 in 2022. This resulted in a boost of operating margin from negative 1.71% in 2021 to 17.20% in 2022.

#### Discussion of changes in operating and administrative expenses from 2021 to 2022

From 2021 to 2022, total operating and administrative expenses decreased by US\$ 746,540 or 47.03% from US\$ 1,587,350 in 2021 to US\$ 840,810 in 2022. Analysis of changes in operating and administrative expenses focuses only on material changes which include:

- Personnel expenses
- Bonus expense reversal
- Professional fees
- Depreciation
- Advertising expenses
- Bad debts expense
- Commission expenses
- Seminar and conference expenses
- Insurance

	31 December 2021	31 December 2022	Changes		Reasons
	US\$	US\$	US\$	%	
Personnel expenses	678,008	135,251	(542,757)	(80.05%)	After internal restructuring on 1 <sup>st</sup> August 2021, some employees are assigned to be under Ezecom. Therefore, Telcotech recorded less spending on personnel expenses.
Bonus expense reversal	-	(52,856)	(52,856)	(100.00%)	Over accrual bonus for 2019 due to delay payment and staff left in 2020 and 2021, led to actual payment much lesser.
Professional fees	273,425	92,182	(181,243)	(66.29%)	This decreased was due to engineering vacancy on a contract basis
Depreciation	158,140	125,533	(32,607)	(20.62%)	This was due to assets transferred to Ezecom from 1 Aug 2021.
Advertising expenses	56,977	20,229	(36,748)	(64.50%)	Before internal restructuring (August 2021), advertising expenses for both Ezecom and Telcotech were recorded under Telcotech. After the restructuring, only advertising expenses from Telcotech are recorded.
Bad debts expense	44,515	213,937	169,422	380.60%	The increase was mainly due to bad debts from SingMeng on Submarine IPLC and IP transit.
Commissions expenses	23,189	856	(22,333)	(96.31%)	Telcotech does not pay anymore commission to customers.



	31 December 2021	31 December 2022	Changes		Reasons
	US\$	US\$	US\$	%	
Seminar and conference expenses	15,789	-	(15,789)	(100.00%)	There were no activities that incurred cost in 2022.
Insurance	89,453	-	(89,453)	(100.00%)	Insurance expenses were included under Personnel Expenses for 2022.

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#### 8.1.1.4 Analysis of profit before income tax

##### Year ended 31 December 2021 compared to year ended 31 December 2022:

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
Profit from operation	(282,305)	3,774,920	4,057,225	1,437.18%
Finance cost, net	(1,304,438)	(990,966)	(313,472)	(24.03%)
Minimum tax expense	(168,120)	(219,440)	(51,320)	30.53%
Profit/Loss before tax	(1,754,863)	2,564,514	4,319,377	246.14%

From 2021 to 2022, profit before tax increased by US\$ 4,319,377 from a loss of US\$ 1,754,863 in 2021 to a profit of US\$ 2,564,514 in 2022. This was contributed by a huge increase in gross profit, a large decrease in operating and administrative expenses as well as a sizeable decrease in finance cost.

From 2021 to 2022, finance cost decreased by US\$ 313,472 or 24.03% from US\$ 1,304,438 in 2021 to US\$ 990,966 in 2022. Finance cost decreased during this period due to partial bond repayment of US\$ 3.9 million in 2022.

#### 8.1.1.5 Analysis of profit after income tax

##### Year ended 31 December 2021 compared to year ended 31 December 2022:

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
Profit/Loss before income tax	(1,754,863)	2,564,514	4,319,377	246.14%
Income tax credit/(expense)	(49,423)	(515,939)	466,516	943.92%
Gain from discontinued operation, net of tax	1,378,550	-	(1,378,550)	(100%)
Net profit/loss for the year	(425,736)	2,048,575	2,474,311	581.18%

Telcotech is obligated to pay 20% tax on profits. From 2021 to 2022, net profit increased by US\$ 2,474,311 from a loss of US\$ 425,736 in 2021 to a profit of US\$ 2,048,575 in 2022. The increase in net profit was due to an increase in profit before tax. In 2021, Telcotech paid US\$ 49,423 in income taxes on a loss of US\$ 1,754,863. In 2022, the Company paid US\$ 515,939 in income taxes. Telcotech is required to pay a minimum tax even in the event of a loss.

#### 8.1.2 Analysis of factors affecting financial position and results

##### **Economic situation in the country, the region and the world**

Cambodia has long enjoyed strong GDP growth. According to the World Bank, from 1995 to 2019, Cambodia's GDP growth averaged 7.1%. Until the challenges of COVID-19, Cambodia was ranked the 7<sup>th</sup> fastest growing economy in the world. Cambodia's economy relies in large part on other regional and global economies. Exports of goods account for a large part of GDP, and demand for exports is dependent on the economic condition of major trading partners, which include China, USA, the United Kingdom, and European Union countries. Incoming tourism has also traditionally made up a major part of Cambodia's economy, and this sector is also heavily affected by the economic circumstances in countries around the world. COVID-19 travel restrictions have dealt a particularly strong blow to this sector.

Beyond the travel and tourism sector, COVID-19 has affected almost all other sectors in Cambodia. This is due to several reasons including reduced demand for exports, reduced demand for services, lower foreign direct investment, global travel restrictions, and logistical challenges. Forecasts show that the Cambodian economy will start to grow again in 2021 and beyond. The following table shows the real GDP growth rates of Cambodia, neighboring regions, and major trading partners.

Countries	2020	2021	2022	2023f	2024f
Cambodia	-3.1%	3%	5%	5.8%	6.2%
European Union	-5.6%	5.6%	3.7%	0.7%	1.6%
USA	-2.8%	5.9%	2.1%	1.6%	1.1%
China	2.2%	8.4%	3%	5.2%	4.5%
World	-2.8%	6.3%	3.4%	2.8%	3%

Source: World Economic Outlook Updated April 2023, IMF

## 8.2 Liquidity and capital resources

### 8.2.1 Working capital

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Current assets (a)	23,254,818	94,740,130	20,723,438	85,318,394
Current liabilities (b)	13,719,144	55,891,793	20,037,797	82,495,610
Working capital (a-b)	9,535,674	38,848,337	685,641	2,822,784

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### 8.2.2 Cash Flow

Telcotech's cash flows from operating, investing and financing activities are shown in the below table.

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Net cash from/(used in) operating activities	11,641,006	47,355,610	11,410,014	46,632,728
Net cash from/(used in) investing activities	(15,285,885)	(62,182,980)	780,837	3,191,280
Net cash from/(used in) financing activities	7,063,878	28,735,857	(4,089,209)	(16,712,597)
Net increase/(decrease) in cash and cash equivalents	3,418,999	13,908,487	8,101,642	33,111,411
Cash and bank balances as at 01 January	136,983	554,096	3,555,982	14,487,071
Currency translation differences	-	24,488	-	395,956
Cash and cash equivalents as at 31 December	3,555,982	14,487,071	11,657,624	47,994,438

Source: Audited financial statements 2022

### 8.2.3 Borrowings

As of 31<sup>st</sup> December 2021, and 2022, Telcotech does not have any outstanding loans.

### 8.2.4 Breach of terms and conditions associated with credit arrangement or bank loans

As of 31 December 2022, Telcotech breached its current ratio covenant and the lenders have agreed to waive the covenant.

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### 8.2.5 Types of financial instruments used

Financial instruments used at Telcotech include financial assets and liabilities. Financial assets include cash and bank balances, term deposits, trade and other receivables, and loan to a shareholder. Financial liabilities include trade and other payables, amounts due to MPTC, finance lease liabilities, and debt securities.

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
<b>Financial assets</b>				
Cash and bank balances	3,555,982	14,487,071	10,947,624	45,071,368
Term deposits	6,000,000	24,444,000	1,564,570	6,441,335
Trade and other receivables	13,545,057	55,182,563	8,079,149	33,261,856
Loan to a shareholder	4,637,637	18,893,733	4,999,652	20,583,567
<b>Total financial assets</b>	<b>27,738,676</b>	<b>113,007,367</b>	<b>25,590,995</b>	<b>105,358,126</b>
<b>Financial liabilities</b>				
Trade and other payables	7,429,821	30,269,091	13,726,269	56,511,049
Current portion of amounts due to MPTC	1,273,384	5,187,766	1,794,836	7,389,340
Finance lease liabilities	13,579	55,321	-	-
Current Portion of Debt Securities	4,071,698	16,588,098	4,024,367	16,568,319
Long-term amounts due to MPTC	1,251,808	5,099,866	151,218	622,564
Long-term debt securities	15,266,770	62,196,821	11,459,919	47,180,487
<b>Total financial liabilities</b>	<b>29,307,060</b>	<b>119,396,963</b>	<b>31,156,609</b>	<b>128,271,759</b>

### 8.3 Trade and other receivables

Telcotech's trade receivables consist of services provided to mobile operators, international carriers and ISP. Services are contracted and provided on credit terms. Credit terms provided to wholesale customers are standard and allow 30 days for payment after invoicing.

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
Trade and other receivables	13,545,057	8,079,149	(5,465,908)	(40.35%)

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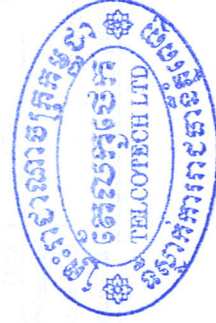
#### 8.4 Non-current assets

Telcotech's non-current assets consist solely of property and equipment.

31 December 2022	Fiber optical cable	Network infrastructure	Furniture, fixtures and equipment	Vehicles	IT hardware & software	Building	Land (*)	Construction in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Cost</b>									
As at 1 January 2022	73,003,620	17,732,287	45,154	40,450	837,603	1,374,914	700,000	354,338	94,088,366
Additions	1,112,730	1,743,122	-	-	133,812	-	-	1,374,929	4,364,593
Transfer from Ezecom (**)	7,062,027	-	-	-	-	-	-	-	7,062,027
Transfer from construction in progress	1,330,593	266,963	-	590	56,107	7,881	-	(1,662,134)	-
As at 31 December 2022	82,508,970	19,742,372	45,154	41,040	1,027,522	1,382,795	700,000	67,133	105,514,986
<b>Less: Accumulated depreciation</b>									
As at 1 January 2022	45,693,779	13,391,811	45,154	3,619	800,611	279,554	-	-	60,214,528
Depreciation for the year	3,326,440	1,553,409	-	8,247	62,050	55,236	-	-	5,005,382
As at 31 December 2022	49,020,219	14,945,220	45,154	11,866	862,661	334,790	-	-	65,219,910
<b>Carrying amounts</b>									
As at 31 December 2022	33,488,751	4,797,152	-	29,174	164,861	1,048,005	700,000	67,133	40,295,076
(KHR'000 equivalents – Note 4)	137,873,188	19,749,875	-	120,109	678,733	4,314,637	2,881,900	276,387	165,894,828

\*This represents a plot of land registered under the names of director's spouse on behalf of the Company under trustee agreement adopted by the director.

\*\*During the year, the Group has 2 acquisition transactions. The transfer of assets represents assets required to be under the license and operations of the Company within the Group.



31 December 2021	Fiber optical cable	Network infrastructure	Furniture, fixtures and equipment	Vehicles	IT hardware & software	Building	Land (*)	Work in progress	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
<b>Cost</b>									
As at 1 January 2021	72,236,124	17,451,764	109,744	-	887,145	1,723,932	700,000	350,126	93,458,835
Additions	767,496	1,442,321	-	40,450	13,374	-	-	4,212	2,267,853
Disposal to Ezecom Co., Ltd.	-	(1,161,798)	(64,590)	-	(62,916)	(349,018)	-	-	(1,638,322)
As at 31 December 2021	73,003,620	17,732,287	45,154	40,450	837,603	1,374,914	700,000	354,338	94,088,366
<b>Less: Accumulated depreciation</b>									
As at 1 January 2021	41,359,273	12,535,177	93,216	-	748,184	400,697	-	-	55,136,547
Depreciation for the year	4,334,506	1,224,916	7,596	3,619	83,983	65,783	-	-	5,720,403
Disposal to Ezecom Co., Ltd.	-	(368,282)	(55,658)	-	(31,556)	(186,926)	-	-	(642,422)
As at 31 December 2021	45,693,779	13,391,811	45,154	3,619	800,611	279,554	-	-	60,214,528
<b>Carrying amounts</b>									
As at 31 December 2021	27,309,841	4,340,476	-	36,831	36,992	1,095,360	700,000	354,338	33,873,838
(KHR'000 equivalents – Note 4)	111,260,292	17,683,099	-	150,049	150,705	4,462,497	2,851,800	1,443,574	138,002,016

\*This represents a plot of land registered under the names of director's spouse on behalf of the Company under trustee agreement adopted by the director.

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## 8.5 Depreciation

Depreciation of property and equipment is charged to the income statement on a straight line-basis over the estimated useful lives of the individual assets as follows:

	31 December 2021	31 December 2022
Fiber optical cable	3 to 20 years	3 to 20 years
Network infrastructure	3 to 7 years	3 to 7 years
Furniture, fixtures and equipment	5 years	5 years
Vehicles	5 years	5 years
IT hardware and software	3 to 5 years	3 to 5 years
Buildings	20 to 25 years	20 to 25 years

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectation. Land and work in progress are not depreciated until they are ready for use as intended by the management.

## 8.6 Intangible assets

Telcotech does not report any intangible assets. IT software and hardware are combined into one line in the financial statements.

## 8.7 Deferred tax liability

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	
Provisions	5,774	23,523	-	-
Unwinding interest expense	-	-	11,502	47,354
Deferred revenue	107,690	438,729	73,172	301,249
Depreciation	(2,573,923)	(10,486,162)	(3,061,072)	(12,602,434)
<b>Total deferred tax assets/(liabilities)</b>	<b>(2,460,459)</b>	<b>(10,023,910)</b>	<b>(2,976,398)</b>	<b>(12,253,831)</b>

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## 8.8 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables and other payables for the years ended 31 December 2021 and 2022 are shown below.

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Trade payables	2,560,691	10,432,255	1,988,500	8,186,655
Accrued expenses	1,873,948	7,634,464	696,975	2,869,446
VAT payable	260,609	1,061,721	285,863	1,176,898
Amounts due to related parties	2,597,512	10,582,264	10,416,985	42,886,727
Other tax payable	27,505	112,055	113,204	466,061
Other payables	109,556	446,332	224,742	925,263
<b>Total</b>	<b>7,429,821</b>	<b>30,269,091</b>	<b>13,726,269</b>	<b>56,511,049</b>

### Changes in trade and other payables from 2021 to 2022

From 2021 to 2022, total trade and other payables increased by US\$ 6,296,448 or 84.75% from US\$ 7,429,821 in 2021 to US\$ 13,726,269 in 2022. Details are analyzed below.

	31 December 2021	31 December 2022	Changes	
	US\$	US\$	US\$	%
Trade payables	2,560,691	1,988,500	(572,191)	(22.35%)
Accrued expenses	1,873,948	696,975	(1,176,973)	(62.81%)
VAT payable	260,609	285,863	25,254	9.69%
Amounts due to related parties	2,597,512	10,416,985	7,819,473	301.04%
Other tax payable	27,505	113,204	85,699	311.58%
Other payables	109,556	224,742	115,186	105.14%
<b>Total</b>	<b>7,429,821</b>	<b>13,726,269</b>	<b>6,296,448</b>	<b>84.75%</b>

From 2021 to 2022, Trade payables decreased by US\$ 572,191 or 22.35% from 2021 to 2022. This was due to less projects at year end.

Accrued expenses decreased by US\$ 1,176,973 or 62.81% from 2021 to 2022. There was an accrual bonus for staff in 2019 and 2021 which was paid in 2022. There is also reversal over accrual bonus for 2019 and 2021.

During the same period, Amounts due to related parties increased by US\$ 7,819,473 or 301.04%. This was due to the transfer of assets from Ezeecom such as last miles, overhead fiber and underground fibers (amounted \$7.06m) to Telcotech. The asset transfer happened after Ezeecom's acquisition of Opennet and SingMeng. Since Telcotech owned license on fiber infrastructure, assets related to fiber infrastructures were transferred to Telcotech.

Other tax payable increased 311.58% or US\$ 85,699 between 2021 and 2022. This resulted in more accrual related to withholding tax.

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## 8.9 Dividend policy

Since the date of incorporation, Telcotech has paid no dividends to shareholders.

## 8.10 Projected financial information

### 8.10.1 Balance Sheet

BALANCE SHEET	2022	2023P	2024P	2025P	2026P	2027P
	US\$	US\$	US\$	US\$	US\$	US\$
<b>Assets</b>						
<b>Current assets</b>						
Cash and bank balances	10,947,624	953,197	3,524,331	3,246,699	1,733,213	2,394,286
Term deposits	1,564,570	5,000,000	5,000,000	8,000,000	12,000,000	16,000,000
Trade receivables	744,935	2,397,413	3,117,017	3,652,688	3,775,072	4,401,038
Amount due from related parties	6,613,334	3,187,890	2,087,890	2,087,890	2,087,890	2,087,890
Other current asset	720,880	2,226,755	2,659,913	3,179,702	3,335,639	3,499,373
Inventories	132,095	132,095	129,825	330,238	324,564	825,594
<b>Total current assets</b>	<b>20,723,438</b>	<b>13,897,350</b>	<b>16,518,977</b>	<b>20,497,217</b>	<b>23,256,378</b>	<b>29,208,182</b>
<b>Non-current assets</b>						
Property and equipment	40,295,076	38,354,841	54,065,196	51,048,610	49,071,019	48,078,400
Loan to shareholder	4,999,652	-	-	-	-	-
<b>Total non-current assets</b>	<b>45,294,728</b>	<b>38,354,841</b>	<b>54,065,196</b>	<b>51,048,610</b>	<b>49,071,019</b>	<b>48,078,400</b>
<b>Total assets</b>	<b>66,018,166</b>	<b>52,252,191</b>	<b>70,584,173</b>	<b>71,545,826</b>	<b>72,327,397</b>	<b>77,286,582</b>
<b>Liabilities and equity</b>						
<b>Current liabilities</b>						
Trade payables	1,988,500	1,292,525	1,163,273	1,279,600	1,343,580	1,410,759
Other current liabilities	1,395,392	907,005	1,088,406	1,197,246	1,257,109	1,319,964
Amount due to related parties	10,416,985	2,054,958	1,254,958	1,254,958	1,254,958	1,254,958
Amount due to MPTC_CL	1,794,836	987,160	839,086	881,040	925,092	971,347
Current income tax liabilities	417,717	762,192	907,801	1,089,361	1,307,233	1,568,680
Current portion - Bond	4,024,367	3,922,653	5,922,040	7,922,506	4,000,000	8,000,000
<b>Total current liabilities</b>	<b>20,037,797</b>	<b>9,926,492</b>	<b>11,175,563</b>	<b>13,624,711</b>	<b>10,087,972</b>	<b>14,525,707</b>
<b>Non-current liabilities</b>						
Amount due to MPTC	151,218	-	-	-	-	-
Provision for employee benefits	-	-	-	-	-	-
Other non-current liabilities	291,252	728,130	873,756	1,048,507	1,258,209	1,509,850
Long-term - Bond	11,459,919	7,844,545	21,922,506	14,000,000	10,000,000	-
Deferred tax liabilities, net	2,976,398	1,883,998	1,978,198	1,978,198	2,077,107	2,077,107
<b>Total non-current liabilities</b>	<b>14,878,787</b>	<b>10,456,673</b>	<b>24,774,459</b>	<b>17,026,705</b>	<b>13,335,316</b>	<b>3,586,958</b>
<b>Total liabilities</b>	<b>34,916,584</b>	<b>20,383,165</b>	<b>35,950,022</b>	<b>30,651,415</b>	<b>23,423,288</b>	<b>18,112,665</b>
<b>Equity</b>						
Share capital	11,856,688	11,856,688	11,856,688	11,856,688	11,856,688	11,856,688
Other capital	-	-	-	-	-	-
Retained earnings	19,244,894	20,012,338	22,777,463	29,037,723	37,047,422	47,317,229
<b>Total Equity</b>	<b>31,101,582</b>	<b>31,869,026</b>	<b>34,634,151</b>	<b>40,894,411</b>	<b>48,904,110</b>	<b>59,173,917</b>
<b>Total Liabilities and equity</b>	<b>66,018,166</b>	<b>52,252,191</b>	<b>70,584,173</b>	<b>71,545,826</b>	<b>72,327,397</b>	<b>77,286,582</b>

Source: Telcotech Projected financial information 2022-2027, P: Projected figure





### 8.10.2 Income Statement

INCOME STATEMENT	2022	2023P	2024P	2025P	2026P	2027P
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue	21,943,980	22,762,948	31,488,721	43,065,208	47,480,563	51,902,117
Cost of sales and services	(12,448,401)	(7,135,245)	(8,638,258)	(11,852,909)	(13,771,257)	(14,861,532)
<b>Gross profit</b>	<b>9,495,579</b>	<b>15,627,703</b>	<b>22,850,463</b>	<b>31,212,299</b>	<b>33,709,306</b>	<b>37,040,585</b>
Other operating and administrative expenses	(715,277)	(8,826,515)	(10,890,552)	(13,426,661)	(14,712,932)	(16,127,829)
<b>Profit from operations</b>	<b>8,780,302</b>	<b>6,801,188</b>	<b>11,959,910</b>	<b>17,785,637</b>	<b>18,996,374</b>	<b>20,912,756</b>
Depreciation	(5,005,382)	(4,928,493)	(6,254,928)	(7,763,842)	(7,360,148)	(7,095,497)
Finance costs	(990,966)	(913,391)	(2,385,415)	(2,112,230)	(1,565,056)	(980,000)
Minimum tax expense	(219,440)					
<b>Profit before tax</b>	<b>2,564,514</b>	<b>959,305</b>	<b>3,319,567</b>	<b>7,909,566</b>	<b>10,071,171</b>	<b>12,837,259</b>
Income tax expenses	(515,939)	(191,861)	(554,442)	(1,649,306)	(2,061,472)	(2,567,452)
<b>Net profit/ (loss) after tax</b>	<b>2,048,575</b>	<b>767,444</b>	<b>2,765,125</b>	<b>6,260,260</b>	<b>8,009,699</b>	<b>10,269,807</b>

Source: Telcotech Projected financial information 2022-2027, P: Projected figure

### 8.10.3 Cash flow

CASH FLOW	2022	2023P	2024P	2025P	2026P	2027P
	US\$	US\$	US\$	US\$	US\$	US\$
Cash generated from operating activities	18,612,608	(4,853,303)	8,459,070	13,391,664	15,791,576	16,763,951
Cash flows from investing activities	(6,991,189)	(6,423,688)	(21,965,282)	(7,747,256)	(9,382,557)	(10,102,878)
Cash flows from financing activities	(4,229,776)	1,282,564	16,077,347	(5,922,040)	(7,922,506)	(6,000,000)
<b>Net decrease in cash and cash equivalents</b>	<b>7,391,643</b>	<b>(9,994,427)</b>	<b>2,571,135</b>	<b>(277,632)</b>	<b>(1,513,486)</b>	<b>661,074</b>
Cash and cash equivalents at beginning of the year	3,555,982	10,947,624	953,197	3,524,331	3,246,699	1,733,213
<b>Cash and cash equivalents at the end of year</b>	<b>10,947,624</b>	<b>953,197</b>	<b>3,524,331</b>	<b>3,246,699</b>	<b>1,733,213</b>	<b>2,394,286</b>

Source: Telcotech Projected financial information 2022-2027, P: Projected figure

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## 8.11 Commitments and Contingencies

### 8.11.1 Tax contingencies

The tax returns of Telcotech are subject to periodic examination by the tax authorities. As the application of tax laws and regulations to various types of transactions is susceptible to varying interpretations, amounts reported in the financial statements of Telcotech could be changed at a later date, upon final determination by the tax authorities.

### 8.11.2 Commitments

As at 31 December 2022, the Company had commitments in respect of the lease of office buildings and fiber optic as follows:

	31 December 2021		31 December 2022	
	US\$	KHR'000	US\$	KHR'000
Within one year	48,840	198,974	2,369,885	9,756,817
Two to five years	-	-	433,451	1,784,518
<b>Total</b>	<b>48,840</b>	<b>198,974</b>	<b>2,803,336</b>	<b>11,541,335</b>

## 8.12 Material contracts

### 8.12.1 Material financial contracts

Valid material financial contracts with the threshold of at least USD 200,000 within the last 2 years and as of 15 September 2023.

As per the documents and written declaration provided, the material financial contracts are as follows:

No.	Name of Agreement	Date of Agreement	Debt Amount and Interest rate	Term	Purpose
1	Reimbursement and Indemnity Agreement	18 August 2021	KHR 80 billion 4.5%	5 years from issuance date	For Capex and refinancing
2	Hypothec Agreement Over Immovable Property	18 August 2021			
3	Term and Condition In Relation to Telcotech's Bond	18 August 2021			

### 8.12.2 Material commercial contracts

Valid material commercial contracts with the threshold of at least USD 100,000 within the last 2 years and as of 15 September 2023.

As per the documents and written declaration provided, the material commercial contracts are as follows:

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No .	Name of Agreement	Party	Date	Term	Value of Contract
1	IPLC Agreement	Smart Axiata Co., Ltd	03 March 2023	12 months	US\$ 600,000
2	Share Service Agreement	(Cambodia) Fiber Optic Communication Network Co., Ltd	22 March 2022	36 months	From March 2022 to Dec 2022, amount US\$ 1,819,172.82  From January 2023 to September 2023, amount US\$ 1,819,172.82
3	Order Form	VNPT International	24 November 2021	24 months	US\$ 264,000
4	Service Order Form	VNPT International	29 January 2021	24 months	US\$ 264,000
5	Service Order Form	Symphony Communication Public Company Limited	08 August 2022	12 months	US\$ 138,000
6	Service Order Form	Viettle Solutions	29 September 2022	12 months	US\$ 336,000

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## SECTION 9: TAXATION

### 9.1 Background of the transaction

Telcotech Ltd. ("Telcotech"), launched in 2007 as a wholly owned Cambodian company, whose business activities include developing and operating submarine fiber optic cabling and associated network infrastructure, intends to generate funds through the issuance of the Bond "Telcotech Public Bond" or "the Bonds" in Cambodia. The Bonds will be offered, and will be guaranteed by Credit Guarantee and Investment Facility ("CGIF"), a trust fund of the Asian Development Bank.

### 9.2 Cambodian taxation section of this Disclosure Document

The taxation section of this Disclosure Document in respect of the Telcotech Bond is meant to provide general tax information applicable to the Bond for the potential investors/bondholders. For specific discussion, please consult with the legal, tax, accountancy or other professional advisers in order to identify the particular circumstances in regard to Cambodian taxation.

The taxation section is based on the current Cambodian legislation and practices including, but not limited to, (1) Law on Taxation, (2) Prakas no. 471 on Implementation of Withholding Tax Incentive for Securities Investors, and (3) Prakas no. 346 on Capital Gains Tax. Please note that Cambodian tax law is frequently being amended, both prospectively and retrospectively. Moreover, tax provisions may be inconsistently interpreted and applied by tax authorities. Therefore, there is no assurance that the tax information will ultimately be sustained once the amendment is made.

### 9.3 Tax information applicable to the potential investors/bondholders

The following sources of income for the potential investors/bondholders, among others, may be derived from investing in the Telcotech Bond:

- a. Interest income from the Bond's coupon rate.
- b. Capital gains (i.e. the amount in excess of the cost of acquisition and the selling price derived from the transfer of the Bonds) once the bondholder transfers or sells the Bonds to another person.

The tax rate of the above income may differ depending on the status of the bondholder, whether the bondholder is an individual/physical person, or a corporation, and whether the bondholder is a resident or a non-resident person\*\* for the tax purpose.

#### **\*\* Resident vs. Non-resident Taxpayer of Cambodia**

In pursuance to Cambodia Law on Taxation amended on 16 May 2023, an individual/physical person is considered to be a "resident taxpayer" if one or more of the three below residency criteria is met:

- i. He/she has a residence in Cambodia. He/she is considered to have a residence in Cambodia if he/she owns, rents, leases, or has available use of a house, apartment, dormitory, etc. in which he/she usually stays or occupies.
- ii. He/she has a principle place of abode in Cambodia. The factors to determine the principal place of abode of a physical person include his/her center of economic interest, the amount of time spent, the nature of time spent, where his/her family resides, his/her bank accounts are held, his/her main social activities take place.
- iii. He/she has a presence in Cambodia more than 182 days during one or more separate periods in any period of 12 months ending in the current tax year. Presence for any part of a day is counted as a whole day.

Whereas, a corporation/company is considered a resident taxpayer if such a corporation/company is established or managed or has its principal place of business in Cambodia.

A non-resident taxpayer refers to those who do not meet the above-mentioned criteria.



### 9.3.1 Withholding tax

In pursuance to MEF's Prakas no. 471 on implementation of withholding tax incentives for securities investors dated 05 May 2020, the rate of withholding tax on interest paid from debt securities is determined as below:

- 6% of interest payments to resident taxpayers;
- 14% for interest payments to non-resident taxpayers

### 9.3.2 Capital gains tax

In pursuance to Prakas no. 346 on Capital Gains Tax issued by MEF dated 01 April 2020, capital gains received by resident and non-resident taxpayers will be taxed at a rate of 20% of the amount of gains realized (subject to certain deductions). The term "Capital" in this Prakas refers to immovable property, finance lease, investment asset (stock and bond issued by the private corporation), goodwill, intellectual property, and foreign currency. Taxpayers can choose to deduct expenditure with either one of the following two methods:

- Method 1: capital gain = sale price - 80% of sale price; or
- Method 2: capital gain = sale price - original cost

However, based on GDT's Notification no. 4577 GDT dated 09 March 2022; the government has decided to postpone the implementation of capital gains tax until 01 January 2024.

## 9.4 Other area for consideration

### 9.4.1 Double Tax Agreement (DTAs)

Currently, Cambodia has entered into DTAs with Singapore, Thailand, Brunei, China, Vietnam, Indonesia, Hong Kong, Malaysia and Korea. As a result, a resident of those countries can benefit from the terms and conditions as agreed under the DTAs, such as avoidance of double taxation on income and reduction of WHT rate on interest. However, certain rules and procedures must be followed in order to obtain the tax treaty benefits.

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## SECTION 10: INFORMATION ON CGIF

### Overview of CGIF

#### 10.1 Establishment

CGIF, a trust fund of the Asian Development Bank, was established by the ten (10) members of the Association of Southeast Asian Nations (the "ASEAN") together with the People's Republic of China ("PRC"), Japan, Republic of Korea ("ASEAN+3") and the Asian Development Bank (ADB). The ten (10) members of ASEAN consist of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic ("Lao PDR"), Malaysia, Republic of the Union of Myanmar, Philippines, Singapore, Thailand and Vietnam.

CGIF was established in November 2010 to promote economic development, stability and resilience of financial markets in the ASEAN+3 region (the "Region"). The main function of CGIF is to provide credit guarantees for local currency denominated bonds issued in the Region by corporations in the Region.

#### 10.2 Shareholding Structure

CGIF's guarantees are backed by U.S.\$1,158,000,000 of paid-in capital from its sovereign government contributors and the ADB. Neither the ADB nor the other contributors are liable for the obligations of CGIF.

CGIF Shareholding Structure as at 22 December 2023

CGIF Contributors	Contribution (U.S. dollars)	Shareholding Percentage (%)
People's Republic of China	342,800,000	29.60
Japan	342,800,000	29.60
Asian Development Bank	180,000,000	15.54
Republic of Korea	171,400,000	14.80
Indonesia	30,600,000	2.64
Philippines	21,600,000	1.87
Singapore	21,600,000	1.87
Thailand	21,600,000	1.87
Malaysia	17,600,000	1.52
Brunei Darussalam	5,600,000	0.48
Vietnam	1,900,000	0.16
Cambodia	200,000	0.02
Lao PDR	200,000	0.02
Republic of the Union Myanmar	100,000	0.01
Total	1,158,000,000	100

#### 10.3 Governance Structure

CGIF has a governance structure comprising oversight by the: (i) Meeting of Contributors; (ii) Board of Directors; and (iii) Board Committees (Internal Control and Risk Management, Nomination and Remuneration and Audit).

The Board of Directors is comprised of eight (8) Contributor-appointed members, including the Chief Executive Officer (CEO). Each of the PRC and Japan is entitled to nominate two (2) directors. The Republic of Korea is entitled to nominate one Director. The ADB, and the ASEAN are each entitled to nominate one (1) director.

The Board of Directors is accountable to and reports to the Contributors on the operations and performance of management and of CGIF.

Board of Directors	Members Represented
Ms. Shuo Zhang	PRC
Ms. Jiandi Ye	PRC
Mr. Yasuaki Negishi (Chairman)	Japan
Mr. Kunihiro Nakanishi	Japan





Mr. Sang Hun Kim	Korea
Mr. Shum Jin-Chyi Kevin	ASEAN – Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam
Mr. Craig Roberts	ADB
Mr. Hongwei Wang	CGIF Management

CGIF is led by an internationally recruited management team with experience in development banking, risk management, and credit assessment through senior positions in the Export-Import Bank of China, ADB, Mitsubishi UFJ Financial Group, Bank of the Philippines Islands, Danajamin Nasional Berhad, Hong Leong Bank Berhad, Standard Chartered Bank, Citibank and Société Générale.

The executive decision-making powers of CGIF, and the day-to-day management of CGIF, are mandated and vested in the CEO. The CEO is recommended by the Board of Directors and approved by the Meeting of Contributors. He is the legal representative of CGIF. The CEO heads the management team currently comprising the Deputy CEO/Chief Risk Officer, Chief Credit-risk Officer, Vice President Operations, Chief Financial Officer, General Counsel & Board Secretary, Corporate Planner and Head of Budget, Planning, Personnel and Management Systems and Internal Auditor.

Name	Position
Mr. Hongwei Wang	CEO
Mr. Mitsuhiro Yamawaki	Deputy CEO / Chief Risk Officer
Mr. Aarne Dimanlig	Chief Credit-risk Officer
Mr. Anuj Awasthi	Vice President Operations
Mr. Dong Woo Rhee	Chief Financial Officer
Mr. Gene Soon Park	General Counsel and Board Secretary
Mr. Hou Hock Lim	Corporate Planner and Head of Budget, Planning, Personnel and Management Systems
Ms. Jackie Jeong-Ae Bang	Internal Auditor

#### 10.4 Credit Strength

CGIF is rated by international and domestic credit rating agencies.

Credit Rating Agency	Scale	Rating	Outlook	Date Reviewed
Standard & Poor's	Global Long Term/Short Term	AA/A-1+	Stable	28 February 2023
RAM Ratings	National	AAA	Stable	4 December 2023
TRIS Ratings	National	AAA	Stable	21 November 2023
Fitch Ratings Indonesia	National	AAA	Stable	17 January 2023
Pefindo Credit Rating Agency	National	idAAA	Stable	7 August 2023

#### 10.5 Guarantee Business

CGIF's guarantee portfolio is limited to a leverage ratio of 2.5 times of its paid in capital of U.S.\$1,158,000,000 as at 22 December 2023 plus (a) retained earnings, plus (b) reserves, less (c) net credit loss reserves, less (d) foreign exchange loss reserves, less (e) all illiquid assets. CGIF conducts its guarantee operations by adhering to its risk management framework consisting of: (i) credit guarantee process; (ii) credit guarantee portfolio management; (iii) risk reporting; and (iv) safeguards standards, among others.

#### 10.6 Guarantee Portfolio

As of 22 December 2023, the following are the guarantees outstanding which have been extended by CGIF with respect to bonds issued by issuers in the ASEAN+3 region:



Issue Date	Issuer	Bond Issuance Venue	Issue Size <sup>(1)</sup>	% Guaranteed by CGIF	Issue Rating	Tenor
14-Dec-23	A&A Green Phoenix Group Joint Stock Company	Vietnam	VND 600 billion	100%	Unrated	7 years
14-Dec-23	A&A Green Phoenix Group Joint Stock Company	Vietnam	VND 300 billion	100%	Unrated	7 years
08-Dec-23	PT Adhi Commuter Properti TBK	Indonesia	IDR 15.7 billion	100%	AAA (Pefindo)	3 years
08-Dec-23	PT Adhi Commuter Properti TBK	Indonesia	IDR 484.2 billion	100%	AAA (Pefindo)	5 years
22-Nov-23	Yoma Strategic Holdings Ltd.	Thailand	THB 1,275 billion	100%	AAA (Tris Rating)	3 years
22-Nov-23	Yoma Strategic Holdings Ltd.	Thailand	THB 425 million	100%	AAA (Tris Rating)	5 years
02-Nov-23	INTI Universal Holdings Sdn Bhd	Malaysia	MYR 165 million	100%	AAA (RAM)	5 years
28-Sep-23	Hope Education Group Co., Ltd.	Thailand	THB 1,300 million	100%	AAA (Tris Rating)	3 years
24-Aug-23	Erajaya Digital Pte. Ltd.	Singapore	SGD50 million	100%	AA (S&P)	3 years
23-Jun-23	Apeiron Agrocommodities Pte Ltd.	Singapore	SGD50 million	100%	AA (S&P)	5 years
19-Apr-23	China Education Group Holdings Limited	Singapore	Offshore Renminbi (CNY) 500 million	100%	AA (S&P)	3 years
27-Jan-23	SNC Former Public Company Limited	Thailand	THB1 billion	100%	AAA (Tris Rating)	5 years
7-Apr-22	First Real Estate Investment Trust	Singapore	SGD100 million	100%	AA (S&P)	5 years
22-Mar-22	China Education Group Holdings Limited	Singapore	Offshore Renminbi (CNY) 500 million	100%	AA (S&P)	3 years
4-Mar-22	PT Polyrama Propindo	Indonesia	IDR 110.25 billion**	100%	AAA (Pefindo)	3 years
4-Mar-22	PT Polyrama Propindo	Indonesia	IDR 110.25 billion**	100%	AAA (Pefindo)	5 years
1-Dec-21	SCGJWD Logistics Public Company Limited	Thailand	THB 1.2 billion	100%	AAA (Fitch)	9 years
11-Nov-21	Thaifoods Group Public Company Limited	Thailand	THB 1 billion	100%	AAA (TRIS)	5 years
8-Sep-21	PT Polyrama Propindo	Indonesia	IDR 96.5 billion	100%	AAA (Pefindo)	3 years
8-Sep-21	PT Polyrama Propindo	Indonesia	IDR 223 billion	100%	AAA (Pefindo)	5 years
8-Sep-21	PT Polyrama Propindo	Indonesia	IDR 104 billion**	100%	AAA (Pefindo)	3 years
8-Sep-21	PT Polyrama Propindo	Indonesia	IDR 56 billion**	100%	AAA (Pefindo)	5 years





8-Sep-21	Hanwha Q Cells Malaysia Sdn. Bhd.	Malaysia	MYR 150 million	100%	AAA (RAM)	3 years
25-Aug-21	Telcotech Ltd.	Cambodia	KHR 80 billion	100%	Unrated	5 years
19-Apr-21	Hanwha Solutions Corporation	Singapore	Offshore Renminbi (CNY) 1.0 billion	100%	AA (S&P)	3 years
5-Mar-21	SCGJWD Logistics Public Company Limited	Thailand	THB 700 million	100%	AAA (Fitch)	5 years
8-Jan-21	PT Ketrosden Triasmitra	Indonesia	IDR 415 billion	100%	AAA (Pefindo)	3 years
8-Jan-21	PT Ketrosden Triasmitra	Indonesia	IDR 168 billion	100%	AAA (Pefindo)	5 years
24-Dec-20	GLP Pte. Ltd.	Japan	JPY 15.4 billion	100%	AA (S&P)	9 years
9-Apr-20	RMA (Cambodia) PLC	Cambodia	KHR 80 billion	100%	Unrated	5 years
10-Jan-20	Energy Absolute Public Company Ltd.	Thailand	THB3.0 billion	50% risk participation with ADB	A (Tris Rating)	7 years
8-Jan-20	Thaifoods Group Public Company Limited	Thailand	THB2.0 billion	100%	AAA (Tris Rating)	5 years
31-Dec-19	GELEX Group Joint Stock Company	Vietnam	VND1.15 trillion	100%	Unrated	10 years
24-Dec-19	Hong Phong 1 Energy JSC	Vietnam	VND2.15 trillion	100%	Unrated	15 years
24-Dec-19	Hong Phong 1 Energy JSC	Vietnam	VND400 billion	100%	Unrated	5 years
3-Dec-19	Nexus International School (Singapore) Pte. Ltd.	Singapore	SGD150 million	100%	AA (S&P)	12 years
25-Mar-19	CJ Logistics Asia Lte Ltd	Singapore	SGD70 million	100%	AA (S&P)	5 years
28-Jan-19	Refrigeration Electrical Engineering Corporation	Vietnam	VND2.318 trillion	100%	Unrated	10 years
25-Jan-19	Yoma Strategic Holdings Limited	Thailand	THB2.22 billion	100%	AAA (Tris Rating)	5 years
7-Dec-18	Siamgas and Petrochemicals Public Company Limited	Thailand	THB2.0 billion	70%	A (Tris Rating)	5 years
16-Nov-18	Aeon Credit Service (Philippines) Inc.	Philippines	PHP100 million	100%	Unrated	5 years
5-Oct-18	Hoan My Medical Corporation	Vietnam	VND1.4 trillion	100%	Unrated	7 years
18-Feb-16	Vingroup Joint Stock Company	Vietnam	VND1.05 trillion	100%	Unrated	10 years
7-Oct-15	IVL Singapore Pte. Ltd., a subsidiary of Indorama Ventures Public Company Limited	Singapore	SGD195 million	100%	AA (S&P)	10 years





5-Dec-14	Masan Consumer Holdings Company Limited	Vietnam	VND2.1 trillion	100%	Unrated	10 years
27-Nov-14	Protelindo Finance BV*	Singapore	SGD180 million	100%	AA (S&P)	10 years

(1) IDR refers to Indonesian Rupiah, PHP refers to Philippine Peso, SGD refers to Singapore dollars, THB refers to Thai Baht, VND refers to Vietnamese Dong, KHR refers to Cambodian Riel, JPY refers to Japanese Yen, CNY refers to Offshore Renminbi, and MYR refers to Malaysian Ringgit.

(2) \*There was a change of bond issuer Protelindo Finance B.V. to PT Professional Telekomunikasi Indonesia effective 03 August 2016.

(3) \*\* Refers to ijarah sukuk issuances.

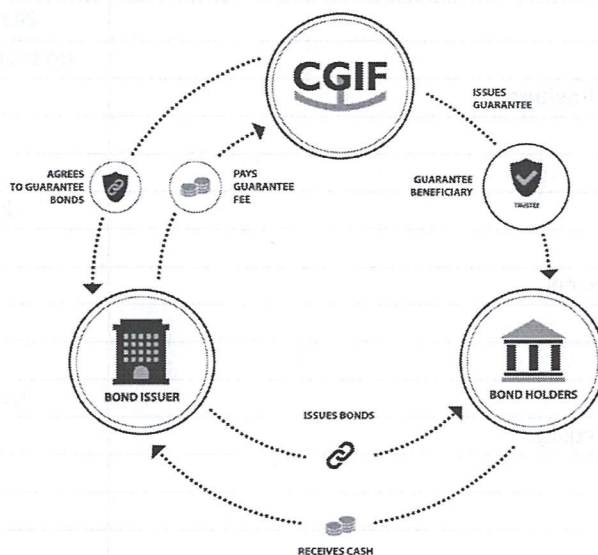
(4) There was a change of bond issuer from JWD InfoLogistics Public Company Limited to SCGJWD Logistics Public Company Limited effective 14 February 2023.

### 10.7 Guarantee Structure

CGIF's bond guarantee operation is aimed at supporting ASEAN+3 corporations to access the Region's bond markets to achieve the following benefits:

- expand and diversify their sources of debt capital;
- raise funds in matching currencies and tenors;
- transcend country sovereign ceilings for cross-border transactions; and
- gain familiarity in new bond markets and broader investor groups.

The guarantees issued by CGIF are irrevocable and unconditional commitments to pay bondholders upon non-payment by the issuers throughout the tenor of the bonds. This commitment is backed by CGIF's equity capital which has been fully paid-in by all of its contributors. CGIF's general bond guarantee structure is illustrated below.



\*To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms in the jurisdiction in which the relevant bonds are issued.

Bond issuances that can be considered for CGIF guarantees are limited to the following parameters:

- group exposure/single borrower limit is up to US\$231.6 million;
- bond tenor of up to fifteen (15) years, subject to conditions on credit rating and transaction structure; and
- for foreign currency denominated issuance, the borrowing entity should be adequately hedged, naturally or financially, on such currency (e.g., via entity's sales receipts, inward foreign currency remittances, via financial hedge arrangements).

CGIF started its guarantee operations with a full guarantee for standard corporate bonds issued by corporations in the Region. With the experience gained from offering a full wrap guarantee, CGIF may also explore other alternatives including partial guarantees and other risk sharing mechanisms depending on the market opportunities and acceptability of such an arrangement. CGIF also guarantees project bonds to help develop them in the relevant markets in the Region.

#### 10.8 Capital and Liquidity Guidelines

CGIF has investment strategies and liquidity guidelines for the management of its capital resources, where investments are focused on low-risk and highly liquid assets, such as government-related securities and/or highly rated securities which are internationally rated "A+" or higher for long-term instruments issued by government related entities of CGIF contributor countries, "AA-" or higher for those issued by others, and "A-1" or higher for short-term instruments. In order for CGIF to raise enough funds in a contingent case where a guarantee is called, CGIF also implemented the following:

- Quarterly Stress test, where CGIF's funding capability is tested by liquidating its investment portfolio in a stress environment.
- Quarterly Liquidity Gap reports, where monthly cash surplus from all projected cash in/out flows related to all CGIF operations and activities are checked.

#### 10.9 Selected Financial Information

A summary of the statement of financial position, income statement, and cash flows as of, and for each of the years ended 31 December 2021 and 2022 have been extracted from CGIF's audited financial statements for the years ended 31 December 2021 and 2022 and presented as follows:

##### Statement of Financial Position Summary

	As of 31 December	
	2021	2022
	(in thousands of U.S. dollars)	
<b>Statement of Financial Position:</b>		
<b>Assets:</b>		
Cash	9,154	9,342
Investments	1,214,772	1,182,301
Accrued interest income	6,900	8,236
Guarantee fee receivable, net	63,568	57,248
Guarantee receivable, net	73,079	45,335
Other assets, net	5,292	2,539
<b>Total assets</b>	<b>1,372,765</b>	<b>1,305,001</b>
<b>Liabilities and Member's equity:</b>		
Guarantee liability	76,200	66,435
Other liabilities	4,203	15,334
<b>Total liabilities</b>	<b>80,403</b>	<b>81,769</b>
<b>Member's equity:</b>		
Capital stock (Paid-in capital)	1,137,000	1,148,899
Accumulated other comprehensive income: investment revaluation reserve	16,113	(78,750)
Reserves & retained earnings	139,249	153,083
<b>Total member's equity</b>	<b>1,292,362</b>	<b>1,223,232</b>
<b>Total liabilities and members' equity</b>	<b>1,372,765</b>	<b>1,305,001</b>

##### Statement of Net Income and Comprehensive Income Summary





	As of 31 December	
	2021	2022
	(in thousands of U.S. dollars)	
<b>Statement of Net Income:</b>		
<b>Guarantee fees</b>	<b>19,420</b>	<b>20,034</b>
Interest income	27,276	28,458
Miscellaneous income	4,419	2,608
Total revenue	51,115	51,100
Total expenses	(19,109)	(35,937)
Net operating income	32,006	15,163
Gain/(Loss) from foreign exchange	(2,215)	(1,329)
<b>Net income</b>	<b>29,791</b>	<b>13,834</b>
<b>Statement of Comprehensive Income:</b>		
Net unrealised loss on investments measured at FVTOCI	(36,740)	(94,863)
<b>Total comprehensive income</b>	<b>(6,949)</b>	<b>(81,029)</b>

#### Statement of Cash Flow Summary

	As of 31 December	
	2021	2022
	(in thousands of U.S. dollars)	
<b>Statement of Cash Flow:</b>		
Net cash flows from operating activities	(74,015)	27,577
Net cash flows from investing activities	45,121	(39,085)
Net cash flows from financing activities	34,645	11,737
Effect of exchange rate changes on cash	(57)	(41)
Net cash movement	5,694	188
Cash at beginning of period	3,460	9,154
<b>Cash at end of period</b>	<b>9,154</b>	<b>9,342</b>

Audited Financial Statement for the Years ended 31 December 2021 and 2022

CGIF's financial statements are prepared and presented in accordance with IFRS and audited by Deloitte & Touche LLP. The independent auditors' report accompanying CGIF's financial statements for the years ended 31 December 2021 and 2022 of CGIF are available at the following website page.

<http://www.cgif-abmi.org/investors/financial-statements>

All of the information on the Guarantor under this section has been provided by CGIF. Information in respect of the Issuer contained in this Disclosure Document has not been verified by the Guarantor. None of the Guarantor, its management nor its employees take any responsibility, expressed or implied, for any information contained in this Disclosure Document, other than the information contained in this Section entitled "Information on the Guarantor". In addition, none of the foregoing parties has taken any steps to verify the accuracy of any of the information included in this Disclosure Document, other than the information contained in this Section entitled "Information on the Guarantor", and no representation or warranty, express or implied, is made by any such parties as to the accuracy or completeness of the information contained in this Disclosure Document.

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Signatures of Chairman of the Board of Directors, Directors, Legal Representative,  
and Chief Financial Officer of Telcotech

Neak Oknha Kith Meng

Chairman



Signature

22 December 2023

Date

Mr. William Mark Hanna

Non-Executive Director

Signature

22 December 2023

Date

Mr. Paul Carey Clements

Non-Executive Director

Signature

22 December 2023

Date

Mr. Christopher Donald Tiffin

Non-Executive Director

Signature

22 December 2023

Date

Ms. Hep Seka

Independent Director

Signature

22 December 2023

Date

Mr. Quah Chin Hong

Legal Representative

Signature

22 December 2023

Date

Mr. Dy Chetra

Chief Financial Officer

Signature

22 December 2023

Date





## **APPENDICES**

- Appendix I: Bondholders' Representative Agreement**
- Appendix II: Terms and Conditions of the Bonds**
- Appendix III: Audited Financial Statements of Telcotech 2021 and 2022**
- Appendix IV: Interim Financial Statements**
- Appendix V: Credit Rating Report of the Bond**
- Appendix VI: Credit Rating Report of CGIF**
- Appendix VII: Guarantee Agreement**
- Appendix VIII: Code of Conduct**
- Appendix IX: Certification of the Accuracy of Information**
- Appendix X: Subscription Form**







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## BONDHOLDERS REPRESENTATIVE AGREEMENT

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DATED 15 December 2023

BETWEEN

**WING BANK (CAMBODIA) PLC.**

As Bondholders' Representative

AND

**TELCOTECH LTD.**

As Issuer



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This **BONDHOLDERS' REPRESENTATIVE AGREEMENT** (hereinafter the “**Agreement**”) is entered into as of 15 December 2023 (the “**Signing Date**”)

**BY AND BETWEEN:**

**Wing Bank (Cambodia) Plc.**, a public limited company incorporated under the laws of the Kingdom of Cambodia, having company registration no.00005108 issued by Ministry of Commerce dated 18 August 2008 and license no. B59 issued by National Bank of Cambodia dated 31 December 2020, and also accredited by the Securities and Exchange Regulator of Cambodia (SERC) dated 20 September 2023 as a Bondholders' Representative, with its registered office at Wing Tower, Preah Monivong Blvd. (Street No. 93), Corner Kampuchea Krom Blvd. (Street No. 128), Phum 6, Sangkat Munorum, Khan Prampir Makara, Phnom Penh, Kingdom of Cambodia (hereinafter referred to as the “**Bondholders' Representative**”).

**AND**

**Telcotech Ltd.**, a private limited liability company incorporated under the laws of the Kingdom of Cambodia, having company registration number 00022508 issued by Ministry of Commerce dated 18 February 2008, and having its registered office at No.7D, Russian Federation Boulevard, Cambodia Chamber of Commerce Building, Sangkat Teuk Laok 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia (hereinafter referred to as the “**Issuer**”).

Hereinafter, the **Bondholders' Representative** and the **Issuer** are individually referred to as “**Party**” and collectively referred to as “**Parties**”.

**WHEREAS:**

- (A) The Issuer is approved by the **SERC** to offer the Guaranteed Bonds.
- (B) The Bondholders' Representative has all the qualifications required by law to act as Bondholders' Representative for the Bonds and has been approved by the **SERC** in respect thereof.
- (C) The Bondholders' Representative agrees to perform its duties as Bondholders' Representative in order to protect the benefit of all Bondholders as provided in the Prakas on Accreditation of Bondholders Representative dated August 17, 2017, the Bond Conditions and this Agreement.
- (D) The Issuer wishes to appoint **Wing Bank (Cambodia) Plc.** to act as the Bondholders' Representative in relation to the Bonds and **Wing Bank (Cambodia) Plc.** wishes to accept the appointment of the Bondholders' Representative in accordance with the Bond Conditions (as defined below) and the terms and conditions of this Agreement.

**THEREFORE**, the Parties have mutually agreed on the following terms and conditions:

## 1. DEFINITIONS

In this Agreement (including the recital above), capitalised terms used but not defined herein shall have the same meaning as defined in the Bond Conditions (as defined below), unless the context requires otherwise, and in addition to such terms.

**“Wing Bank (Cambodia) Plc. Appointment Agreement”** means the Contract on Providing Services of Securities Registrar, Securities Transfer Agent and Paying Agent dated .15. December. 2023..... and entered into between the Issuer and Wing Bank (Cambodia) Plc. in connection with the issuance of the Bonds.

**“Bonds”** means the KHR denominated bonds issued by the Issuer as defined in Clause 1 of the Bond Conditions.

**“Bond Conditions”** means the terms and conditions of the Bonds dated .15. December. 2023 as may be amended, supplemented, or modified from time to time.

**“Bond Documents”** mean the Disclosure Document, the Underwriting Agreement, the Bond Conditions, the Bondholders’ Representative Agreement, the Wing Bank (Cambodia) Plc. Appointment Agreement, the Single Submission Form, and all other documentation (excluding the Guarantee Documents) related to the issuance of the Bonds.

**“Bondholder(s)”** means the person(s) who owns the Bond(s) in accordance with Clause 3.1 of the Bond Conditions.

**“Bondholders’ Book”** means the Bondholders’ book of the Bonds, recording particulars of the Bondholders or other sources of registration information relating to the transfer, pledge, attachment, and other matters (including any subrogation by the Guarantor of rights of the Bondholders pursuant to the Guarantee Agreement) related to the Bonds as required by Wing Bank (Cambodia) Plc. Appointment Agreement and the relevant rules and procedures prescribed pursuant to the applicable rule under Cambodian laws.

**“Bondholders’ Representative Fee”** has the meaning set out in Clause 6.1(a).

**“Bondholder Representative”** means **Wing Bank (Cambodia) Plc.** acting as bondholders’ representative in respect of the Bonds, or any successor appointed as the Bondholders’ Representative in respect of the Bonds from time to time in accordance with the Bond Conditions and this Agreement.

**“Business Day”** means a day (other than a Saturday or Sunday) on which banks are open for general business in Manila, New York and Phnom Penh.

**“CSD”** means the operator of securities depository of the CSX.

**“CSX”** means Cambodia Securities Exchange.

**“Disclosure Document”** means the disclosure document prepared and issued by the Issuer (with assistance from the Underwriter) in relation to the issuance of the Bonds.



**“Event of Default”** means any of the Events of Default provided for and as defined in the Bond Conditions.

**“Expense”** means any cost, out-of-pocket expense, disbursement, fees including legal fee and professional fee (other than the Bondholders’ Representative Fee as defined in Clause 6.1(b)) or any other money incurred or payable by the Bondholders’ Representative or incurred in connection with the Bonds under this Agreement and/or the Bond Conditions including but not limited to expenses relating to transportation, meeting of Bondholders, implementation or enforcement of any Transaction Document, the delivery fee of the notice as stipulated in Clause 18 and the expenses incurred in relation to Clause 3.2 (g).

**“Guarantor”** means Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF) with its principal office in, Manila, the Philippines, in its capacity as guarantor.

**“Guarantee Agreement”** means the Guarantee Agreement dated 28.. December 2023 and entered into or to be entered into between, amongst others, the Guarantor, the Bondholders’ Representative, the Agent (as defined in the Guarantee Agreement) and the Bondholders in connection with the Bonds.

**“Guaranteed Bonds”** has the meaning given to it in the Guarantee Agreement.

**“Issue Date”** means the date on which the Issuer issues the Bonds under the Bond Conditions.

**“Khmer Riel”** and **“KHR”** means Riel, the lawful currency of the Kingdom of Cambodia.

**“Meeting Rules”** means the rules of Bondholders’ meeting provided in the Bond Conditions.

**“Non-Payment Event”** means the non-payment (after giving effect to any applicable grace period) of any Guaranteed Amount by the Issuer in accordance with the terms of the Bond Conditions and the Agreement.

**“Paid Guaranteed Amount”** has the meaning as defined in Clause 3.2(g)(1) (Guarantor’s Right of Subrogation).

**“Paying Agent”** means Wing Bank (Cambodia) Plc. as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement or any successor or replacement entity thereto and has the meaning given to it in the Bond Conditions.

**“Resolutions(s)”** means any resolution(s) passed by the Bondholders at a Bondholders’ meeting.

**“SERC”** means the Securities and Exchange Regulator of Cambodia.

**“Securities Regulations”** means the Law on Issuance and Trading of Non-Government Securities promulgated by Royal Kram no. NS/RKM/1007/028 dated 19 October 2007 and its implementation regulations and their subsequent amendment thereto.

**“Securities Registrar”** means Wing Bank (Cambodia) Plc. as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement or any successor or replacement entity thereto and has the meaning given to it in the Bond Conditions.

**“Securities Transfer Agent”** means Wing Bank (Cambodia) Plc. as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement or any successor or replacement entity thereto and has the meaning given to it in the Bond Conditions.

**“Single Submission Form”** means the single submission form (being the Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for the Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework) prepared by the Issuer in connection with the issue of the Bonds, as the same may have been amended or supplemented from time to time.

**“Transaction Documents”** means the Bonds, the Bond Conditions, the Guarantee Agreement, this Agreement, and any other documents designated as such collectively by the Issuer, the Guarantor and the Bondholders’ Representative from time to time.

**“Underwriter”** means Royal Group Securities Plc., a public limited company incorporated under the laws of Cambodia, having a company registration No. 2000237516 and a registered address at No. 246, Preah Monivong Blvd, Sangkat Boeung Riang, Khan Daun Penh, Phnom Penh, Cambodia.

**“Underwriting Agreement”** means the underwriting agreement to be entered into between the Underwriter and the Issuer for full or partial subscription by the Underwriter of any remaining Bonds following a public/private offering of the Bonds.

**“USD”, “\$”, and “dollars”** means the lawful currency of the United States of America.

## **2. APPOINTMENT OF BONDHOLDERS REPRESENTATIVE**

- 2.1 The Issuer hereby appoints Wing Bank (Cambodia) Plc. as the Bondholders’ Representative and Wing Bank (Cambodia) Plc. accepts such appointment and agrees to act as such for and on behalf of the Bondholders in accordance with the Transaction Documents and all applicable laws.
- 2.2 The Bondholders’ Representative agrees:
  - (a) to perform and to comply with all duties and obligations of the Bondholders’ Representative as set out in the Transaction Documents and all applicable laws according to generally recognized professional standards;
  - (b) to have and to exercise all rights and powers of the Bondholders’ Representative as set out in the Transaction Documents (including without limitation, all powers, duties, and responsibilities set out in the Transaction Documents including Clause 3 of this Agreement and all applicable laws); and
  - (c) to accept the money for and on behalf of the Bondholders.



### **3. POWERS, DUTIES, AND AUTHORITY OF BONDHOLDERS' REPRESENTATIVE**

#### **3.1 Power to Represent the Bondholders**

- (a) The Bondholders' Representative has power and authority to act on behalf of, and/or represent, the Bondholders in all matters, including but not limited to taking any legal or other action, including enforcement of the Bond Conditions, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, Guarantor or others in connection with the Transaction Documents.
- (b) Any action taken by the Bondholders' Representatives in accordance with this Agreement and Bond Conditions is deemed to be ratified by the Bondholders as correct and legally binding upon and done in the name of the Bondholders.

#### **3.2 The Duties and Authorities of Bondholders' Representative**

It is agreed that, in addition to the powers and duties of the Bondholders' Representative as set forth in the Bond Conditions, the Bondholders' Representative shall have the following duties and authority:

##### **(a) Appointment of Advisors:**

With prior written consent from the Issuer, the Bondholders' Representative may appoint advisors including legal counsel (and the reasonable fees and charges owed to such advisors shall be for the account of the Issuer) in respect of:

- (1) the compliance and/or enforcement of any provisions of the Transaction Documents;
- (2) any actual or proposed amendment, waiver or consent requested by the Issuer relating to the Transaction Documents; or
- (3) any Event of Default or breach by the Issuer or any dispute that may arise in connection with the Transaction Documents.

##### **(b) Performance:**

- (1) The Bondholders' Representative shall, promptly and in any event no later than 03 (three) Business Days after being notified by the Issuer or comes to the attention of the Bondholders' Representative of any Event of Default, deliver a default notice to the Issuer and notify the Guarantor and each Bondholder of the occurrence of any Event of Default or breach of, or default under the Bond Conditions including the actions taken by the Bondholders' Representative due to such occurrence.
- (2) If the Issuer fails to comply with any term of the Bond Conditions (other than Non-Payment Event), the Bondholders' Representative may take action in accordance with Clause 5.2 (Bondholders' Representative Acceleration) of the Guarantee Agreement and Clause 11.5 (The Bondholders' Representative Acceleration Following the Occurrence of the Event of Default other than Clause 11.1.1 of the

Conditions (Non-Payment)) of the Bond Conditions if the requirements of Clause 11.5 have been fulfilled.

- (3) In the event of the Issuer defaults in making a payment under any Bond to any Bondholder, if otherwise not apparent or clearly proven to the contrary, it shall be presumed that such defaults in payment have occurred to all the Bonds.
- (4) If a Non-Payment Event has occurred, the Bondholders' Representative shall send a BHR Demand (as defined in the Guarantee Agreement) to the Guarantor as soon as possible but in any case within the period of time specified in the Guarantee Agreement and take other required steps in accordance with the terms and conditions set out in the Guarantee Agreement and the Bond Conditions.
- (5) The Bondholders' Representative shall arrange meetings in accordance with the Bondholders' Meetings Rules provided in the Bond Conditions with the Bondholders and shall perform any other duties in accordance with the Transaction Documents.
- (6) The Bondholders' Representative shall act as liaison for all communications between the Issuer, the Bondholders, the Agent as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement and the Guarantor, which are necessary for the transactions contemplated to be carried out under the Transaction Documents.
- (7) Subject to Clause 3, the Bondholders' Representative shall distribute to each Bondholder pro rata according to that Bondholder's holding percentage of the Bonds, the proceeds derived from the result of claims made against the Issuer, and any amounts resulting from the enforcement of the rights of the Bondholders under the provisions of the Transaction Documents ("**Proceeds**"). The Bondholders' Representative shall also keep record of steps taken to collect and distribute the Proceeds including related expenses incurred.
- (8) The Bondholders' Representative shall comply with all laws and regulations applicable to the Bondholders' Representative in such capacity including but not limited to the Prakas on Accreditation of Bondholders' Representative dated August 17, 2017 as may be amended and supplemented from time to time.
- (9) The Bondholders' Representative shall exercise all rights (on behalf of itself and the Bondholders) under the Transaction Documents, including but not limited to demand for payment under the Bonds against the Issuer on behalf of the Bondholders and demand for payment under the Guarantee Agreement against the Guarantor.
- (10) The Bondholders' Representative shall keep adequate records of all steps taken by it to enforce any of the Transaction Documents and recover Proceeds or obtain other relief for the Bondholders.



- (11) The Bondholders' Representative shall exercise the degree of honesty and care necessary to protect the interests of the Bondholders as is usual and requisite for an entity acting as a professional bondholders' representative and to act at all times in good faith.
- (12) The Bondholders' Representative may act on the opinion or advice of any lawyer, accountant and other experts appointed or selected by the Bondholders' Representative or the Issuer to perform its duties and obligations under the Transaction Documents and shall not have any liability when acting (or refraining from acting) upon any advice by such persons (other than for its gross negligence or wilful misconduct or as otherwise required under applicable laws).

**(c) Event of Default**

Except as otherwise provided in the Transaction Documents, for the avoidance of doubt, the Bondholders' Representative shall not be obliged to exercise any right or take any action in relation to an Event of Default or any event that may constitute an Event of Default unless it has actual knowledge of such Event of Default or such event that may constitute an Event of Default or it has the written directions from the Bondholders or directions in the form of a Resolution in accordance with the Bond Conditions and it has been fully indemnified to its reasonable satisfaction.

**(d) Reliance:**

- (1) Except as otherwise expressly provided in the Bond Conditions, the Bondholders' Representative shall be and is hereby authorised to assume without enquiry and it is hereby declared to be the intention that it shall assume without enquiry, in the absence of knowledge or express notice to the contrary, that the Issuer is duly performing and observing all the covenants and provisions contained in the Transaction Documents and that on the date hereof and on the Issue Date, no Event of Default, and no event which, with the lapse of time and/or upon the giving of notice and/or the issuing of a certificate, would constitute an Event of Default, has occurred.
- (2) The Bondholders' Representative may rely upon any written communication or document reasonably believed by it to be genuine and need not investigate any fact or matter stated in the Transaction Documents.
- (3) The Bondholders' Representative may rely upon any facts and materials provided to it in writing by any authorised persons representing the Issuer.

**(e) Liabilities:**

- (1) The Bondholders' Representative shall not be responsible for acting upon any Resolution purporting to have been passed at any meeting of the Bondholders in accordance with the Bond Conditions even though it may subsequently be found that there was some defect in the constitution of such meeting or the passing of such

Resolution or that, for any reason, such Resolution was not valid or binding upon the Bondholders (except where such defect was due to its gross negligence or wilful misconduct).

- (2) The Bondholders' Representative shall not be liable to the Issuer or any Bondholder by reason of having accepted as valid or not having rejected any certificate of Bond purporting to be such and subsequently found to be forged, stolen or not authentic (other than for its gross negligence or wilful misconduct or as otherwise required under applicable laws).
- (3) The Bondholders' Representative in performing its obligations under Transaction Documents, shall not have any responsibility or liability in respect of:
  - (a) any failure or delay by the Issuer in performing its respective obligations hereunder or under the Bond Conditions or other agreements relating thereto and hereto; and
  - (b) the execution, effectiveness, enforceability, sufficiency, legality, validity or genuineness of the Bond Conditions, the agreements and documents referred to herein and therein, or of any certificate, report, document of title or other document delivered hereunder or thereunder, any statement of the Issuer herein or therein, or the accuracy or completeness of any information was or is circulated by the Bondholders' Representative.

**(f) Paying Agent:**

- (1) At any time, during the term of this Agreement, the Bondholders' Representative (acting reasonably) may request that the Paying Agent deliver, all or any documents and/or information to the Bondholders' Representative to perform its duties and powers and authorities under the Transaction Documents and/or applicable laws and regulations.
- (2) At any time after an Event of Default or if any event that may constitute an Event of Default has occurred, the Bondholders' Representative may notify the Paying Agent and request the Paying Agent to act as an agent of the Bondholders' Representative in relation to making payments under the Transaction Documents, on similar terms on which the Paying Agent makes payments for and on behalf of the Issuer in the Transaction Documents. In such circumstances, subject to obtaining prior written consent from the Guarantor, the parties shall make any amendments to the Transaction Documents as the Bondholders' Representative reasonably considers necessary in order to enable the Paying Agent to act as an agent of the Bondholders' Representative in relation to making payments under the Transaction Documents, on similar terms on which the Paying Agent makes payments for and on behalf of the Issuer in the Transaction Documents.



**(g) Guarantor's Right of Subrogation:**

- (1) Notwithstanding any provision to the contrary in any Bond Document, immediately upon the payment by the Guarantor under the Guarantee Agreement of all or any of the Guaranteed Amount (as defined in the Guarantee Agreement) in accordance with the Guarantee Agreement (a **Paid Guaranteed Amount**), the Guarantor shall be:
  - a. subrogated to and may direct the exercise of:
    - i. all of the rights, powers and remedies of the Bondholders' Representative, on behalf of the Bondholders and of the Bondholders themselves, in respect of the Bonds and each Bond Document (in each case, to the extent relating and proportionate to that Paid Guaranteed Amount), against any relevant person, including (and to the extent relating and proportionate to that Paid Guaranteed Amount), any rights or claims, whether accrued, contingent or otherwise; and
    - ii. all of the Bondholders' Representative's and the Bondholders' privileges, rights and security against the Issuer or with respect to the Guaranteed Bonds insofar as they extend to an amount equal to that Paid Guaranteed Amount;
  - b. entitled to direct the Bondholders' Representative and/or the Bondholders to take action in the name of the Bondholders' Representative or the Bondholders, as the case may be, to enforce any rights of the Bondholders' Representative and/or the Bondholders against any person in relation to that Paid Guaranteed Amount.
- (2) The Bondholders' Representative must, at its own expense, execute such instruments or documents and take such other actions as the Guarantor may require to give effect to, facilitate or evidence the subrogation referred to in this Clause 3.2(g) and to perfect the rights of the Guarantor to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.
- (3) For the avoidance of doubt, no Bondholder shall be obliged to transfer or assign any rights or any legal title in the Guaranteed Bonds, except to the extent that it has received payment of any amounts from the Guarantor in respect thereof. At the same time, the Issuer agrees that if the Guarantor has exercised its rights in relation to any Paid Guaranteed Amount under this Clause 3 and the Bonds in respect of which the Guarantor has been entitled to the rights of subrogation remain outstanding pursuant to the Bond Documents, the obligations of the Issuer in respect of the Bonds, in proportion to such Paid Guaranteed Amount, will not be considered to be fulfilled.

#### **4. REPRESENTATIONS AND WARRANTIES**

##### **4.1 Representations and Warranties by the Bondholders' Representative**

The Bondholders' Representative represents and warrants to the Issuer that as of the Signing Date hereof and as of the Issue Date:

- (a) it has been established and is in existence in accordance with the laws of the place of its incorporation, and has the full right to execute and perform its obligations hereunder;
- (b) all actions, conditions and things required by the laws of the place of its incorporation and of Cambodia to be taken, fulfilled and done (including the obtaining of any necessary shareholder, corporate, governmental, ministerial or other consents, approvals, permits and licences) in order to enable it to lawfully enter into, exercise its rights and perform and comply with its obligations under this Agreement or the other Transaction Documents to which it is a party have been taken, fulfilled and done;
- (c) its entry into, exercise of its rights and/or performance of or compliance with its obligations under the Transaction Documents to which it is a party do not and will not violate in any material way (i) any law to which it is subject or (ii) its memorandum of association, articles of association or other constitutive documents and any laws by which it is bound;
- (d) its obligations under the Transaction Documents to which it is a party are legal, valid, binding, and enforceable upon it in accordance with their respective terms except to the extent that the enforcement thereof may be limited by provisions of applicable laws; and
- (e) it is not in liquidation or bankruptcy and has not taken any corporate action, nor have any other steps been taken or legal proceedings commenced against it, for its winding-up, bankruptcy, dissolution, reorganisation, composition or for the appointment of a receiver, liquidator, trustee, examiner, or similar officer of it or of all or any of its assets or revenues.

##### **4.2 Representations and Warranties by Issuer**

The Issuer represents and warrants to the Bondholders' Representative as of the Signing Date hereof and as of the Issue Date:

- (a) The Issuer has been established and is in existence in accordance with the laws of the place of its incorporation, and has obtained the full permissions from relevant competent authorities to issue bond pursuant to the applicable laws and regulations of Cambodia;
- (b) the creation of the Bonds, the offering of the Bonds, the execution of the Bonds, the authentication of the Bonds (where appropriate) and the issue, the entry into or the delivery by the Issuer of each Transaction Document and Bond Documents and the performance of the obligations to be assumed thereunder by the Issuer have been duly authorised by all necessary action required by the laws of Cambodia;



- (c) the Bonds, the Bond Documents and each Transaction Document, when executed, authenticated (where appropriate) and delivered as herein contemplated, will constitute legal, valid, binding and enforceable obligations of the Issuer, except to the extent that the enforcement thereof may be limited by provisions of applicable laws;
- (d) there exists no Event of Default and no event that may constitute an Event of Default and the Issuer is not in breach or default under any Transaction Documents or Bond Documents; and
- (e) all consents, approvals, authorisations, or other orders of all regulatory authorities required for or in connection with the execution by the Issuer of the Transaction Documents and the Bond Documents and the due performance by the Issuer of its obligations under such documents, the issue and offering by the Issuer of the Bonds and the due performance by the Issuer of its obligations thereunder have been obtained and are in full force and effect.

## **5. ISSUER'S COVENANTS**

- 5.1 The Issuer agrees to comply with all provisions applicable to it in the Bond Conditions.
- 5.2 The Issuer shall promptly provide upon request the Bondholders' Representative in providing any relevant document or information as reasonably requested by the Bondholders' Representative to enable the Bondholders' Representative to perform its duties under the Transaction Documents, including but not limited to the following:

### *5.2.1 Financial Reports*

The Issuer shall prepare Annual Financial Statements in the English language and make them available on its website (alternatively on another relevant information platform) as soon as they become available, and not later than 90 (ninety) calendar days after the end of the financial year or at any time which may be allowed by the Director General of the SERC.

### *5.2.2 Payment Reports*

The Issuer shall provide to the Bondholders' Representative the interest payment report at each date of interest payment, Amortization Schedule and/or principal repayment at maturity date to the Bondholders within 03 (Three) Business Days after the Paying Agent pays to each Bondholders' account.

### *5.2.3 Miscellaneous*

The Issuer shall:

- (a) immediately inform the Bondholders' Representative in case of any change of control and/or any material asset is pledged, disposed of, seized, declared illegal by any third party or relevant authority;

- (b) promptly inform the Bondholders' Representative in writing of any Event of Default;
- (c) send the Bondholders' Representative copies of any statutory notifications of the Issuer, including but not limited to notifications in connection with mergers, demergers and reduction of the Issuer's shared capital or equity;
- (d) if the Bonds are listed on the CSX, send a copy to the Bondholders' Representative of its notices to the CSX; and
- (e) inform the Bondholders' Representative of changes in the registration of the Bonds in the CSD, and the Bondholders' Representative shall promptly send and/or inform the Bondholders and the Guarantor of the same.

## 6. REMUNERATION OF THE BONDHOLDERS' REPRESENTATIVE

6.1 The Issuer shall pay to the Bondholders' Representative the following remunerations:

- (a) Annual fee at 0.065% over the total volume of Bonds issued which is equivalent to USD 13,000 (thirteen thousand United States Dollars) per annum ("**Bondholders' Representative Fee**"). The Bondholders' Representative Fee is exclusive of fees and/or expenses related to any legal action, including enforcement of the Bond Conditions, and the commencement of bankruptcy or other insolvency proceedings against the Issuer, Guarantor, or others in connection with the Transaction Documents ("**Legal Proceeding Fees**"). The Legal Proceeding Fees shall be borne by either Issuer or Bondholder(s), whoever is the losing party.
- (b) Additional fees:
  - Amendment fee of Bondholders' Representative Agreement (if this Agreement is amended) at USD 2,500 (two thousand five hundred United States Dollars), excluding legal fee (i.e., lawyer fee and/or legal advisory fee), if necessary, which shall be additionally and covered by the Issuer;
  - The actual cost of the Bondholders' meeting as agreed upon by the parties based on actual invoice;
  - The actual cost incurred by the Bondholders' Representative in relation to litigation upon an Event of Default by the Issuer.

The Issuer shall pay to the Bondholders' Representative the Bondholders' Representative Fee for acting as Bondholders' Representative calculated from the Issue Date until the termination of the appointment of the Bondholders' Representative. The Bondholders' Representative Fee shall be due and payable to the Bondholders' Representative within 15 (fifteen) calendar days after the date that the Issuer receives the invoice and thereafter annually within 15 (fifteen) calendar days after the date that the Issuer receives the invoice from the Bondholders' Representative.



The additional fees and Expenses other than the Bondholders' Representative Fee shall be due and payable to the Bondholders' Representative within 15 (fifteen) calendar days after the date that the Issuer receives the invoice from the Bondholders' Representative.

If any payment date would otherwise fall on a day which is not a Business Day, the relevant amount of the Bondholders' Representative Fee shall be paid to the Bondholders' Representative on the next day which is a Business Day.

- 6.2 If the Issuer requests the Bondholders' Representative to perform or do any acts beyond the scope of the ordinary powers, duties and responsibilities of the Bondholders' Representative as set forth in Transaction Documents, the Bondholders' Representative shall not be obliged to perform or do such acts. However, if the Bondholders' Representative, at its sole discretion, determines to perform or do any such acts at the requests of the Issuer, then the Issuer agrees to pay additional remuneration to the Bondholders' Representative in the actual amount and under terms of payment as mutually agreed in writing.
- 6.3 The Bondholders' Representative may incur reasonable Expenses in order to perform its duties in accordance with the Transaction Documents and/or applicable law. The Issuer agrees to reimburse to the Bondholders' Representative, within 15 (fifteen) calendar days of the date of receipt of a notice thereof and the relevant supporting documents relating to such Expense from the Bondholders' Representative. The Issuer agrees to pay all Expenses, including all applicable taxes.
- 6.4 All sums payable by the Issuer under this Agreement that have not been paid by the Issuer within 30 (thirty) calendar days following the due date shall carry interest at a rate equal to 15% (fifteen percent) per annum, (i) in respect of the Bondholders' Representative Fee, from the date of the sum being due and payable, and (ii) in respect of all other sums including the Expenses, from the due date for payment of such sum. In any case where interest falls to be paid in respect of a period of less than a full year, the amount thereof shall be calculated on the basis of a year of 365 (three hundred and sixty-five) days, and in the case of an incomplete month, the number of days elapsed.

## **7. INDEMNIFICATION OF BONDHOLDERS' REPRESENTATIVE**

- 7.1 The Issuer shall indemnify and hold harmless the Bondholders' Representative and its officers, directors, employees and agents in respect of all liabilities and expenses reasonably incurred by it or by any such person in the execution of any rights and obligations under the Transaction Documents including the Expenses and against all actions, proceedings, costs, claims and demands in respect of any matter conducted or omitted in any way relating to the Transaction Documents except to the extent the liabilities, expenses, actions, proceedings, costs, claims or demands were due to the negligence, fraud or wilful misconduct of the Bondholders' Representative or by its officers, directors, employees and agents.
- 7.2 The Bondholders' Representative shall indemnify and hold harmless the Issuer and its officers, directors, employees, managers and agents against any liability, loss, cost, damages, charge, expense, action, proceedings, claim or demand which are actually and reasonably

incurred to any of them as a result of any wilful misconduct, fraud or negligence or any breach of the terms and conditions of the Transaction Documents and applicable law by the Bondholders' Representative or by any of its officers, directors, employees and agents.

- 7.3 Notwithstanding any provision of this Agreement or any other Transaction Documents to the contrary, neither party shall be liable to the other party for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits), whether or not foreseeable.
- 7.4 The Issuer shall indemnify the Bondholders' Representative and its agents, managers, officers or employees against any liability, loss, cost, damages, charge, expense, action, proceedings, claim or demand (including, without limitation, any legal fees, all costs and expenses actually and reasonably incurred in disputing or investigating or determining any of the aforementioned on a full indemnity basis), taxes, levies or imposts which are actually and reasonably incurred by the Bondholders' Representative and its agents, managers, officers or employees as a result of or in connection with the performance of the Bondholders' Representative's duties in accordance with any of the Transaction Documents, except where the same arises from the wilful misconduct, fraud, or gross negligence of the Bondholders' Representative, its agents, managers, officers or employees or any breach of this Agreement by the Bondholders' Representative, its agents, managers, officers or employees.
- 7.5 The Bondholders' Representative shall indemnify the Bondholders against any loss, cost, damages, charge, expense, claim or demand (including, without limitation, any legal fees, all costs and expenses actually and reasonably incurred in disputing or investigating or determining any of the aforementioned on a full indemnity basis), suffered or incurred by the Bondholders, as a result of or in connection with the negligence, wilful misconduct, or breach of the terms and conditions of any of the Transaction Documents or Bond Documents or any applicable laws and regulations, by the Bondholders' Representative or by any of its officers, directors, employees, managers or agents.
- 7.6 Notwithstanding anything to the contrary in this Agreement, in no event shall the Parties be liable for any failure or delay in the performance of its obligations hereunder if it is prevented from so performing its obligations by any future law or regulation (including, for the avoidance of doubt, any change in, or change in interpretation in relation to any law or regulation in existence at the date hereof which occurs subsequent to the date hereof which restricts or prohibits the providing of the services contemplated by this Agreement), any existing or future act of governmental authority, or because of circumstances beyond the Party's control, including, but not limited to, force majeure, any change in laws, ordinance, regulations or the like after the Issue Date which restrict or prohibit the providing of the services contemplated by this document, or interruption of public communications facilities or disruptions of any banking system.
- 7.7 Unless otherwise provided by applicable laws, the SERC's notifications or the Bond Conditions, nothing contained in any Transaction Documents shall require the Bondholders'



Representative (acting in good faith in accordance with its professional judgment and without gross negligence, fraud, wilful misconduct or breach of the Transaction Documents or applicable law):

- (a) to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or the exercise of any right, power, authority, and discretion hereunder if it shall have reasonable grounds for believing that the repayment of such funds or satisfactory indemnity against or security for such risk or liability is not assured to it; and
- (b) to do anything which would or might in its opinion be contrary to any applicable law of any jurisdiction or any directive or regulation of any agency or any state which would or might render it liable to any person.

7.8 The provisions of this Clause 7 shall survive the termination of this Agreement or the resignation or removal of the Bondholders' Representative.

## **8. AMENDMENT OF THE AGREEMENT**

8.1 In compliance with Clause 10.1 of the Guarantee Agreement, unless with prior written consent of the Guarantor, the Bondholders' Representative and the Bondholders shall not:

- (a) amend, modify, vary, novate, replace, supplement, supersede, terminate, give any consent in relation to, or waive any breach or proposed breach of, any term of a Bond Document; or
- (b) take, or omit to take, any action that would lessen or impair any right of the Bondholders' Representative, the Agent or Guarantor under any Bond Document.

8.2 Subject to the Transaction Documents and applicable laws, any amendment of the terms and conditions of this Agreement shall be agreed upon by the Parties in written agreement by authorized signatories of the Parties hereto. Any amendment or modification of this Agreement in any respect that the Bondholders' Representative deems to be beneficial to the Bondholders or in a manner that would not materially prejudice the Bondholders' rights, may only be made if the Bondholders' Representative receives written approval from Bondholders holding at least 51% (fifty-one per cent) of the value of the Bonds and the Guarantor.

## **9. CONFIDENTIALITY**

9.1 Parties shall keep confidential all information related to or under this Agreement. These confidentiality undertakings shall remain in effect for a term of two (2) years as of the termination or expiration date of this Agreement.

9.2 While parties agree to use their reasonable efforts to keep confidential any information that either of them may receive in relation to the Agreement, each party agrees and understands that the other may disclose such information if required to do so:

- (a) by any applicable law, regulation, or any judicial, governmental, or competent authorities (whether of a governmental nature or otherwise) in any relevant jurisdiction and to whose authority the relevant party is (whether or not through force of law) subject or otherwise accustomed to act; and
- (b) to its respective officers, employees, advisers, agents and representatives (including officers, employees, advisers, agents and representatives of any of its affiliates), auditors, or advisors, who, in any such case, have a justifiable need to know such information and who are made aware of, and agree to be bound by the confidentiality obligations under this paragraph prior to such information being disclosed to them.

## **10. DEFAULT**

Subject to Clause 12, if any Party fails to comply with any provision of this Agreement or is in breach of this Agreement, it shall be deemed that such Party is in default and the other party shall be entitled to terminate this Agreement upon obtaining prior written consent from the Guarantor without prejudice to its rights or remedies at law to claim against the party in default for any losses or compensation resulting from its failure to comply with the Transaction Documents.

## **11. TERMINATION**

In addition to the right to terminate this Agreement by a non-defaulting party under Clause 10 and subject to Clause 12, upon obtaining prior written consent from the Guarantor, this Agreement may be terminated in the following cases:

- (a) all amounts owed in connection with the Bonds have been paid in full;
- (b) either Party gives not less than 3 (three) months' prior written notice of termination to the other Party;
- (c) a Bondholders' meeting resolves to revoke the appointment of the Bondholders' Representative in accordance with the Bond Conditions; or
- (d) any proceeding or other action is commenced against the Bondholders' Representative, seeking reorganisation, receivership, liquidation, dissolution, winding-up, composition and other similar events, or other is any order or judgement for dissolution or suspension of business by the court.

The Parties agree and acknowledge that in case of termination of this Agreement, due to any reason, the fees paid to the Bondholders' Representative including but not limited to the Bondholders' Representative Fee, additional fees as stated in Clause 6.1(b) and Expenses, are not refundable.

## **12. OBLIGATION OF BONDHOLDERS' REPRESENTATIVE AFTER TERMINATION OF AGREEMENT**

- 12.1 Any termination of the appointment of the Bondholders' Representative under this Agreement, except the termination under Clause 11 (a), will not be effective until a successor



is appointed with the prior written consent of the Guarantor. This successor shall be a registered and licensed entity pursuant the relevant Cambodian laws and regulations to legally perform the activities as bondholders' representative. The Bondholders' Representative shall assist the Issuer to nominate a successor bondholders' representative. Subject to the Bond Conditions, if any of the bondholders' representatives nominated by the Bondholders' Representative upon obtaining prior written consent from the Guarantor has not been selected within 3 (three) months from the date of termination notice, it shall be deemed that the Issuer has selected the last bondholders' representative nominated by the Bondholders' Representative with the prior written consent of the Guarantor and this Agreement shall terminate when the appointment of the such bondholders' representative is effective.

- 12.2 Upon termination of the Agreement or unless otherwise directed by the Issuer, the Bondholders' Representative will cease using information and documents provided by the Issuer and/or the Bondholders and/or the Guarantor ("**Documents**") and return or destroy at the Issuer's direction all copies of the Documents. The Bondholders' Representative will delete all copies of the Documents residing in memory on any computer at the Bondholders' Representative's site. The Bondholders' Representative will, within 30 (thirty) calendar days from the effective date of the termination, certify in writing that all copies of the Documents have been returned, deleted, or destroyed as directed by the Issuer.
- 12.3 The provisions of Clause 6, Clause 7, Clause 9, Clause 12, Clause 13, Clause 14, Clause 18, Clause 19, and Clause 20 shall survive such expiration or termination and remain in full force and effect. If this Agreement expires or terminates pursuant to this Agreement, this Agreement shall be of no further effect and no party shall be under any liability to any other in respect of this Agreement except for (i) any liability arising before or in relation to such expiration or termination of this Agreement and (ii) the liability of a party under the provisions which shall survive the termination of this Agreement.

### **13. CLAIMS AND LIABILITIES**

- 13.1 If the Issuer is in default of the Bond Conditions and the Bondholders or the Bondholders' Representative suffer any losses, costs, expenses, or damage therefrom, the Bondholders' Representative and/or the Bondholders shall be entitled to claim against the Issuer, subject to the terms and conditions of the Transaction Documents.
- 13.2 The Bondholders' Representative shall only be liable to the Bondholders in the relation to the damages incurred from wilful misconduct or gross negligence in the performance of its obligations as provided in the Bond Conditions, applicable laws, and this Agreement.
- 13.3 The Bondholders' Representative in performing its duties under the Bond Conditions:
- (a) shall not have any responsibility or liability in respect of any failure or delay by the Issuer in performing its respective obligations hereunder or under the Bond Conditions or other agreements relating thereto and hereto; and

(b) shall not have any responsibility or liability in respect of the execution, effectiveness, enforceability, sufficiency, legality, validity, or genuineness of the Transaction Documents, the agreements and documents referred to herein and therein, or of any certificate, report, document of title or other document delivered hereunder or thereunder, any statement of the Issuer herein or therein, or the accuracy or completeness of any information was or is circulated by the Bondholders' Representative.

#### **14. ASSIGNMENT**

- 14.1 Either Party shall not assign any rights under this Agreement or transfer any of its obligations under this Agreement without the prior written consent of the other Party and the Guarantor.
- 14.2 The Parties agree that they will cooperate fully to do all further acts and things and execute any further documents as may be necessary or desirable to give full effect to the arrangements contemplated by this Agreement.

#### **15. WAIVER**

No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

#### **16. PARTIAL INVALIDITY**

Without prejudice to any other provision hereof, if one or more provisions hereof is or becomes invalid, illegal or unenforceable in any respect under any law of any jurisdiction or with respect to any party such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party or parties shall not, to the fullest extent permitted by applicable law, render invalid, illegal or unenforceable the remaining provision or provisions under the law of any other jurisdiction or with respect to any other party or parties hereto.

#### **17. CONFLICT**

If any of the provisions of this Agreement are in conflict with those of any applicable Cambodian laws or regulations, the provisions of such law and regulations shall prevail.

If any of the provisions of this Agreement are in conflict with the Bond Conditions and/or Guarantee Agreement, the Bond Conditions and the Guarantee Agreement (as the case may be) shall prevail over only those terms and conditions of this Agreement which give rise to such conflict.

#### **18. NOTICES**

All correspondence and notices between the Bondholders' Representative and the Issuer shall be made in writing and validly given by private international courier or by hand or by facsimile to the other party at the following address or any address (in case of change of address) which is notified in writing to the other party by not less than 07 (seven) days in advance.



(a) If to **Bondholders' Representative:**

**WING BANK (CAMBODIA) PLC.**

**Attention to:** Mr. Lim An

**Position:** Head of Securities Operation

**Address:** Wing Tower, Preah Monivong Blvd. (Street No. 93), Corner Kampuchea Krom Blvd. (Street No. 128), Phum 6, Sangkat Munorum, Khan Prampir Makara, Phnom Penh, Kingdom of Cambodia.

**Tel:** (855) 77 988 685

**Email:** an.lim@wingbank.com.kh

(b) If to the **Issuer:**

**TELCOTECH**

**Attention to:** Mr. Quah Chin Hong

**Position:** Deputy Chief Executive Officer

**Address:** No. 7D, Russian Federation Boulevard, Sangkat Teuk Laok 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia

**Tel:** (855) 85 333 698

**Email:** dylan.quah@telcotech.com.kh

Any correspondence and notice shall be deemed to be duly received by the addressee, in case of facsimile, when the sender's fax machine has generated a confirmed delivery report, in the case of personal delivery, at the time of delivery, and, in the case of private international courier, on the seventh Business Day after postage.

**19. OTHERS**

- 19.1 The Issuer shall be responsible for reasonable and actual costs and expenses in relation to preparation, negotiation, and appointment of the Bondholders' Representative.
- 19.2 The payment of the Bondholders' Representative remuneration shall be made without any withholding or deduction (except where such withholding or deduction is required by law) plus the applicable value added tax. The Issuer shall be responsible for and shall remit to the General Department of Taxation all applicable taxes in relation to the Bondholders' Representative Fee as required by the General Department of Taxation.

19.3 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## **20. LANGUAGE**

20.1 This Agreement shall be given in Khmer and English. In case of discrepancy between Khmer and English version, the English version shall prevail.

20.2 All notices and communications to be made between in relation to this Agreement shall be made in English language, unless as otherwise required under the applicable laws or any other agreement, in which case a Khmer translation thereof shall be provided to each other party.

## **21. GOVERNING LAW**

21.1 This Agreement and its terms and conditions shall be governed by and construed in accordance with the laws of Cambodia.

21.2 Any dispute arising out of or in connection with this Agreement including any question regarding its existence, validity, performance or termination, shall be referred to and finally resolved by arbitration administered by the National Commercial Arbitration Centre of the Kingdom of Cambodia in accordance with the Arbitration Rules of the National Commercial Arbitration Centre ("NCAC Arbitration Rules") being in force at the time of commencement of arbitration, and by reference in this clause, the NCAC Arbitration Rules are deemed to be incorporated as part of this Agreement. The seat of the arbitration shall be Phnom Penh, Cambodia. The tribunal shall consist of 3 (three) arbitrators. One arbitrator shall be appointed by each Party and the third arbitrator shall be appointed by the NCAC. The language of the arbitration shall be English. Fees and expenses associated with dispute settlement shall be borne by the losing Party.

## **22. ENTIRE AGREEMENT**

This Agreement sets forth the entire agreement and understanding of the Parties relating to the subject matter herein and supersedes all prior discussions or agreements between them.

## **23. EFFECTIVE DATE**

This Agreement shall be effective from the Signing Date.

*(remainder of this page is intentionally left blank)*



IN WITNESS WHEREOF, this Agreement has been signed and stamped by both Parties as the above written terms and conditions.



**THE ISSUER**

SIGNED for and on behalf of  
**TELCOTECH LTD.**

**THE BONDHOLDERS' REPRESENTATIVE**

SIGNED for and on behalf of  
**WING BANK (CAMBODIA) PLC**



By: \_\_\_\_\_

Name: **Mr. Quah Chin Hong**

Position: **Deputy Chief Executive Officer**



By: \_\_\_\_\_

Name: **Mr. Han Peng Kwang**

Position: **Chief Executive Officer**

**WITNESS**

**WITNESS**

By: \_\_\_\_\_

Name: **Mr. Dy Chetra**

Position: **Chief Financial Officer**

By: \_\_\_\_\_

Name: **Mr. Lim An**

Position: **Head of Securities Operation**





**TERMS AND CONDITIONS  
IN RELATION TO**

**“Telcotech Public Bond” (the “Bonds”)**

The following are the terms and conditions of the Bonds providing the rights and obligations of TELCOTECH LTD. (the "**Issuer**") and the Bondholders with respect to the Bonds, as may be supplemented, amended or modified by any subsequent amendment thereto.

The Issuer has appointed Wing Bank (Cambodia) Plc. as the Bondholders' Representative pursuant to the Bondholders' Representative Agreement and Wing Bank (Cambodia) Plc. as the Securities Registrar, the Securities Transfer Agent, and the Paying Agent pursuant to Wing Bank (Cambodia) Plc. Appointment Agreement. The Bondholders are deemed to accept the appointment of the Bondholders' Representative and are entitled to the benefits of, are bound by, and are deemed to have notice of and understand, all provisions of these Conditions and the Bondholders' Representative Agreement which are applicable to them.

Pursuant to and subject to the terms of the CGIF Guarantee (as defined), Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (the "**Guarantor**"), unconditionally and irrevocably guarantees the full and punctual payment of:

- (i) any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) (after the expiry of any applicable grace periods) by the Issuer under these Conditions;
- (ii) any Additional Accrued Interest; and
- (iii) any Bondholders' Representative Expenses which is overdue and unpaid (whether in whole or in part),

(as each term is defined in Clause 1.1 of the CGIF Guarantee) subject to the terms of the CGIF Guarantee, including that a Demand (as defined in Clause 1.1 of the CGIF Guarantee) in respect of such amounts is made to the Guarantor pursuant to the CGIF Guarantee.

The Eligible Bondholders are entitled to the benefit of and are bound by, and are deemed to have notice of and understand, all the terms and conditions of the CGIF Guarantee.

Copies of the executed Conditions, CGIF Guarantee, Bondholders' Representative Agreement, and Wing Bank (Cambodia) Plc. Appointment Agreement are available for inspection during normal business hours at the registered office of the Bondholders' Representative.



## 1. DEFINITIONS

In these Conditions:

"Affiliate"	means, in relation to a person, a Subsidiary or Holding Company of that person or a Subsidiary of that Holding Company.
"Acceleration Step"	has the meaning as set out in clause 11.3
" Wing Bank (Cambodia) Plc. Appointment Agreement"	means the Contract on Providing Services of Securities Registrar, Securities Transfer Agent and Paying Agent dated on <u>15 December 2023</u> and any subsequent amendments thereto and entered into or to be entered into between the Issuer and Wing Bank (Cambodia) Plc. in connection with the issue of Bonds.
"Applicable Rate"	means the rate of any of tax, required by the laws, to be deducted in respect of any sum payable by the Issuer under the Bonds.
"Benchmark Replacement"	<p>means the sum of:</p> <ul style="list-style-type: none"><li>(i) the alternate benchmark rate; and</li><li>(ii) an adjustment (which may be a positive or negative value or zero),</li></ul> <p>in each case, that has been selected by the Bondholders and Guarantor as the replacement for relevant tenor giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto, for syndicated or bilateral credit facilities at such time.</p> <p>In the event the Benchmark Replacement is less than zero, the Benchmark Replacement shall be deemed to be zero for the purposes of these Conditions.</p>





<b>"Benchmark Transition Event"</b>	means the first date on which all tenors of Term SOFR have either permanently or indefinitely ceased to be provided by the Term SOFR administrator or have been announced pursuant to a public statement or publication of information to be no longer representative.
<b>"Articles of Agreement of CGIF"</b>	means the articles of agreement of the Guarantor originally dated 11 May 2010, as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018, 16 May 2019, and 1 August 2019 (as may be further amended or supplemented from time to time).
<b>"Bondholder(s)"</b>	means the person(s) who owns the Bond(s) in accordance with Clause 3.
<b>"Bondholders' Book"</b>	means the Bondholders' book of the Bonds, recording particulars of the Bondholders or other sources of registration information relating to the transfer, pledge, attachment, and other matters related to the Bonds as required under the Wing Bank (Cambodia) Plc. Appointment Agreement and the relevant rules and procedures prescribed pursuant to the applicable rule under Cambodian Laws.
<b>"Bondholders' Representative"</b>	means Wing Bank (Cambodia) Plc. acting as Bondholders' Representative in respect of the Bonds, or any successor appointed as the Bondholders' Representative in respect of the Bonds from time to time in accordance with these Conditions and the Bondholders' Representative Agreement.
<b>"Bondholders' Representative Agreement"</b>	means the Cambodian law governing Bondholders' Representative agreement entered into between the Bondholders' Representative and the Issuer dated on <u>15 December 2023</u> or any agreement appointing a new Bondholders' Representative to replace the existing Bondholders' Representative (if any) from time to time.
<b>"Bonds"</b>	means KHR denominated amortising bonds issued by the Issuer as provided in Clause 2.
<b>"Bond Documents"</b>	has the meaning given to it in Clause 1.1 (Definition) of the CGIF Guarantee.
<b>"Bondholder's Rights"</b>	means all rights relating to the Bonds including, without limitation, the right to receive payment of the principal and interest on the Bonds and the right to attend and vote at meetings of the Bondholders.



<b>"Book Closing Date"</b>	has the meaning given to it in Clause 3.2.3.
<b>"Business Day"</b>	means a day (other than a Saturday or Sunday) on which banks are open for general business in Manila, New York and Phnom Penh.
<b>"Cambodia"</b>	means the Kingdom of Cambodia.
<b>"CGIF Guarantee"</b>	means the English law governed guarantee dated on or around the date of these Conditions and to be entered into between, among others, the Guarantor, the Bondholders and the Bondholders' Representative, in connection with the Bonds.
<b>"Conditions"</b>	means these terms and conditions setting out the rights and obligations of the Issuer and the Bondholders in respect of the Bonds, as may be supplemented, amended or modified in accordance with the terms specified herein.
<b>"CSX"</b>	means Cambodia Securities Exchange.
<b>"Default Interest Rate"</b>	means the Interest Rate plus 2 (two) per cent per annum.
<b>"Demand"</b>	has the meaning given to it in Clause 1.1 (Definition) of the CGIF Guarantee.
<b>"Eligible Bondholder"</b>	has the meaning given to it in Clause 1.1 (Definition) of the CGIF Guarantee.
<b>"Event of Default"</b>	means any of the events specified in Clause 11.1.
<b>"Extraordinary Resolution"</b>	means a resolution passed at the Bondholders' meeting by a majority of at least 75% (seventy-five per cent) of the votes cast.
<b>"Guarantee Documents"</b>	has the meaning given to it in Clause 1.1 (Definition) of the CGIF Guarantee.
<b>"Guarantor's Assets"</b>	means all property and assets of the Guarantor held in trust in accordance with the Articles of Agreement of the Guarantor and available from time to time to meet the liabilities of the Guarantor. For the avoidance of doubt, a "Guarantor's Asset" does not include any assets of the Asian Development Bank or any other contributors to the Guarantor.
<b>"Holding Company"</b>	means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.





<b>"Indebtedness"</b>	means any obligation or obligations (whether present or future, actual or contingent) for the payment or repayment of money borrowed and/or interest thereon.
<b>"Interest Payment Date"</b>	means every 29 <sup>th</sup> June and 29 <sup>th</sup> December of each year with the first Interest Payment Date being 29 <sup>th</sup> June 2024 and the last Interest Payment Date being the Maturity Date.
<b>"Interest Period"</b>	means each period of a duration of one (1) month, with the first Interest Period starting on, and including the Issue Date, and subsequently on the last day of the preceding Interest Period. If an Interest Period would otherwise end on a day which is a non-Business Day, that Interest period will instead end on the next Business Day in the calendar month (if there is one) or the preceding Business Day (if there is not).
<b>"Interest Rate"</b>	means the interest rate per annum which is Term SOFR plus 2.5% per annum (net of any tax) due 2028 from and including the Issue Date of the Bonds and shall be paid semi-annually on 29 June and 29 December of each year until the Maturity Date.
<b>"Investment Securities"</b>	means any present or future Indebtedness in the form of, or represented by, bonds, debentures, notes or other investment securities (other than the Bonds) which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market.
<b>"Issue Date"</b>	means 29 <sup>th</sup> December 2023, being the issue date of the Bonds.
<b>"KHR"</b>	means Riel, the lawful currency of the Kingdom of Cambodia.
<b>"Maturity Date"</b>	means 29 <sup>th</sup> December 2028.
<b>"Non-Payment Event"</b>	has the meaning given to it in Clause 1.1 (Definition) of the CGIF Guarantee.
<b>"Parent"</b>	means Ezecom Co., Ltd.



<b>"Paying Agent"</b>	means Wing Bank (Cambodia) Plc. as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement or any successor or replacement entity thereto, to provide paying agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent issued on 30 June 2010 and subsequent amendment thereto.
<b>"Principal Amount"</b>	means the outstanding principal amount in respect of the Bonds at any time.
<b>"Record Date"</b>	has the meaning given to it in Clause 3.2.3.
<b>"Rules"</b>	means Annex A (Bondholder's Meeting Rule)
<b>"Qualified Investors"</b>	has the meaning given to it in Clause 2 of Prakas on Qualified Investors in Securities Sector issued on 17 August 2016 and subsequent amendment thereto.
<b>"Scheduled Interest"</b>	means scheduled interest on the Bonds payable at the Interest Rate on each Interest Payment Date (excluding, for the avoidance of doubt, default interest (if any)).
<b>"SERC"</b>	means the Securities and Exchange Regulator of Cambodia.
<b>"Secondary Market"</b>	means CSX and any other securities trading platform that are permitted by the SERC.
<b>"Securities Registrar"</b>	means Wing Bank (Cambodia) Plc. as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement or any successor or replacement entity thereto, to provide securities registrar services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent issued on 30 June 2010 and subsequent amendment thereto.
<b>"Securities Transfer Agent"</b>	means Wing Bank (Cambodia) Plc. as appointed under the Wing Bank (Cambodia) Plc. Appointment Agreement or any successor or replacement entity thereto, to provide securities transfer agent services on behalf of the Issuer as stated in relevant Prakas on the Registration of Securities Registrar, Securities Transfer Agent and Paying Agent issued on 30 June 2010 and subsequent amendment thereto.
<b>"Subscription Closing Date"</b>	means 28 <sup>th</sup> December 2023, being the last day of the subscription period in respect of the Bonds.





<b>"Subsidiary"</b>	<p>means, in relation to any company or corporation, a company or corporation:</p> <ul style="list-style-type: none"> <li>(a) which is controlled, directly or indirectly, by the first mentioned company;</li> <li>(b) all entities whose financial statements are required to be fully consolidated with the first mentioned company in accordance with the accounting standards adopted for the consolidated financial statements of such company; or</li> <li>(c) which is a subsidiary of another subsidiary of the first mentioned company,</li> </ul> <p>and for this purpose, a company shall be treated as being controlled by another if that other company is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.</p>
<b>Term SOFR</b>	<p>means the "CME Term SOFR Reference Rate" as administered by CME Group Benchmark Administration Ltd (or a successor administrator of that rate) displayed on the applicable Bloomberg screen page that displays such rate (or any replacement CME page which displays that rate) as of 5 a.m. CT, for a term of one (1) month on the date that is two (2) Business Days prior to the Issue Date for the first Interest Period, and subsequently on the date that is two (2) Business Days prior to commencement of the next Interest Period, for consecutive Interest Periods;</p> <p>If, for whatever reason, Term SOFR is not published on the rate setting date as stated above and Benchmark Transition Event has not occurred, then the rate used will be that as published for the first preceding Business Day, so long as such first preceding Business Day is not more than three (3) Business Days prior to rate setting date.</p>
<b>"Underwriter"</b>	<p>means Royal Group Securities Plc., a public limited company incorporated under the laws of Cambodia, having a company registration No. 2000237516 and a registered address No. 246, Preah Monivong Blvd, Sangkat Boeung Rieng, Khan Daun Penh, Phnom Penh, Cambodia.</p>
<b>"USD", "\$", and "dollars"</b>	<p>means the lawful currency of the United States of America.</p>



## 2. FORM, DENOMINATION, INTEREST AND TERM

- 2.1. The Bonds are in registered form carrying interest at the Interest Rate. The Bonds have a tenor of 5 (five) years from the Issue Date, and are named the **"Telcotech Public Bond"**.
- 2.2. The Bonds are denominated in KHR, with a nominal value of KHR 100,000 (one hundred thousand) each (**"Nominal Value"**).
- 2.3. On the Issue Date, there are 823,000 (eight hundred twenty-three thousand) units of the Bonds in total, with an aggregate total principal amount of KHR 82,300,000,000 (eighty-two billion three hundred million) (or its equivalent in USD of up to US\$ 20 million, whichever is lower) (the **"Bonds"**).

## 3. OWNERSHIP OF THE BONDS AND BONDHOLDERS' BOOK

The Issuer has appointed Wing Bank (Cambodia) Plc. to act as the Securities Registrar, the Securities Transfer Agent, and the Paying Agent in respect of the Bonds in accordance with Wing Bank (Cambodia) Plc. Appointment Agreement.

### 3.1. Bonds Ownership

The Bondholder's Rights are vested in individuals or legal entities whose names appeared on the Bondholders' Book maintained by the Securities Registrar and the Securities Transfer Agent, as the case may be, as the owners of such Bonds at the end of business hours of the Securities Registrar and the Securities Transfer Agent, as the case may be, on the relevant Record Date, except in a case where an objection is duly made according to the law.

### 3.2. Bondholders' Book; Closure of the Bondholders' Book

- 3.2.1. The Securities Registrar is obliged under Wing Bank (Cambodia) Plc. Appointment Agreement to enter the name of each Bondholder to whom the Bonds have been allotted, together with details of the number of Bonds allotted to such Bondholder, into the Bondholders' Book no later than 7 (seven) Business Days after the Subscription Closing Date (subject to it receiving all necessary documentation).
- 3.2.2. The Securities Transfer Agent is obliged under Wing Bank (Cambodia) Plc. Appointment Agreement to prepare, record and/or register any transaction in relation to the transfer, pledge and any other matter or thing with respect to the Bonds as required by applicable law and to keep the Bondholders' Book until the date that all Bonds are fully redeemed, in accordance with these Conditions.
- 3.2.3. The Bondholders' Book will be closed as follows:
  - 3.2.3.1. 2 (two) calendar days prior to any Interest Payment Date and the Maturity Date (the **"Book Closing Date"**); and
  - 3.2.3.2. 14 (fourteen) calendar days prior to any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified in the Conditions and as notified by the Issuer to the Securities Transfer Agent and the Bondholders' Representative (the **"Meeting Book Closing Date"**).





If the Book Closing Date and/or the Meeting Book Closing Date falls on a day that is not a Business Day, the Bondholders' Book shall be closed on the next Business Day, and in such case, the period between the Book Closing Date or the Meeting Book Closing Date (as the case may be) to each relevant Interest Payment Date, the Maturity Date, any date fixed for any meeting of the Bondholders or any other date for any other purpose as specified above shall NOT be less than the above provided period. The Securities Transfer Agent shall not register any transfer of the Bonds on the Book Closing Date and/or the Meeting Book Closing Date. A Business Day immediately preceding the Book Closing Date and/or the Meeting Book Closing Date is hereinafter referred to as a "**Record Date**".

- 3.2.4. The Issuer and Securities Transfer Agent hereby reserve the right to change the date and time for the closure of the Bondholders' Book without the need to obtain consent from the Bondholders, provided that such change: (i) must be in compliance with the rules and regulations of CSX (if listed) or any other relevant authorities, and (ii) shall not adversely affect materially the rights and benefits of the Bondholders. In such case, the Record Date shall be changed accordingly. Any change to the Bondholders' Book and Record Date must be notified to all the Bondholders no later than 7 (seven) Business Days.

#### **4. TRANSFERS OF BONDS**

- 4.1. The subscription of Bonds in the primary market is not eligible for any person other than the Qualified Investors who are deemed appropriate at the discretion of the Underwriter.
- 4.2. The Bonds shall be transferred in compliance with the applicable regulations of the CSX and any other relevant regulatory authority and agency. In addition, the transferee(s) of the Bonds must enter into the Bondholder Accession Instrument in the form prescribed by CGIF Guarantee. If the Bonds are not traded on the CSX or the Secondary Market, they can only be transferred between Qualified Investors.
- 4.3. For avoidance of doubt, the Bonds are only freely transferred after being listed on CSX or the Secondary Market.

#### **5. STATUS OF BONDS AND CGIF GUARANTEE**

##### **5.1. Status of Bonds**

The Bonds constitute name registered, unsubordinated and (subject to Clause 6.4 (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves other obligations that are subject to any priorities or preferences. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by applicable laws and subject to Clause 6.4 (*Negative Pledge*), rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, present and future, and rank ahead of the shareholders' equity of the Issuer.

##### **5.2. Guarantee**



The payment obligations of the Issuer under Clause 8.1 are unconditionally and irrevocably guaranteed by the Guarantor to the extent of, and in accordance with and subject to the terms of, the CGIF Guarantee. Such payment obligations of the Guarantor under the CGIF Guarantee are direct, unconditional and general obligations of the Guarantor and rank pari passu with the claims of all its other unsecured and unsubordinated creditors, present or future, except for obligations mandatorily preferred by law.

**5.3. Limitation on the Guarantor's Liabilities**

- 5.3.1. The recourse of each of the Bondholders' Representative, the Paying Agent, the Securities Registrar, the Securities Transfer Agent and the Eligible Bondholders against the Guarantor in respect of the CGIF Guarantee is limited solely to the Guarantor's Assets. By its holding of a Bond, each of the Bondholders' Representative, the Paying Agent, the Securities Registrar, the Securities Transfer Agent and the Eligible Bondholders will be deemed to acknowledge and accept that it only has recourse to the Guarantor's Assets and none of the Bondholders' Representative, the Paying Agent, the Securities Registrar, the Securities Transfer Agent or Eligible Bondholders have recourse to any assets of the Asian Development Bank or any other contributors to the Guarantor. Any obligation under the CGIF Guarantee shall not constitute an obligation of the Asian Development Bank or any other contributors to the Guarantor.
- 5.3.2. Each of the Eligible Bondholders, the Bondholders' Representative, the Paying Agent, the Securities Registrar and Securities Transfer Agent further acknowledge and accept that neither the Asian Development Bank nor any other contributors to the Guarantor or the officers, employees or agents of the Asian Development Bank or any contributor to the Guarantor shall be subject to any personal liability whatsoever to any third party including each of the Bondholders' Representative, Eligible Bondholders, the Paying Agent, the Securities Registrar and the Securities Transfer Agent in connection with the operation of the Guarantor or under the CGIF Guarantee, any other Guarantee Document or any Bond Document. No action may be brought against Asian Development Bank as the trustee of the Guarantor or as contributor to the Guarantor or against any other contributors to the Guarantor or any of their respective officers, employees or agents by any third party including each of the Bondholders' Representative, Eligible Bondholders, Paying Agent, the Securities Registrar and Securities Transfer Agent in connection with the CGIF Guarantee, any other Guarantee Document or any Bond Document.

**6. COVENANTS OF THE ISSUER**

The Issuer undertakes to comply with all the covenants set out in this Clause 6 for so long as any debt under the Bonds remains outstanding.

**6.1. Appointment of Replacement of Bondholders' Representative**

If it becomes necessary to replace the Bondholders' Representative, the Issuer shall appoint a replacement Bondholders' Representative as soon as practicable, but in any case no later than 90 (ninety) calendar days from the date on which





the Issuer is aware of the event which requires the replacement of the Bondholders' Representative pursuant to Clause 15.2 below.

## **6.2. Information**

- 6.2.1. The Issuer shall promptly send a written notice to the Guarantor and the Bondholders' Representative if it becomes aware of an occurrence of an Event of Default or any event which would (with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition or any combination of the foregoing) constitute an Event of Default under these Conditions.
- 6.2.2. In addition to the information disclosure as required by Prakas on Corporate Disclosure dated 30 October 2018 and subsequent amendments thereto, and other applicable laws and regulations, the Issuer shall:
- 6.2.2.1. deliver to the Bondholders' Representative the copies of the Issuer's reviewed but unaudited interim financial statements (if prepared) and audited annual financial statements including (if prepared), consolidated financial statements of the Issuer and its consolidated Subsidiaries, for the relevant financial period and year as required by CSX or the Secondary Market on which the Bonds are listed and by any other relevant supervisory authorities, as the case may be, shall be no later than:
- 6.2.2.1.1. 45 (forty-five) calendar days for the interim report and 90 (ninety) calendar days for the annual report to SERC; and
- 6.2.2.1.2. 45 (forty-five) calendar days for quarterly report to the Bondholders' Representative.
- from the end of the Issuer's fiscal year or the end of each accounting period of the Issuer, as the case may be.
- 6.2.2.2. If, after the Issue Date, the submission period referred to above is changed under the applicable laws or regulations, the Issuer shall comply with the new submission period or requirements according to such amended applicable laws or regulations.
- 6.2.3. The Issuer shall report to the Guarantor, the SERC and the Bondholders' Representative as promptly as possible when there is a material adverse change to the Issuer's business or financial status.

## **6.3. Maintenance of Listed Status**

The Issuer shall use its reasonable efforts to maintain the listed status of the Bonds on the CSX or the Secondary Market throughout the term of the Bonds.

## **6.4. Negative Pledge**

Except for the ordinary course of the Issuer's business, so long as any Bond remains outstanding, the Issuer shall not create, or have outstanding, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its property, assets or revenues, present or future, to secure any Investment Securities or to secure any guarantee or indemnity in respect of any Investment Securities, without at the same time or prior thereto, the Issuer's obligations under the Bonds are secured equally and rateably therewith shall be approved by an Extraordinary Resolution of the Bondholders.



## **7. INTEREST**

### **7.1. Interest Rate**

Interest on the Bonds shall accrue respectively at the Interest Rate and be payable semi-annually in arrears on each Interest Payment Date. Such interests shall be calculated on the outstanding principal amount of each Bond.

The Interest Rate shall be subject to Benchmark Transition Event. Upon the occurrence of a Benchmark Transition Event or determination by the Bondholders that syndicated or bilateral credit facilities among national and/or regional banks active in leading and participating in such facilities are currently being executed or amended (as applicable) to incorporate or adopt a new benchmark to replace Term SOFR for determining interest rates for loans in the applicable currency, the Bondholders and the Guarantor may amend this Conditions to replace Term SOFR with Benchmark Replacement, in which case Benchmark Replacement will replace Term SOFR for all purposes hereunder at or after 5:00 p.m. (New York City Time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to Issuer without any amendment to this Conditions, or further action or consent of Issuer. In connection with the implementation and administration of a Benchmark Replacement, the Bondholders will have the right to make any technical, administrative, or operational changes that the Bondholders decide may be appropriate to reflect the adoption and implementation of such Benchmark Replacement.

### **7.2. Interest Calculation**

The semi-annual interest payment is the sum of interest accrued over the six (6) preceding Interest Periods.

### **7.3. Default Interest**

If payment of any principal amount due in respect of the Bonds is improperly withheld or refused on the Maturity Date or any accelerated payment date in accordance with Clause 11, interest shall continue to accrue on the unpaid principal amount at the Default Interest Rate from (and including) the Maturity Date or such accelerated payment date up to (but excluding) the date on which all sums due in respect of such Bonds are paid to the Bondholders' Representative or the Bondholders, as the case may be, in full. Without limiting the remedies available to the Bondholders' Representative or the Bondholders, as the case may be, if the Issuer fails to make any payment of interest (including interest payable pursuant to this Clause 7) when due on the Interest Payment Date, the Issuer shall pay interest on the amount of that payment due and unpaid at the Default Interest Rate from (and including) the Interest Payment Date.

## **8. PAYMENTS OF INTEREST**

### **8.1. Interest Payments**





Interest on the Bonds shall be payable in arrears to each Bondholder on each Interest Payment Date.

## **8.2. Non-Business Days**

If any payment date under these Conditions (including, but not limited to the Maturity Date and the Interest Payment Date) falls on a day that is not a Business Day, the relevant amount due and payable shall be paid on the next Business Day (and no interest shall be calculated with respect to any such postponement except for the final Interest Payment Date), with the same force and effect as if made on the original payment date. In respect of the final Interest Payment Date, interest shall accrue in accordance with these Conditions until, but excluding, the actual date of payment.

## **8.3. Payment Methods:**

- 8.3.1. *Interest Payment:* Interest due on any Interest Payment Date will be payable by the Issuer through the Paying Agent to the Bondholders whose names appear in the Bondholders' Book on the relevant Record Date subject to Clause 3 above. Payments of interest on each Bond will be made to each Bondholder by transferring the relevant amount to the bank account of that Bondholder described in the Bondholders' Book ("**Payment Account**").
- 8.3.2. *Partial Redemption:* The Partial Redemption, as stipulated in Clause 9.1 below, will be payable by the Issuer through the Paying Agent to the Bondholders whose names appear in the Bondholders' Book on the relevant Record Date. The payment will be made to each Bondholder by transferring the relevant amount to the bank account of that Bondholder described in the Bondholders' Book.
- 8.3.3. *Change of Payment Account:* If the details of Payment Account is changed, the Bondholders shall notify in writing to the Issuers of such change 10 (ten) business days before Interest Payment Date.

## **8.4. Distribution of Payments**

- 8.4.1. Upon an acceleration of the Bonds in accordance with these Conditions, all principal, interest and any other amounts shall be paid by the Issuer in accordance with the following order of priority:
  - 8.4.1.1. firstly, directly to the Bondholders' Representative, the payment of all reasonable costs, expenses and liabilities incurred by the Bondholders' Representative in performing its duties and obligations in respect of the Bonds in accordance with these Conditions and the Bondholders' Representative Agreement;
  - 8.4.1.2. secondly, directly to the Bondholders' Representative, the remuneration of the Bondholders' Representative in respect of the Bonds pursuant to the Bondholders' Representative Agreement;
  - 8.4.1.3. thirdly, directly to the bank account of that Bondholder described in the Bondholders' Book, the interest of the Bonds accrued and unpaid up to the date of payment;
  - 8.4.1.4. fourthly, directly to the bank account of that Bondholder described in the Bondholders' Book, the outstanding amount of the principal of the Bonds;
  - 8.4.1.5. fifthly, directly to the Guarantor, to the extent that the Guarantor has made any payment under the CGIF Guarantee; and



- 8.4.1.6. finally, directly to the Issuer, the balance (if any) to be paid to the Issuer without unreasonable delay.
- 8.4.2. Upon a Demand being sent to the Guarantor in compliance with the terms of the CGIF Guarantee, all amounts to be paid by the Guarantor under the CGIF Guarantee shall be in the following order of priority:
- 8.4.2.1. firstly, directly to the Bondholders' Representative but only in the circumstance that the Bondholders' Representative delivers the BHR Demand (as defined in the CGIF Guarantee) in accordance with and subject to the terms of the CGIF Guarantee, the Bondholders' Representative Expenses (as defined in the CGIF Guarantee);
- 8.4.2.2. secondly, directly to the bank account of that Eligible Bondholder described in the Bondholders' Book, the interest on the Bonds held by the Eligible Bondholders accrued and unpaid up to the date of payment;
- 8.4.2.3. thirdly, directly to the bank account of that Eligible Bondholder described in the Bondholders' Book, the outstanding principal amount of the Bonds held by the Eligible Bondholders; and
- 8.4.2.4. finally, the balance (if any) to be retained by the Guarantor.

### 8.5. **Payment Currency**

All payments made or to be made under the Bonds shall be settled in USD at the exchange rate calculated by taking the arithmetic mean of the official KHR/USD exchange rate published by the National Bank of Cambodia on each of the 6<sup>th</sup> Business Day to the 2<sup>nd</sup> Business Day prior to the date on which subscription for the Bonds commence.

## 9. **REDEMPTION AND REPURCHASE OF BONDS**

### 9.1. **Partial Redemptions**

The Bonds shall be partially redeemed before and on the Maturity Date and in accordance with the following conditions:

- 9.1.1. **Partial Redemption Date:** The Bonds shall be redeemed at the following date ("Partial Redemption Date"). The total number of outstanding Bonds to be redeemed at any Partial Redemption Date shall be the percentage (as indicated in the table below) of the total outstanding Bonds prior to that Partial Redemption Date.

No.	Partial Redemption Date	% of Outstanding Bonds
1	29 <sup>th</sup> December 2025	10.00%
2	29 <sup>th</sup> June 2026	11.11%
3	29 <sup>th</sup> December 2026	12.50%
4	29 <sup>th</sup> June 2027	21.43%
5	29 <sup>th</sup> December 2027	27.27%





6	29 <sup>th</sup> June 2028	50.00%
7	29 <sup>th</sup> December 2028	100.00%

9.1.2. **Outstanding Bonds:** The Bonds so to be redeemed shall be selected on a pro rata basis in accordance with the total number of Bonds registered in the name of each Bondholder. If the result of multiplication is less than 1 (one) Bond, it will be rounded down.

9.1.3. **Bonds Due on Redemption Date:** All the Bonds so called for redemption shall become due and payable at the Nominal Value on the Partial Redemption Date in the same manner and with the same effect as if it were the Maturity Date. After each Partial Redemption Date, if the moneys necessary to redeem such Bonds shall have been paid in accordance with Clause 8.3 (*Payment Methods*), such Bonds shall not be considered as outstanding hereunder and interest upon such Bonds shall cease.

## 9.2. **Purchase of Bonds by the Issuer or its Affiliates**

The Issuer or any of its Affiliates may at any time purchase the Bonds in any open market or otherwise and at any price. If purchases are made by tender, tenders must be made available to all the Bondholders. If any Bonds are purchased by the Issuer's Affiliates, the Issuer shall procure that such Affiliates must resell the Bonds to the Issuer and the Issuer must repurchase the said Bonds from its Affiliates, within the next Business Day from the date on which the Issuer's Affiliates have purchased such Bonds. The Bonds repurchased by the Issuer as specified above shall be cancelled in accordance with Clause 9.3 below and the Issuer must promptly inform the Guarantor in writing of such cancelled Bonds. (For the avoidance of doubt, if the Issuer fails to repurchase the Bonds from its Affiliates as specified above and such Affiliates resell the Bonds to any other person, a Bondholder who has purchased or acquired the Bonds from the Issuer's Affiliate(s), shall still be entitled to all the Bond Rights and benefits under the CGIF Guarantee.) As long as such acquired Bonds are held by the Issuer or the Issuer's Affiliates, such Bonds shall not be covered under the CGIF Guarantee or entitle the Issuer or Issuer's Affiliates to vote at any meeting of the Bondholders and shall not be deemed to be outstanding for the purpose of calculating a quorum with respect to meetings of the Bondholders.

## 9.3. **Cancellation**

Bonds that are redeemed or repurchased by the Issuer must be cancelled and may not be re-issued or resold. In this regard, the Issuer shall advise the Registrar to cancel the Bonds, and also inform any relevant authorities in writing of the repurchase and cancellation of the Bonds in accordance with the applicable laws and regulations.

## 9.4. **Early Redemption**



Except for the partial redemption provided under Clause 9.1 (Partial Redemptions) above, the Bonds shall not be redeemed by the Issuer without prior written consent from all Bondholders.

## 10. PRESCRIPTION

Claims in respect of the principal and interest of the Bonds shall become unenforceable unless the Bonds are presented for payment within a period of 5 (five) years from the time at which the Bondholders' Representative accelerates the payment of the Bonds under Clause 11.3 or 11.5 below.

## 11. EVENTS OF DEFAULT AND ACCELERATION

### 11.1. *Event of Default*

If any of the following events occurs and is continuing (each, an "**Event of Default**"), the Bondholders' Representative shall comply with Clause 11.3 or 11.5 below:

- 11.1.1. **Non-Payment:** the Issuer fails to pay any amount of principal (in USD) in respect of any of the Bonds within 5 (five) calendar days of the due date for payment thereof or fails to pay any amount of interest (in USD) in respect of any of the Bonds within 7 (seven) calendar days of the due date for the payment thereof. If the Issuer defaults in making a payment (in USD under any Bond to any Bondholder, if otherwise not apparent or clearly proven to the contrary, it shall be presumed that such defaults in payment have occurred to all the Bonds;
- 11.1.2. **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations under these Conditions and such default is not remedied within 30 (thirty) calendar days after notice of such default shall have been given to the Issuer by the Bondholders' Representative;
- 11.1.3. **Cross-Default:**
  - 11.1.3.1. any other Indebtedness of the Issuer becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or
  - 11.1.3.2. any such Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or
  - 11.1.3.3. the Issuer fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness owed by the Issuer, and provided that the aggregate amount of the relevant Indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Clause 11.1.3 have occurred equals or exceeds KHR 4,000,000,000 (four billion Khmer Riel);
- 11.1.4. **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the assets of the Issuer and is not removed, dismissed or discharged within 90 calendar (ninety) days;





- 11.1.5. **Insolvency:** the Issuer:
- 11.1.5.1. is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness,
- 11.1.5.2. begins negotiations or takes any other proceeding for the deferral, rescheduling or other readjustment of all or any material part of (or all of a particular type of) its indebtedness (or of any material part which it will otherwise be unable to pay when due), or
- 11.1.5.3. proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of its creditors;
- 11.1.6. **Winding-up:** any corporate action or legal proceeding is taken with a view to the winding-up (other than those of a frivolous or vexatious nature or those which are contested in good faith and, in each case, which are discharged within 90 (ninety) calendar days of their commencement), of the Issuer or for the appointment of a liquidator (including a provisional liquidator), administrator or similar officer of the Issuer or over all or any material part of the assets of the Issuer (except for the purpose of a reconstruction, amalgamation, merger, consolidation or reorganisation);
- 11.1.7. **Authorisation and Consents:** any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and these Conditions, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds and these Conditions admissible as evidence in the courts of Cambodia is not taken, fulfilled or done;
- 11.1.8. **Nationalization:** any competent state authority nationalizes, seizes, or otherwise assumes custody or control of all or any material part of the business, operations, properties, or other assets of the Issuer or of the Issuer's share capital, or take any action for the dissolution of the Issuer or any action that would prevent the Issuer or its officers from carrying on all or any material part of its business or operations;
- 11.1.9. **Illegality:** it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or these Conditions; or
- 11.1.10. **Guarantee not in force:** the CGIF Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect.

## **11.2.No Acceleration by the Issuer**

For the purpose of clarity, the Issuer hereby acknowledges and agrees that there is no provision under these Conditions or any other documents relating to the Bonds which allow the Issuer to accelerate the Bonds at its instigation.

## **11.3.Acceleration Step under the CGIF Guarantee**



If any Event of Default occurs and is continuing, the Bondholders' Representative shall deliver a default notice to the Issuer and the Guarantor informing them of the occurrence of such Event of Default. If the Issuer defaults in making a payment under any Bond to any Bondholder, if otherwise not apparent or clearly proven to the contrary, it shall be presumed that such defaults in payment have occurred to all the Bonds.

Pursuant to the terms of the CGIF Guarantee and Clause 11.4 below, the Bondholders' Representative and the Bondholders agree that, notwithstanding any term of the Bond Documents to the contrary, it shall not: (a) take steps to declare any Bond to be or become immediately due and payable, or payable on an accelerated basis under the Bond Documents, or (b) take any enforcement or similar action in relation to any Security (as defined in the CGIF Guarantee) (if any) in respect of the Bonds (each, an "**Acceleration Step**") other than in accordance with Clause 5.2 (Bondholders' Representative Acceleration) of the CGIF Guarantee, which provides that the Bondholders' Representative may, on behalf of the Bondholders and subject to the terms of the Bond Documents, take an Acceleration Step if:

- 11.3.1. a Non-Payment Event has occurred and is continuing and a Demand (as defined in the CGIF Guarantee) has been properly delivered to the Guarantor within the Demand Period (as defined in the CGIF Guarantee) in accordance with the CGIF Guarantee in respect of the relevant Guaranteed Amount (as defined in the CGIF Guarantee) and not paid by the Guarantor by the applicable due date in accordance with the CGIF Guarantee; or
- 11.3.2. an Event of Default occurs (other than pursuant to Clause 11.1.1 (Non-Payment)) and the requirements of Clause 11.5 (The Bondholders' Representative Acceleration Following the Occurrence of the Event of Default other than Clause 11.1.1 (Non-Payment)) have been fulfilled.

#### **11.4. Acceleration following a Non-Payment Event**

- 11.4.1. The Guarantor's obligations to make payments under the CGIF Guarantee only arise after a Demand is made to the Guarantor subject to and in accordance with the terms of the CGIF Guarantee. Amongst other terms of the CGIF Guarantee, the Bondholders' Representative and the Bondholders, as applicable, may only deliver a Demand if a Non-Payment Event occurs and is continuing (as further set out under Clause 3 (Payment under the Guarantee) and Clause 5 (Acceleration of the Bonds) of the CGIF Guarantee). If a Non-Payment Event occurs and is continuing, the Bondholders' Representative or the Bondholders, as the case may be, may deliver a Demand (as defined in the CGIF Guarantee) to the Guarantor as soon as practicable, but in any event, within the Demand Period or Bondholder Demand Period (as the case may be, and as each term is defined in the CGIF Guarantee), in accordance with and subject to the terms of the CGIF Guarantee in respect of the relevant Guaranteed Amount (as defined in the CGIF Guarantee). The Bondholders' Representative and the Bondholders will have no right to send a Demand to the Guarantor for payment under the





CGIF Guarantee when the Bondholders' Representative has taken an Acceleration Step pursuant to Clause 11.5 and Clause 11.3.2.

11.4.2. At any time after (i) the occurrence of any an Event of Default under Clause 11.1 (Event of Default) or (ii) the receipt by the Guarantor of a Demand in accordance with the terms of the CGIF Guarantee (regardless of whether or not the Guarantor has made payment in accordance with such Demand), the Guarantor may, in its absolute discretion, deliver a CGIF Acceleration Notice (as defined in the CGIF Guarantee) notice to the Issuer and the Bondholders' Representative declaring the Bonds to be immediately due and payable under the Bond Documents on a specified date (which must be in respect of (i) or (ii), no later than ten (10) Business Days (as defined in the CGIF Guarantee) from the date the CGIF Acceleration Notice is delivered by the Guarantor to the Issuer and the Bondholders' Representative pursuant to Clause 5.3 of the CGIF Guarantee) and confirms that it will pay all the Guaranteed Amounts on or before that date. Such notice shall take effect in accordance with its terms.

**11.5. The Bondholders' Representative Acceleration Following the Occurrence of the Event of Default other than Clause 11.1.1 (Non-Payment)**

If any Event of Default other than the Non-Payment Event occurs and is continuing, and if:

- 11.5.1. the Bondholders' Representative has received a written demand from any one or more of the Bondholders together holding at least 50% (fifty per cent) of the total outstanding principal amount of the Bonds; or
- 11.5.2. the Bondholders' Representative has received an Extraordinary Resolution of the Bondholders' meeting in accordance with Clause 13.

then the Bondholders' Representative may take an Acceleration Step to declare the Bonds to be immediately due and payable. In such case, however, the Bondholders' Representative and the Bondholders shall have no right to deliver a Demand in respect of the Guaranteed Amounts to be paid by the Guarantor in accordance with the CGIF Guarantee and the Guarantor will no longer have obligations to make any payments in respect of the Guaranteed Amounts under the CGIF Guarantee.

**12. TAXATION**

All payments are to be made without withholding, deduction, discount, offset or counterclaim of any kind whatsoever. Specifically, all payments made by Issuer to Bondholders shall be made free and clear of, and without withholding or deduction for, any taxes, charges, fees, duties, or assessments of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, and any interest, penalties, or additions to tax (a "Tax").

The Issuer shall be solely responsible for the payment of any Tax excluding those



imposed on each Bondholder (if applicable) imposed by any relevant jurisdiction or tax authority in the country in which the Bondholder is incorporated.

In the event that there is any change of law that require the Issuer to withhold or deduct any Tax imposed by any relevant jurisdiction or tax authority from or in respect of all payments hereunder to the Bondholders, all sums payable shall be increased as may be necessary so that after the Issuer has made all such required withholding or deduction from the change of law, or if the current law in any relevant jurisdiction requires the Issuer to withhold or deduct any Tax, the Bondholders will receive all payments in net amount equal to the sum they would have received if such withholding or deductions had never occurred.

In addition, Issuer will indemnify the Bondholders against all Cambodian Taxes withheld which Issuer may suffer or incur, whether directly or indirectly and which arise as a result of: (i) issuing this Bond, or any condition or other matters relating to the issuance of this Bond; or (ii) any breach by Issuer of its obligations. Issuer will make available to Bondholder any records relating to this Bond that the Bondholder may reasonably request to fulfil the Bondholder's tax reporting, filing, audit or litigation requirements.

### **13. MEETINGS OF BONDHOLDERS**

The meeting of Bondholders shall follow the Bondholders Meeting Rules which is attached as Annex A hereto.

### **14. POWERS AND DUTIES AND AUTHORITY OF THE BONDHOLDERS REPRESENTATIVE**

Powers, duties and authority of the Bondholders' Representative are provided in Clause 3 of the Bondholders' Representative Agreement.

### **15. APPOINTMENT AND REMOVAL OF THE BONDHOLDERS REPRESENTATIVE**

**15.1.** The Bondholders' Representative has all qualifications required by the applicable laws in order to act as Bondholders' Representative and has received necessary approvals from relevant government agencies including the SERC to perform its duties and functions under these Conditions and the Bondholders' Representative Agreement. The Bondholders are deemed to have accepted and consented to the Issuer's appointment of Wing Bank (Cambodia) Plc. as the Bondholders' Representative pursuant to the terms of the Bondholders' Representative Agreement and to ratify any action the Bondholders' Representative may have done for or on behalf of the Bondholders prior to and after the Issue Date or the subscription or accepting the transfer of the Bonds.

**15.2.** Removal of the Bondholders' Representative is required under the following circumstances:





- 15.2.1. The Bondholders' Representative becomes disqualified to act as a representative of Bondholders and fails to rectify the event of such disqualification within 30 (thirty) calendar days from the date that such disqualification arose;
- 15.2.2. A Bondholders' meeting passes a resolution to terminate the appointment of the Bondholders' Representative due to its negligent performance or failure to perform its duties;
- 15.2.3. The Bondholders' Representative is in breach of any provision of the Bondholders' Representative Agreement or these Conditions and such breach has not been remedied within 30 (thirty) calendar days from the date the Issuer or any one or more of the Bondholders holding together at least 25% (twenty-five per cent) of the total outstanding principal amount of the Bonds sends a written notice to the Bondholders' Representative demanding such remedy;
- 15.2.4. any proceeding or other action is commenced by or against the Bondholders' Representative, seeking reorganisation, receivership, liquidation, dissolution, winding-up, composition, and other similar events, or there is any order or judgment for dissolution or suspension of business by the court; and
- 15.2.5. the appointment of the Bondholders' Representative is terminated in accordance with the Bondholders' Representative Agreement.
- 15.3.** In case of a removal of the Bondholders' Representative, the Bondholders' Representative or the Issuer shall proceed in accordance with either of the following:
- 15.3.1. call a meeting of the Bondholders to approve the appointment of a new Bondholders' Representative; or
- 15.3.2. issue a notice to all Bondholders requesting approval for the appointment of the new Bondholders' Representative, and if such request is not rejected in writing by Bondholders holding more than 10% (ten per cent) of the total outstanding principal amount of the Bonds within 30 (thirty) days from the date of such notice, it shall be deemed that all Bondholders approve the appointment of the new Bondholders' Representative.
- 15.4.** The existing Bondholders' Representative shall in any event continue to perform its duties and functions in order to protect the Bondholders' interests under these Conditions until the new Bondholders' Representative is legally appointed in accordance with these Conditions, applicable laws and regulations.
- 15.5.** If the Bondholders' Representative is replaced, the Issuer and/or the new Bondholders' Representative, as the case may be, shall, if required by applicable laws and regulations, apply for approval from the SERC. After the Issuer has appointed the new Bondholders' Representative, such new Bondholders' Representative shall notify each Bondholder in writing of its appointment within 30 (thirty) calendar days from the date thereof and the Bondholders' Representative who has been terminated shall promptly hand over all assets, information and documents currently held by it to the new Bondholders' Representative and shall fully co-operate with the new Bondholders' Representative so as to ensure an orderly transition and the proper performance and assumption of duties by the new Bondholders' Representative.



## **16. AMENDMENT TO THESE CONDITIONS AND THE CGIF GUARANTEE**

**16.1.** Subject to the applicable laws and regulations, any amendment to these Conditions and the CGIF Guarantee require the approval of the Issuer, the Guarantor and the Bondholders' Representative (acting upon the resolution of Bondholders' meeting), provided that, in each case, the amendments made in accordance with Clause 16.1.1, 16.1.2 and 16.1.3 below shall not require any resolution of the Bondholders' meeting:

- 16.1.1. any amendment or modification of these Conditions, the CGIF Guarantee and/or any agreement relating to the Bonds in any respect that the Bondholders' Representative deems to be beneficial to the Bondholders or in a manner that would not materially prejudice the Bondholder's rights, may only be made if the Bondholders' Representative receives written approval from Bondholders holding at least 51% (fifty one per cent) of the value of the Bonds;
- 16.1.2. any amendment or modification of these Conditions, the CGIF Guarantee and/or any agreement relating to the Bonds in order to correct any manifest errors or to ensure they are in compliance with any mandatory provision of applicable laws, shall not require any consent of the Bondholders' meeting; and
- 16.1.3. any agreement to any waiver, exemption or authorisation of any breach or proposed breach, of any provisions of these Conditions (including, but not limited to Clause 11.1) that is in the opinion of the Bondholders' Representative not materially prejudicial to the interest of the Bondholders, may only be made if the Bondholders' Representative receives written approval from Bondholders holding at least 51% (fifty one per cent) of the value of the Bonds;

**16.2.** The Bondholders' Representative must deliver copies of the amended Conditions, CGIF Guarantee and other relating documents (if any) to the Issuer, the Guarantor, the Securities Transfer Agent, the SERC and the CSX, or the Secondary Market (if listed) within 15 (fifteen) calendar days from the effective date of such amendment and to the Bondholders upon written request.

## **17. NOTICES**

**17.1.** Notices to the Issuer will be deemed to be validly given:

- 17.1.1. if sent by private international courier will be deemed to have been validly given on the third day after the date it is mailed;
- 17.1.2. if sent by hand, at the time of delivery;
- 17.1.3. if posted from a country other than that of the addressee, on the seventh Business Day after the date it is posted; and
- 17.1.4. if given or made by email, immediately provided that, following the delivery, the sender's email produces a delivery confirmation report, confirming successful delivery of the email.

**17.2.** Neither the failure to give notice nor any defect in any notice given to any particular Bondholder shall affect the sufficiency of any notice with respect to other Bondholders.





## THE ISSUER

### TELCOTECH LTD.

**Address** : #7D, Russian Blvd, Sangkat Teuk Laork 1, Khan Toul Kork, Phnom Penh, Cambodia  
**Telephone** : (855) 012 205 205  
**Attention** : Mr. Quah Chin Hong, Deputy Chief Executive Officer

**17.3.** Notices to the Guarantor shall be validly given if sent to the address, email or fax number of the Guarantor specified in the CGIF Guarantee.

**17.4. Language**

All notices and communications to be made to the Issuer in relation to the Bonds and these Conditions shall be made in Khmer or English language, unless as otherwise required under the applicable laws or any other agreement, in which case an English translation thereof shall be provided to the Issuer.

## 18. GOVERNING LAW AND JURISDICTION

- 18.1.** These Conditions and the Bonds shall be governed by and construed in accordance with the laws of Cambodia. To the extent of discrepancy or inconsistency between any provision of these Conditions and any laws or notifications applicable to the Bonds, the provisions of such laws or notifications applicable to the Bonds shall supersede only the parts of these Conditions which give rise to such discrepancy or inconsistency.
- 18.2.** The CGIF Guarantee shall be governed by and construed in accordance with English law.
- 18.3.** Any dispute arising out of or in connection with these Conditions, including any question regarding their existence, validity, performance or termination, shall be referred to and finally resolved by arbitration administered by the National Commercial Arbitration Centre of the Kingdom of Cambodia in accordance with the Arbitration Rules of the National Commercial Arbitration Centre ("**NCAC Arbitration Rules**") being in force at the time of commencement of arbitration, and by reference in this clause, the NCAC Arbitration Rules are deemed to be incorporated as part of these Conditions. The seat of the arbitration shall be Phnom Penh, Cambodia. The Tribunal shall consist of 1 (one) arbitrator. The language of the arbitration shall be English.
- 18.4.** Notwithstanding Clause 18.3, nothing in these Conditions shall limit the right of the Bondholders' Representative and/or the Bondholders (when entitled to do so) to commence any legal action against the Issuer and/or its assets in any other jurisdiction or to serve process in any manner permitted by law, and the taking of proceedings in any jurisdiction shall, to the full extent permitted by applicable laws of the relevant jurisdictions, not preclude the Bondholders' Representative and/or the Bondholders from taking proceedings in any other jurisdiction whether concurrently or not.
- 18.5.** In the case where the Issuer has acquired or will subsequently acquire immunity from the proceedings in respect of itself or its property, the Issuer waives such immunity, except immunity in respect of its property used for diplomatic or



consular missions, property of a military nature, and property located in its territory and dedicated to a public or governmental use as distinguished from the property dedicated to commercial use.

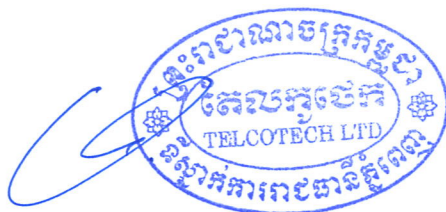
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These Conditions are made on 15 December 2023 and shall be effective from the Issue Date.

TELCOTECH LTD.  
as Issuer



By: \_\_\_\_\_

(Quah Chin Hong, Deputy Chief Executive Officer)

Authorised Signatory

## **ANNEX A**

### **BONDHOLDERS MEETINGS RULES**

#### **1. Calling Meetings**

If the Issuer or the Bondholders' Representative (as the case may be), wishes to call a meeting of the Bondholders, it must arrange for the Securities Transfer Agent to send notices calling the meeting by registered email and/or mail to the Issuer, the Bondholders' Representative and the Bondholders not less than 10 (ten) Calendar Days (excluding the date the notice is sent and the date of the meeting) before the date of the meeting. The notice calling the meeting must specify the date, time and place of the meeting, agenda of the meeting and the person requesting that the meeting be called. The Securities Transfer Agent must send the notice calling the meeting of Bondholders to every Bondholder according to the names and addresses that appear in the Bondholders' Book as at the Record Date.

#### **2. Persons with the right to attend a meeting**

The following persons have the right to attend a meeting of Bondholders:

- (a) the Bondholders, the Issuer and the Bondholders' Representative;
- (b) any person or other Bondholder approved by a Bondholder as a proxy ("proxy") to attend the meeting and vote on their behalf under an instrument for appointing a proxy in the form prescribed by the Securities Transfer Agent (available at the head office of the Securities Transfer Agent). A Bondholder who wishes to appoint a proxy must submit the original instrument appointing his proxy to the Securities Transfer Agent not less than 24 (twenty-four) hours before the time appointed for holding of a meeting of Bondholders;
- (c) a financial advisor, legal adviser or other person who has been requested by the Issuer and/or the Bondholders' Representative to attend the meeting to give any explanation and opinion to the meeting on matters to be transacted at the meeting; and
- (d) any persons permitted by the chairman of the meeting to attend the meeting as observers.

#### **3. Quorum**

- 3.1 At a meeting of Bondholders to consider and pass resolutions on matters other than those specified in Clauses 6.3 and 6.4 of these Rules, there must be 2 (two) or more Bondholders holding an aggregate number of not less than 51 (fifty one) % of the total number of units of outstanding Bonds attending the meeting to constitute a quorum. If a meeting of Bondholders to consider matters under this Clause 3.1 is postponed under Clause 5.1 of these Rules due to a lack of a quorum,





a quorum at the subsequent meeting shall be constituted if 2 (two) or more Bondholders holding an aggregate number of not less than 25 (twenty-five) % of the total number of units of outstanding Bonds attend at that meeting.

- 3.2 At a meeting of Bondholders to consider and pass resolutions on the matters specified in Clause 6.3 of this Rules, there must be 2 (two) or more Bondholders holding an aggregate number of not less than 66 (sixty six) % of the total number of units of outstanding Bonds attending the meeting to constitute a quorum. If a meeting of Bondholders to consider matters under this Clause 3.2 is postponed under Clause 5.1 of these Rules due to a lack of a quorum, a quorum at the subsequent meeting shall be constituted if 2 (two) or more Bondholders holding an aggregate number of not less than 33 (thirty three) % of the total number of units of outstanding Bonds attend at that meeting.
- 3.3 At a meeting of Bondholders to consider and pass resolutions on the matters specified in Clause 6.4 of this Rules, there must be 2 (two) or more Bondholders holding an aggregate number of not less than 75 (seventy five) % of the total number of units of outstanding Bonds attending the meeting to constitute a quorum. If a meeting to consider matters under this Clause 3.3 is postponed under Clause 5.1 of this Rules due to a lack of a quorum, a quorum at the subsequent meeting shall be constituted if 2 (two) or more Bondholders holding an aggregate number of not less than 45 (forty five) % of the total number of units of outstanding Bonds attend at that meeting.

#### **4. Chairman of a meeting**

The Bondholders' Representative or the person authorized by the Bondholders' Representative shall be the chairman of the meeting. If the person acting as the chairman has not attended the meeting 45 (forty-five) minutes after the time appointed to hold the meeting, 51 (fifty one) % of the total number of units of outstanding Bonds attending the meeting shall resolve to select one Bondholder to act as chairman of the meeting.

#### **5. Postponement of a meeting**

- 5.1 At any meeting of Bondholders, if it appears that a quorum of Bondholders is not present within 90 (ninety) minutes after the time appointed for holding the meeting, the chairman of the meeting shall postpone the meeting of Bondholders to be held at a date, time and place specified by the chairman, whereby the date for the new meeting must be scheduled not less than 14 (fourteen) calendar days but not more than 30 (thirty) calendar days from the original meeting date. In addition, the matters to be transacted and resolved in this subsequent meeting must be limited to the matters which were to be duly transacted in the original meeting.
- 5.2 The Securities Transfer Agent must send a notice calling a subsequent meeting due to a postponement of a meeting caused by a lack of a quorum pursuant to Clause 5.1 of these Rules to the Issuer, the Bondholders' Representative and the Bondholders according to the names and addresses, to which the previous notices



calling the meeting of Bondholders were sent, not less than 10 (ten) calendar days prior to the scheduled date for the subsequent meeting (excluding the date the notices were sent and the date of the meeting), and the notice calling the meeting must specify the date, time, place for the meeting, agenda and quorum for such subsequent meeting.

- 5.3 If subsequent meeting does not meet Quorum (Clause 3 above), the chairman shall order that subsequent meeting be cancelled and there shall be no postponement of that subsequent meeting.

## **6. Resolutions of a meeting**

- 6.1 The passing of resolutions on various matters at a meeting of Bondholders shall be made by a show of hands or voting by means specified by the chairman of the meeting. Each unit of outstanding Bonds held by a Bondholder shall have one vote. Each Bondholder shall therefore have the same number of votes as the number of units of outstanding Bonds held by him. Voting in favour of a resolution shall be the votes corresponding to all Bondholders present in person or by proxy LESS (a) the votes corresponding to the Bondholders present in person or by proxy stating their vote against or in blank or abstain by communication or statement of their vote, and (b) the total number of votes of the Bondholders who have conflicting interest against said resolution, if any. In the case of a tied vote, the chairman of the meeting shall have a casting vote (in addition to any vote entitled to be cast by the chairman as a Bondholder or as a proxy).
- 6.2 Except as provided in Clauses 6.3 and 6.4 of these Rules, the resolutions of the meeting of Bondholders, shall be passed by a majority vote which is more than 50 (fifty) % of the total number of votes of the Bondholders attending the meeting and casting their votes LESS the total number of votes of the Bondholders who have conflicting interest against said resolution, if any.
- 6.3 Any resolutions of the meeting of Bondholders on the following matters must be passed by a vote of not less than 66 (sixty-six) % of the total number of votes of the Bondholders attending the meeting and casting their votes LESS the total number of votes of the Bondholders who have conflicting interest against the resolution, if any:
- (a) any amendment of the Conditions other than in respect of the matters specified in Clause 6.4 of these Rules and/or in respect of an amendment or modification to the Conditions described in Clauses 16.1.1 to 16.1.3 of the Conditions;
  - (b) any change to the Bondholders' Representative and the appointment of any person as a new Bondholders' Representative; and
  - (c) following the occurrence of an Event of Default, any authorisation of the Bondholders' Representative to require the Issuer to make payment of the





principal together with all accrued interest under all of the Bonds under the Conditions, as stated under Clause 7.3 of the Conditions.

6.4 Any resolutions of the meeting of Bondholders on the following matters must be passed by a vote of not less than 75 (seventy-five) % of the total number of votes of the Bondholders attending the meeting and casting their votes LESS the total number of votes of the Bondholders who have conflicting interest against the resolution, if any:

- (a) the amendment of the due date for payment of any amount of money under the Bonds;
- (b) the reduction, cancellation or amendment of the amount of principal, interest and/or any other amount of money outstanding or to be paid under the Bonds;
- (c) a change in the currency denomination of any amount of money to be paid under the Bonds;
- (d) an amendment to the rules regarding meetings of Bondholders relating to the quorum requirements (Clause 3 of these Rules) and resolutions of meetings (Clause 6 of these Rules);
- (e) any amendment to the terms and conditions under the CGIF Guarantee (other than any amendment or modification to the CGIF Guarantee described in Clauses 16.1.1 to 16.1.3 of the Conditions); and
- (f) an amendment of the Conditions in order to be able to effect any matter contemplated under Clause 6.4 (a) to (e) above.

6.5 Any Bondholder who has a conflict of interest on any matter shall have no right to vote on such matter.

## **7. Minutes of a meeting of Bondholders**

The Bondholders' Representative must prepare the minutes of a Bondholders' meeting to be signed by the chairman of such meeting within 7 (seven) Business Days from the date of the meeting and must maintain the original minutes. The minutes of the Bondholders' meeting must be prepared in Khmer and English. Copies of the minutes of a Bondholders' meetings shall be made available to be examined by the Bondholders at the head office of the Bondholders' Representative on a Business Day and time suitable to the Bondholders' Representative.



**PROXY LETTER**  
**(For Individual Bondholder)**

Date: \_\_\_\_\_

Investor                      ID                      No.                      issued                      by                      SERC                      :

I, \_\_\_\_\_, \_\_\_\_\_, holding ID/Passport No.

issued on \_\_\_\_\_, and residing at No.

\_\_\_\_\_, being bondholder as the date of

holding \_\_\_\_\_ Bonds in the \_\_\_\_\_, an  
issued company incorporated under the laws of the Kingdom of Cambodia, hereby  
appoint:

**Mr/Ms.**, \_\_\_\_\_, \_\_\_\_\_, holding ID/Passport No

issued on \_\_\_\_\_, and residing at No

\_\_\_\_\_  
\_\_\_\_\_

to act as my representative/belief to:

Participate and other relevant documents needed to be filed in the Meeting of  
Bondholders of \_\_\_\_\_, which will be held on

\_\_\_\_\_ or such other time, date and place as the meeting may be held.

Any acts performed by this proxy letter in \_\_\_\_\_ Meeting  
of Bondholders shall be deemed to be the actions performed by myself.

IN WITNESS of the above, I hereby confirm the above on the date written below.

**BONDHOLDER**

**PROXY**

\_\_\_\_\_  
Signature and Name

\_\_\_\_\_  
Signature and Name





**PROXY LETTER**  
**(For Institutional Shareholder)**

Date: \_\_\_\_\_

Investor                      ID                      No.                      issued                      by                      SERC                      :

I, \_\_\_\_\_, holding ID/Passport No. \_\_\_\_\_  
issued on \_\_\_\_\_, and residing at  
No. \_\_\_\_\_

\_\_\_\_\_ being legal representative of  
\_\_\_\_\_ ; bondholder as the date of \_\_\_\_\_, holding  
\_\_\_\_\_ Bonds in the  
\_\_\_\_\_ an issued company  
incorporated under the laws of the Kingdom of Cambodia,  
hereby appoint:

**Mr/Ms,** \_\_\_\_\_, holding ID/Passport No \_\_\_\_\_  
issued on \_\_\_\_\_, and residing at  
No. \_\_\_\_\_

\_\_\_\_\_ to act as my representative/behalf to:

Participate and other relevant documents needed to be filed in the Meeting of  
Bondholders of \_\_\_\_\_, which will be held on

\_\_\_\_\_ or such other time, date and place as the meeting may be held.

Any acts performed by this proxy letter in \_\_\_\_\_ Meeting of Bondholders  
shall be deemed to be the actions performed by ourselves.

IN WITNESS of the above, I hereby confirm the above on the date written below.

**BONDHOLDER**  
**(LEGAL REPRESENTATIVE)**

**PROXY**

\_\_\_\_\_  
Signature and Company Seal

\_\_\_\_\_  
Signature and Name







**TELCOTECH LTD.**

**Financial Statements  
for the year ended 31 December 2021  
and  
Report of the Independent Auditors**



## Corporate Information

Company Telcotech Ltd.

Registration No. 00022508

Registered office No. 7D, Russian Blvd.  
Sangkat Tek Laork I  
Khan Toul Kork, Phnom Penh  
Kingdom of Cambodia

Shareholder Ezecom Co., Ltd.

Director Neak Oknha Kith Meng

Management team	Ms. Lee Yun Nii	Chief Executive Officer
	Mr. Dy Chetra	Chief Financial Officer
	Mr. Asitha Shiwanka De Costa	Chief Information Officer
	Mr. Chea Chamroeun	Technical Director
	Mr. Lim Kimteng	Sale Director

(appointed on 16 December 2021)

Principal bankers J Trust Royal Bank Plc.  
ACLEDA Bank Plc.  
Advanced Bank of Asia Limited  
Wing Bank (Cambodia) Plc  
Maybank (Cambodia) Plc.

Auditors KPMG Cambodia Ltd





# Telcotech Ltd.

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## Statement by the Director

I, the undersigned, being the Director of Telcotech Ltd. ("the Company"), do hereby state that the financial statements as set out on pages 5 to 38 present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").



Neak Oknha Kith Meng  
Director

Phnom Penh, Kingdom of Cambodia

Date: 6 May 2022







KPMG Cambodia Ltd  
GIA Tower, Sopheak Mongkul Street, Phum 14  
Sangkat Tonle Bassac, Khan Chamkar Mon  
Phnom Penh, Cambodia  
+ 855 (17) 666 537 / + 855 (81) 533 999 | kpmg.com.kh

## **Report of the independent auditors**

### **To the shareholder of Telcotech Ltd.**

#### ***Opinion***

We have audited the financial statements of Telcotech Ltd. ("the Company"), which comprise the statement of financial position as at 31 December 2021, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 38 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

#### ***Basis for Opinion***

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

#### ***Emphasis of Matter – Comparative information***

We draw attention to Note 26 to the financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2020 have been restated. Our Opinion is not modified in respect of this matter.





## ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

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

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 auditors' 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 auditors' report. However, future events or conditions may cause 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.

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

For KPMG Cambodia Ltd

Nge Huy  
Partner

Phnom Penh, Kingdom of Cambodia

6 May 2022



# Telcotech Ltd.

## Statement of financial position as at 31 December 2021

	Note	31 December 2021		31 December 2020	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
				<i>Restated</i>	
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	3,555,982	14,487,071	785,334	3,176,676
Term deposits	7	6,000,000	24,444,000	-	-
Trade and other receivables	8	13,545,057	55,182,563	24,147,187	97,675,372
Inventories		153,779	626,496	226,496	916,176
		<u>23,254,818</u>	<u>94,740,130</u>	<u>25,159,017</u>	<u>101,768,224</u>
<b>Non-current assets</b>					
Property and equipment	9	33,873,838	138,002,016	38,322,288	155,013,655
Loan to a shareholder	10	4,637,637	18,893,733	-	-
		<u>38,511,475</u>	<u>156,895,749</u>	<u>38,322,288</u>	<u>155,013,655</u>
<b>TOTAL ASSETS</b>		<u>61,766,293</u>	<u>251,635,879</u>	<u>63,481,305</u>	<u>256,781,879</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Overdraft	6	-	-	648,351	2,622,580
Trade and other payables	11	7,968,270	32,462,732	16,136,541	65,272,309
Amounts due to MPTC	12	1,273,384	5,187,766	7,712,097	31,195,432
Minimum tax liabilities/ Current income tax liabilities	13(b)	392,213	1,597,876	402,458	1,627,943
Finance lease liabilities	14	13,579	55,321	-	-
Borrowings	15	-	-	2,823,617	11,421,531
Debt securities	16	4,071,698	16,588,098	-	-
		<u>13,719,144</u>	<u>55,891,793</u>	<u>27,723,064</u>	<u>112,139,795</u>
<b>Non-current liabilities</b>					
Amounts due to MPTC	12	1,251,808	5,099,866	-	-
Provision for employee benefits	17	15,105	61,538	29,662	119,983
Borrowings	15	-	-	4,629,032	18,724,434
Debt securities	16	15,266,770	62,196,821	-	-
Deferred tax liability, net	13(d)	2,460,459	10,023,910	1,620,804	6,556,152
<b>Total Liabilities</b>		<u>18,994,142</u>	<u>77,382,135</u>	<u>6,279,498</u>	<u>25,400,569</u>
<b>TOTAL LIABILITIES</b>		<u>32,713,286</u>	<u>133,273,928</u>	<u>34,002,562</u>	<u>137,540,364</u>





# Telcotech Ltd.

## Statement of financial position (continued) as at 31 December 2021

	Note	31 December 2021		31 December 2020	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
				<i>Restated</i>	
<b>EQUITY</b>					
Share capital	18	11,856,688	48,019,586	11,856,688	48,019,586
Retained earnings		17,196,319	69,670,053	17,622,055	71,401,949
Currency translation reserves		-	672,312	-	(180,020)
<b>Total Equity</b>		<u>29,053,007</u>	<u>118,361,951</u>	<u>29,478,743</u>	<u>119,241,515</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		61,766,293	251,635,879	63,481,305	256,781,879



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

# Telcotech Ltd.

## Statement of comprehensive income for the year ended 31 December 2021

	Note	2021 US\$ KHR'000 (Note 4)	2020 US\$ KHR'000 (Note 4)
<b>Continuing operations</b>			
Revenue	19	16,505,122	67,142,836
Cost of sales and services	20	(15,200,077)	(61,833,913)
<b>Gross profit</b>		1,305,045	5,308,923
Operating and administrative expenses	21	(1,587,350)	(6,457,341)
<b>Profit from operations</b>		(282,305)	(1,148,418)
Finance cost, net	22	(1,304,438)	(5,306,454)
Minimum tax expense	13(c)	(168,120)	(683,912)
<b>Loss before income tax</b>		(1,754,863)	(7,138,784)
Income tax expense	13(c)	(49,423)	(201,053)
<b>Loss from continuing operations</b>		(1,804,286)	(7,339,837)
<b>Discontinuing operations</b>			
Gain from discontinued operation, net of tax	5	1,378,550	5,607,941
<b>Net loss for the year</b>		(425,736)	(1,731,896)
<b>Other comprehensive income/(loss):</b>			
Currency translation differences		-	852,332
<b>Total comprehensive loss for the year</b>		(425,736)	(879,564)



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



# Telcotech Ltd.

## Statement of changes in equity for the year ended 31 December 2021

	Share capital		Retained earnings		Currency translation reserves		Total
	US\$	KHR000 (Note 4)	US\$	KHR000 (Note 4)	US\$	KHR000 (Note 4)	US\$ KHR000 (Note 4)
Balance as at 1 January 2020 (Restated)	11,856,688	48,019,586	18,493,673	74,955,534	-	702,601	30,350,361
Net loss for the year	-	-	(871,618)	(3,553,585)	-	-	(871,618)
Currency translation differences	-	-	-	-	-	(882,621)	-
Balance as at 31 December 2020 (Restated)	11,856,688	48,019,586	17,622,055	71,401,949	-	(180,020)	29,478,743
Balance as at 1 January 2021	11,856,688	48,019,586	17,622,055	71,401,949	-	(180,020)	29,478,743
Net loss for the year	-	-	(425,736)	(1,731,896)	-	-	(425,736)
Currency translation differences	-	-	-	-	-	852,332	-
Balance as at 31 December 2021	11,856,688	48,019,586	17,196,319	69,670,053	-	672,312	29,053,007
							118,361,951

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



# Telcotech Ltd.

## Statement of cash flows for the year ended 31 December 2021

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flow from operating activities</b>				
Net loss for the year	(425,736)	(1,731,896)	(871,618)	(3,553,585)
<i>Adjustments for:</i>				
Depreciation	5,720,403	23,270,599	5,966,097	24,323,777
Minimum tax expense	246,320	1,002,030	-	-
Income tax expense	394,060	1,603,036	541,974	2,209,628
Finance cost, net	1,309,428	5,326,753	1,016,017	4,142,301
Provision for doubtful debts	44,515	181,087	678,239	2,765,180
Loss on disposal of property and equipment	-	-	1,970	8,031
Reversal of provision for employment benefits	(13,186)	(53,641)	(34,308)	(139,874)
Foreign exchange gain	(53,033)	(215,738)	-	-
	<u>7,222,771</u>	<u>29,382,230</u>	<u>7,298,371</u>	<u>29,755,458</u>
<i>Changes in:</i>				
Trade and other receivables	6,820,711	27,746,652	(2,095,986)	(8,545,335)
Inventories	72,717	295,813	(52,365)	(213,492)
Trade and other payables	(3,774,872)	(15,356,179)	851,333	3,470,884
Amount due to MPTC	<u>2,221,782</u>	<u>9,038,209</u>	<u>2,233,278</u>	<u>9,105,074</u>
Cash generated from operating activities	12,563,109	51,106,725	8,234,631	33,572,589
Minimum tax paid	(256,565)	(1,043,706)	(317,071)	(1,292,698)
Payments of employee benefits	(1,371)	(5,577)	(7,624)	(31,083)
Interest paid	(683,935)	(2,782,248)	(1,026,448)	(4,184,828)
Interest received	<u>19,768</u>	<u>80,416</u>	<u>-</u>	<u>-</u>
<b>Net cash generated from operating activities</b>	<u>11,641,006</u>	<u>47,355,610</u>	<u>6,883,488</u>	<u>28,063,980</u>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment (*)	(9,285,885)	(37,774,980)	(4,117,726)	(16,787,968)
Term deposits with bank	<u>(6,000,000)</u>	<u>(24,408,000)</u>	<u>-</u>	<u>-</u>
<b>Net cash used in investing activities</b>	<u>(15,285,885)</u>	<u>(62,182,980)</u>	<u>(4,117,726)</u>	<u>(16,787,968)</u>





# Telcotech Ltd.

## Statement of cash flows (continued) for the year ended 31 December 2021

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flows from financing activities</b>				
Loan to a shareholder	(4,637,637)	(18,865,907)	-	-
Repayments on borrowings	(7,429,855)	(30,224,650)	(3,113,340)	(12,693,087)
Proceed from debt securities	19,117,791	77,771,175	-	-
Lease liabilities	26,419	107,472	-	-
Payment of lease liabilities	(12,840)	(52,233)	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>7,063,878</b>	<b>28,735,857</b>	<b>(3,113,340)</b>	<b>(12,693,087)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,418,999</b>	<b>13,908,487</b>	<b>(347,578)</b>	<b>(1,417,075)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>136,983</b>	<b>554,096</b>	<b>484,561</b>	<b>1,974,586</b>
Currency translation differences	-	24,488	-	(3,415)
<b>Cash and cash equivalents at end of the year (Note 6)</b>	<b>3,555,982</b>	<b>14,487,071</b>	<b>136,983</b>	<b>554,096</b>

(\*) This amount include the payment of property and equipment acquired in previous years on credit.

### Significant non-cash transactions:

During the year, the significant non-cash transactions were as follows:

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Recognise amounts due to Ezecom Co., Ltd. in relation to the revenue share payable to MPTC	5,836,456	23,742,703	-	-
Disposal of business result in payable	665,288	2,706,392	-	-



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

# Telcotech Ltd.

## Notes to the financial statements for the year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. Reporting entity

Telcotech Ltd. ("the Company") is a private limited liability company formed under the Laws of the Kingdom of Cambodia under the Registration Number 00022508 dated 18 February 2008. The Company is a wholly owned subsidiary of Ezecom Co., Ltd., a company incorporated in Cambodia. The address of its registered office is at No. 7D, Russian Blvd, Sangkat Tek Laork I, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

The Company is principally engaged in the telecommunication business such as Fiber Optic wholesale, Internet Fiber Optic Gepon, and International Private Leased Circuit ("IPLC").

In August 2021, the parent company (Ezecom Co., Ltd) restructured its business operations following a new strategic decision in which Ezecom Co., Ltd. will place greater focus on the retail commercial business, while Telcotech Ltd. will focus on wholesale commercial business. (see Note 5)

The Company had 37 employees as at 31 December 2021 (31 December 2020: 319 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

These financial statements are prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

These financial statements were approved by the Board of Directors and authorised for issue on 6 May 2022.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars ("US\$"), management has determined US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 2. Basis of preparation (continued)

#### (c) Functional and presentation currency

Transactions in currencies other than US\$ are translated into US\$ at the exchange rate ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than US\$ at the reporting date are translated into US\$ at the exchange rates ruling at that date. Exchange differences arising on translation are recognised in profit or loss.

#### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with CIFRS for SMEs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised respectively.

### 3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

#### (a) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with banks with original maturities of three months or less and other highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (b) Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 3. Significant accounting policies (continued)

#### (c) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost is calculated using a weighted average cost method, and includes the original purchase cost and other costs incurred in bringing the inventories to their present location and condition.

#### (d) Property and equipment

##### (i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised net within other income in profit or loss.

##### (ii) Subsequent costs

The costs of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation of property and equipment is charged to the income statement on a straight line-basis over the estimated useful lives in year of the individual assets as follows:

	Estimated useful life
Fiber optical cable	3 – 20 years
Network infrastructure	3 – 7 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years
IT hardware & software	3 – 5 years
Buildings	20 – 25 years



Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 3. Significant accounting policies (continued)

#### (d) Property and equipment (continued)

##### (iii) Depreciation (continued)

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Land and working in progress are not depreciated until they are ready for use as intended by the management.

#### (e) Impairment

At each reporting date, property and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, their coverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### (f) Trade and other payables

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method except for non-interest bearing trade payables on the basis of normal credit terms are not amortised.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 3. Significant accounting policies (continued)

#### (g) Borrowings and debt securities issued

Borrowings are recognised initially at fair value (that is, the present value of cash payable to the bank and shareholders, including transaction costs) and Debt securities issued are initially measured at fair value minus incremental direct transaction costs. Borrowings and debt securities are subsequently stated at amortised cost.

Borrowings and debt securities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (h) Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### (i) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount that the revenue can be measured reliably. Revenue is stated net of value added tax, estimated returns and discounts.

Revenue from the sale of services consists of amount invoiced from monthly subscription fee, usage fee and related service provide to subscribers.

#### (j) Interest expense

Interest expense is recognised in profit or loss in the period in which they are incurred and presented as interest expense in profit and loss.

#### (k) Leases

##### (i) Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 3. Significant accounting policies (continued)

#### (k) Leases (continued)

##### (i) *Leased assets (continued)*

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

##### (ii) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### (l) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 3. Significant accounting policies (continued)

#### (l) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### (m) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### (n) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### 4. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars which is the Company's functional currency. The translations of United States Dollars amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIFRS for SMEs Section 30, *Foreign Currency Translation*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity accounts are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR at the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as "Currency Translation Reserves" in other comprehensive income.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 4. Translation of United States Dollars into Khmer Riel (continued)

The Company uses the following official rate of exchange:

			Closing rate	Average rate
31 December 2021	US\$1	=	KHR4,074	KHR4,068
31 December 2020	US\$1	=	KHR4,045	KHR4,077
1 August 2021	US\$1	=	KHR4,072	N/A

These convenience translations should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

### 5. Disposal of business line to Ezecom Co., Ltd.

On 1 August 2021, the Company disposed the retail commercial business to Ezecom Co., Ltd., following a strategic decision in which Ezecom will place greater focus on the retail commercial business, while Telcotech Ltd. will focus on wholesale commercial business. The fair value and consideration are approximate to its carrying amounts.

The comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

#### (a) Results of discontinued operation

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Revenue	7,677,186	31,230,793	13,070,815	53,289,713
Expenses	(5,953,999)	(24,220,869)	(11,505,024)	(46,905,983)
Results from operating activities	1,723,187	7,009,924	1,565,791	6,383,730
Income tax expense	(344,637)	(1,401,983)	(313,158)	(1,276,745)
Results from operating activities, net of tax	1,378,550	5,607,941	1,252,633	5,106,985



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 5. Disposal of business line to Ezecom Co., Ltd. (continued)

##### (b) Effect of disposal on the financial position of the Company

	Note	Disposal carrying amounts US\$
Property and equipment	9	(995,900)
Trade and other receivables	8	(736,997)
Deferred tax assets	13(d)	(445,595)
Trade and other payables	11	<u>2,843,780</u>
Net liabilities		<u>665,288</u>

#### 6. Cash and cash equivalents

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	2,098	8,548	10,277	41,570
Cash at banks (*)	<u>3,553,884</u>	<u>14,478,523</u>	<u>775,057</u>	<u>3,135,106</u>
	3,555,982	14,487,071	785,334	3,176,676
Overdraft (**)	<u>-</u>	<u>-</u>	<u>(648,351)</u>	<u>(2,622,580)</u>
<b>Cash and cash equivalents</b>	<u><b>3,555,982</b></u>	<u><b>14,487,071</b></u>	<u><b>136,983</b></u>	<u><b>554,096</b></u>

(\*) These are current and saving accounts maintained at local commercial banks. The accounts earned interest from Nil to 0.50% (2020: Nil to 0.50%) per annum.

(\*\*) Bank overdraft is the overdraft facility of US\$1 million from Maybank (Cambodia) Plc.. The overdraft was unsecured, and bore interest rate at 8.75% per annum.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 7. Term deposits

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Term deposits	<u>6,000,000</u>	<u>24,444,000</u>	<u>-</u>	<u>-</u>

These represent long term deposits with its related parties, J Trust Royal Bank Plc. and Wing Bank (Cambodia) Plc with original term to maturity of more than 3 months and earned interest at rates ranging from 2.75% to 4.50% per annum.

### 8. Trade and other receivables

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	1,066,815	4,346,204	3,752,778	15,179,988
Allowance for bad and doubtful debts	<u>(13,764)</u>	<u>(56,075)</u>	<u>(668,182)</u>	<u>(2,702,797)</u>
	1,053,051	4,290,129	3,084,596	12,477,191
Amounts due from related parties (Note 23(b)(iii))	11,339,549	46,197,323	20,182,250	81,637,201
Security deposit	306,472	1,248,567	402,241	1,627,065
Prepayments	<u>845,985</u>	<u>3,446,544</u>	<u>478,100</u>	<u>1,933,915</u>
	<u>13,545,057</u>	<u>55,182,563</u>	<u>24,147,187</u>	<u>97,675,372</u>

The movements in allowance for bad and doubtful debts were as follows:

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	668,182	2,702,797	81,237	331,041
Additions	44,515	181,087	678,239	2,765,180
Write-offs	(578,930)	(2,355,087)	(91,294)	(372,206)
Disposal to Ezecom Co., Ltd.	(120,003)	(488,172)	-	-
Currency translation differences	-	15,450	-	(21,218)
At 31 December	<u>13,764</u>	<u>56,075</u>	<u>668,182</u>	<u>2,702,797</u>



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 8. Trade and other receivables (continued)

Trade and other receivables disposed to Ezecom Co., Ltd. during the year were as follow:

	1 August 2021	
	US\$	KHR'000 (Note 4)
Trade receivables	857,000	3,489,704
Allowance for bad and doubtful debts	(120,003)	(488,652)
	<u>736,997</u>	<u>3,001,052</u>





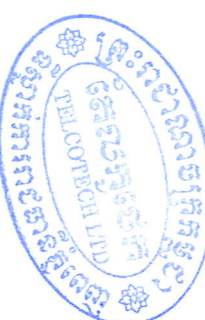
# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 9. Property and equipment

2021	Fiber optical cable US\$	Network infrastructure US\$	Furniture, fixtures and equipment US\$	Vehicles US\$	IT hardware & software US\$	Buildings US\$	Land (*) US\$	Working in progress US\$	Total US\$
<b>Cost</b>									
At 1 January 2021	72,236,124	17,451,764	109,744	-	887,145	1,723,932	700,000	350,126	93,458,835
Additions	767,496	1,442,321	-	40,450	13,374	-	-	4,212	2,267,853
Disposal to Ezecom Co., Ltd.	-	(1,161,798)	(64,590)	-	(62,916)	(349,018)	-	-	(1,638,322)
At 31 December 2021	73,003,620	17,732,287	45,154	40,450	837,603	1,374,914	700,000	354,338	94,088,366
<b>Less: Accumulated depreciation</b>									
At 1 January 2021	41,359,273	12,535,177	93,216	-	748,184	400,697	-	-	55,136,547
Depreciation for the year	4,334,506	1,224,916	7,596	3,619	83,983	65,783	-	-	5,720,403
Disposal to Ezecom Co., Ltd.	-	(368,282)	(55,658)	-	(31,556)	(186,926)	-	-	(642,422)
At 31 December 2021	45,693,779	13,391,811	45,154	3,619	800,611	279,554	-	-	60,214,528
<b>Carrying amounts</b>									
At 31 December 2021	27,309,841	4,340,476	-	36,831	36,992	1,095,360	700,000	354,338	33,873,838
(KHR'000 equivalents – Note 4)	111,260,292	17,683,099	-	150,049	150,705	4,462,497	2,851,800	1,443,574	138,002,016

(\*) This represents a plot of land registered under the name of director's spouse on behalf of the Company under trustee agreement adopted by the director.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 9. Property and equipment (continued)

2020	Fiber optical cable US\$	Network infrastructure US\$	Furniture, fixtures and equipment US\$	Vehicles US\$	IT hardware & software US\$	Buildings US\$	Land (*) US\$	Working in progress US\$	Total US\$
<b>Cost</b>									
At 1 January 2020	70,961,237	17,040,401	109,744	44,174	859,598	1,717,659	700,000	27,901	91,460,714
Additions	-	-	-	-	-	-	-	2,042,295	2,042,295
Transfers	1,274,887	411,363	-	-	27,547	6,273	-	(1,720,070)	-
Write-offs	-	-	-	(44,174)	-	-	-	-	(44,174)
At 31 December 2020	72,236,124	17,451,764	109,744	-	887,145	1,723,932	700,000	350,126	93,458,835
<b>Less: Accumulated depreciation</b>									
At 1 January 2020	36,880,691	11,264,731	79,078	41,401	619,490	327,260	-	-	49,212,651
Depreciation for the year	4,478,582	1,270,446	14,138	800	128,694	73,437	-	-	5,966,097
Write-offs	-	-	-	(42,201)	-	-	-	-	(42,201)
At 31 December 2020	41,359,273	12,535,177	93,216	-	748,184	400,697	-	-	55,136,547
<b>Carrying amounts</b>									
At 31 December 2020	30,876,851	4,916,587	16,528	-	138,961	1,323,235	700,000	350,126	38,322,288
(KHR'000 equivalents – Note 4)	124,896,862	19,887,594	66,856	-	562,097	5,352,486	2,831,500	1,416,260	155,013,655

(\*) This represents a plot of land registered under the name of director's spouse on behalf of the Company under trustee agreement adopted by the director.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 10. Loan to a shareholder

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current portion	<u>4,637,637</u>	<u>18,893,733</u>	<u>-</u>	<u>-</u>

On 30 July 2021, the Company entered into an unsecured loan agreement with its shareholder for a total facility of US\$15,550,553. The first drawdown took place on 30 July 2021. This loan term is five years with maturity date on 31 August 2026. The loan is bearing interest at rate of 4.5% per annum.

### 11. Trade and other payables

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
			<i>Restated</i>	
Trade payables	2,560,691	10,432,255	7,693,716	31,121,081
Accrued expenses	538,449	2,193,641	2,435,303	9,850,801
Deferred revenue	1,873,948	7,634,464	5,154,855	20,851,390
VAT payable	27,505	112,055	33,627	136,021
Amounts due to related parties (Note 23(b)(iv))	2,597,512	10,582,264	-	-
Other tax payable	260,609	1,061,721	39,588	160,133
Other payables	<u>109,556</u>	<u>446,332</u>	<u>779,452</u>	<u>3,152,883</u>
	<u>7,968,270</u>	<u>32,462,732</u>	<u>16,136,541</u>	<u>65,272,309</u>

Trade and other payables disposed to Ezeecom Co., Ltd. during the year were as follow:

	1 August 2021	
	US\$	KHR'000 (Note 4)
Deferred revenue	2,227,977	9,072,322
Trade payables	173,840	707,876
Customer deposits	<u>441,963</u>	<u>1,799,673</u>
	<u>2,843,780</u>	<u>11,579,871</u>



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 12. Amounts due to MPTC

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
			<i>Restated</i>	
Current	1,273,384	5,187,766	7,712,097	31,195,432
Non-current	1,251,808	5,099,866	-	-
	<u>2,525,192</u>	<u>10,287,632</u>	<u>7,712,097</u>	<u>31,195,432</u>

These represent amounts due to Ministry of Post and Telecommunications ("MPTC") on the revenue sharing and service charge. From 1 January 2022, the amounts due to MPTC are to be paid on monthly instalments.

The non-current portion of amounts due to MPTC represents the present value of the instalment payments to MPTC.

### 13. Income tax

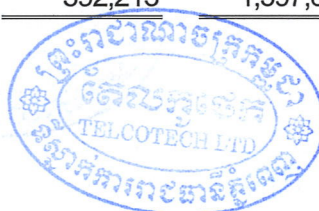
#### (a) Applicable tax rates

In accordance with the Cambodian taxation law, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

In accordance with the new Prakas 638 dated 4 July 2017, the Company may be exempted from minimum tax of 1% only if it maintains the proper accounting records.

#### (b) Minimum tax liabilities/Current income tax liabilities

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	402,458	1,627,943	425,086	1,732,225
Recognised in profit or loss	246,320	1,002,030	294,443	1,200,444
Minimum tax/Income tax paid	(256,565)	(1,043,706)	(317,071)	(1,292,698)
Currency translation differences	-	11,609	-	(12,028)
At 31 December	<u>392,213</u>	<u>1,597,876</u>	<u>402,458</u>	<u>1,627,943</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 13. Income tax (continued)

#### (c) Income tax expense/Minimum tax expense

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current tax expense	-	-	294,443	1,200,444
Deferred tax expense	394,060	1,603,036	247,531	1,009,184
Income tax expense (*)	<u>394,060</u>	<u>1,603,036</u>	<u>541,974</u>	<u>2,209,628</u>
Minimum tax expense (**)	<u>246,320</u>	<u>1,002,030</u>	<u>-</u>	<u>-</u>

(\*) This includes income tax expense from discontinued operation amounting to US\$344,637 (2020: US\$313,158).

(\*\*) This includes minimum tax expense from discontinued operation amounting to US\$78,200 (2020: Nil).

The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss is as follows:

	2021			2020		
	%	US\$	KHR'000 (Note 4)	%	US\$	KHR'000 (Note 4)
Loss before income tax (continued and discontinued operations)		<u>(31,676)</u>	<u>(128,858)</u>		<u>(329,644)</u>	<u>(1,343,958)</u>
Income tax using applicable income tax rate	20	(6,335)	(25,771)	20	(65,929)	(268,793)
Effect of non-deductible expenses	-459	145,328	591,194	-124	409,393	1,669,095
Effect of minimum tax	-	-	-	-89	294,443	1,200,444
Derecognition of previously recognised deferred tax assets	-1,244	394,060	1,603,036	-	-	-
Tax losses utilised	439	(138,993)	(565,423)	55	(180,692)	(736,681)
Others	-	-	-	-26	84,759	345,563
	<u>-1244</u>	<u>394,060</u>	<u>1,603,036</u>	<u>-164</u>	<u>541,974</u>	<u>2,209,628</u>
Minimum tax expense		<u>246,320</u>	<u>1,002,030</u>		<u>-</u>	<u>-</u>

The calculation of income tax is subject to the review and assessment of the tax authorities.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 13. Income tax (continued)

#### (d) Deferred tax liability, net

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	113,464	462,252	1,320,123	5,339,898
Deferred tax liability	(2,573,923)	(10,486,162)	(2,940,927)	(11,896,050)
	<u>(2,460,459)</u>	<u>(10,023,910)</u>	<u>(1,620,804)</u>	<u>(6,556,152)</u>

Deferred tax assets/(liability) are attributable to:

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Provisions	5,774	23,523	323,585	1,308,901
Deferred revenue	107,690	438,729	487,061	1,970,162
Depreciation	(2,573,923)	(10,486,162)	(2,940,927)	(11,896,050)
Interest limitation	-	-	191,824	775,929
Tax losses carried forward	-	-	317,653	1,284,906
	<u>(2,460,459)</u>	<u>(10,023,910)</u>	<u>(1,620,804)</u>	<u>(6,556,152)</u>

Movements of net deferred tax during the year were as follows:

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	1,620,804	6,556,152	1,373,273	5,596,087
Recognised in profit or loss	394,060	1,603,036	247,531	1,009,184
Disposed to Ezecom Co., Ltd.	445,595	1,812,680	-	-
Currency translation differences	-	52,042	-	(49,119)
At 31 December	<u>2,460,459</u>	<u>10,023,910</u>	<u>1,620,804</u>	<u>6,556,152</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 14. Finance lease liabilities

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	<u>13,579</u>	<u>55,321</u>	<u>-</u>	<u>-</u>

This represents financial lease from a related party, Chailease Royal Leasing Plc. on the motor vehicles. The lease terms are 14 months with interest rate 10.92% per annum.

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Maturity analysis –contractual undiscounted cash flows</b>				
Less than one year	<u>13,992</u>	<u>57,003</u>	<u>-</u>	<u>-</u>
Total undiscounted lease liabilities	<u>13,992</u>	<u>57,003</u>	<u>-</u>	<u>-</u>

#### (a) Amounts recognised in profit or loss

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest on lease liabilities	<u>1,152</u>	<u>4,686</u>	<u>-</u>	<u>-</u>

#### (b) Amounts recognised in the statement of cash flows

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Principal lease payments	12,840	52,233	-	-
Interest paid	<u>1,152</u>	<u>4,686</u>	<u>-</u>	<u>-</u>
Total cash outflow for leases	<u>13,992</u>	<u>56,919</u>	<u>-</u>	<u>-</u>



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 15. Borrowings

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	-	-	2,823,617	11,421,531
Non-current	-	-	4,629,032	18,724,434
	-	-	7,452,649	30,145,965

On 4 October 2016, the Company entered a borrowing agreement with Maybank International Labuan Branch for the term loan with total amount of US\$5,000,000 and interest at the annual interest rate of 7.81%. The borrowing is repayable by 48 monthly instalments of US\$104,167 after first draw down until the facility is settled in full. The borrowing has been fully repaid on 7 September 2021.

Additionally, on 1 February 2017, the Company entered another borrowing agreement with Maybank International Labuan Branch for the term loan with total amount of US\$8,967,815 and interest at the annual interest rate of 8.13%. The loan is repayable by 72 monthly instalments of US\$155,278 after first draw down until the facility is settled in full. The borrowing has been fully repaid on 7 September 2021.

The movements in borrowings during the year were as follows:

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	7,452,649	30,145,965	10,576,420	43,098,912
Interest expenses during the year	482,421	1,962,489	1,016,017	4,142,301
Interest repayment	(505,215)	(2,055,215)	(1,026,448)	(4,184,828)
Principal repayment	(7,429,855)	(30,224,650)	(3,113,340)	(12,693,087)
Currency translation differences	-	171,411	-	(217,333)
At 31 December	-	-	7,452,649	30,145,965





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 16. Debt securities

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	4,071,698	16,588,098	-	-
Non-current	15,266,770	62,196,821	-	-
	<u>19,338,468</u>	<u>78,784,919</u>	<u>-</u>	<u>-</u>

In August 2021, the Company issued KHR80 billion fixed rate guaranteed bonds due on 25 August 2026. The bonds are guaranteed by the Credit Guarantee and Investment Facility, a trust fund of Asian Development Bank ("ADB"). The bonds are listed on the Cambodia Securities Exchange ("CSX") and were priced at KHR100,000 per bond with a coupon rate of 4.50% per annum, and are payable on a semi-annual basis commencing on 25 August 2021. The Company incurred debt's issuance costs amounting to US\$534,314.

The movements in debt securities during the year were as follows:

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	-	-	-	-
Additions	19,117,791	77,771,175	-	-
Accrued interest expenses	273,710	1,113,452	-	-
Foreign exchange gain	(53,033)	(97,921)	-	-
Currency translation differences	-	(1,787)	-	-
At 31 December	<u>19,338,468</u>	<u>78,784,919</u>	<u>-</u>	<u>-</u>

### 17. Provision for employee benefits

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current	<u>15,105</u>	<u>61,538</u>	<u>29,662</u>	<u>119,983</u>

This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 17. Provision for employee benefits (continued)

It requires all employers to settle the seniority indemnity to their employee as follows:

- *Current pay*: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- *Retrospective (back-pay)*: starting from 2021 onwards at the amounts equal to 6 days of net wages per year.

The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the Company.

On 23 December 2020, the Royal Government of Cambodia ("RGC") offered an option to factories, enterprises and business in all sectors to defer payments of the backpay seniority indemnity before 2019 and the current seniority indemnity for 2020 and 2021 until 2022. The Company chose to comply with the regulation and, as a result these payments will be made in 2022.

#### Assumptions:

The following are the principal assumptions at the reporting date.

Discount rate (*)	6.75%
Turnover rate	20.87%

- (\*) As information on Cambodian corporate or government bonds are not readily available, the Company has analysed the medium to long term deposit rates in denomination of US\$ of major banks in Cambodia.

The gross movements of provision for employee benefits during the year were as follows:

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	29,662	119,983	71,594	291,746
Recognised in profit or loss	(13,186)	(53,641)	(34,308)	(139,874)
Paid during the year	(1,371)	(5,577)	(7,624)	(31,083)
Currency translation differences	-	773	-	(806)
At 31 December	15,105	61,538	29,662	119,983





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 18. Share capital

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid 11,856,688 shares of US\$1 each (2020: 11,856,688 shares of US\$1 each)	11,856,688	48,019,586	11,856,688	48,019,586

The Company is solely owned by Ezecom Co., Ltd., a company incorporated in the Kingdom of Cambodia and wholly owned by the director of the Company. There is no change in the shareholder and the shareholding structure during the year.

### 19. Revenue

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Internet Fiber Optic Gepon	1,305,498	5,310,766	53,755	219,159
International Private Leased Circuit ("IPLC")	7,742,805	31,497,731	7,225,059	29,456,566
Domestic lease line	3,939,866	16,027,375	2,614,320	10,658,583
Fiber optic wholesale	2,816,420	11,457,197	2,983,496	12,163,713
Internet protocol ("IP") transit	370,874	1,508,715	3,103,854	12,654,413
Installation income	160,945	654,724	132,088	538,523
Data center	121,164	492,895	105,491	430,087
Other incomes	47,550	193,433	961	3,917
	<u>16,505,122</u>	<u>67,142,836</u>	<u>16,219,024</u>	<u>66,124,961</u>



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2021

#### 20. Cost of sales and services

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Internet	6,177,144	25,128,622	5,899,250	24,051,242
Depreciation	5,461,309	22,216,605	5,448,744	22,214,529
MPTC revenue share	929,218	3,780,059	866,399	3,532,309
Personnel expenses	567,129	2,307,081	439,991	1,793,843
Internet fiber optic	566,102	2,302,903	706,241	2,879,345
Cambodia Fiber Optic Communication Network ("CFOCN")	472,027	1,920,206	612,230	2,496,062
Spare Part	215,331	875,967	251,368	1,024,827
Telecommunication ("TC") fiber	195,660	795,945	195,660	797,706
Electricity pole charge	182,108	740,815	183,173	746,796
COGS – MCT	168,008	683,457	166,599	679,224
COGS – DDOS	109,526	445,552	121,349	494,740
COGS – Eze Wifi Box-Sales	4,107	16,707	1,170	4,770
Others	152,408	619,994	347,784	1,417,916
	<u>15,200,077</u>	<u>61,833,913</u>	<u>15,239,958</u>	<u>62,133,309</u>

#### 21. Operating and administrative expenses

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Personnel expenses	678,008	2,758,137	761,325	3,103,922
Professional fees	273,425	1,112,293	43,804	178,589
Depreciation	158,140	643,314	205,733	838,773
Seniority indemnity	114,665	466,457	74,094	302,081
Insurance expenses	89,453	363,895	68,584	279,617
Advertising expenses	56,977	231,782	29,150	118,845
Provision for doubtful debts	44,515	181,087	576,853	2,351,830
Office rental	30,664	124,741	32,556	132,731
Commissions expenses	23,189	94,333	15,479	63,108
Travel expenses	10,150	41,290	14,237	58,044
Seminar and conference expenses	15,789	64,230	9,001	36,697
Operating and maintenance	5,484	22,309	3,965	16,165
Utilities expenses	2,677	10,890	1,076	4,387
Other expenses	84,214	342,583	22,640	92,302
	<u>1,587,350</u>	<u>6,457,341</u>	<u>1,858,497</u>	<u>7,577,091</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 22. Finance cost, net

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest expense	1,324,206	5,386,870	1,016,004	4,142,248
Interest income	(19,768)	(80,416)	-	-
	<u>1,304,438</u>	<u>5,306,454</u>	<u>1,016,004</u>	<u>4,142,248</u>

### 23. Related party transactions and balances

#### (a) Transactions with related parties

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Business disposal to Ezecom Co., Ltd. (Note 5)</i>				
Property and equipment	(995,900)	(4,051,321)	-	-
Trade and other receivables	(736,997)	(2,998,104)	-	-
Deferred tax assets	(445,595)	(1,812,680)	-	-
Trade and other payables	2,843,780	11,568,497	-	-
	<u>665,288</u>	<u>2,706,392</u>	<u>-</u>	<u>-</u>
<i>Revenue:</i>				
Cam GSM Co., Ltd.	<u>7,912,734</u>	<u>32,189,002</u>	<u>7,117,882</u>	<u>29,019,605</u>
<i>Payments on behalf:</i>				
Cam GSM Co., Ltd.	<u>-</u>	<u>-</u>	<u>7,803</u>	<u>31,814</u>
<i>Received on behalf:</i>				
Ezecom Co., Ltd.	<u>52,720</u>	<u>214,465</u>	<u>112,191</u>	<u>457,403</u>
<i>Cost of sales and services:</i>				
Cam GSM Co., Ltd.	<u>735,131</u>	<u>2,990,513</u>	<u>612,215</u>	<u>2,496,001</u>



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 23. Related party transactions and balances

#### (a) Transactions with related parties

	2021		2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Management fee expense</i>				
Ezecom Co., Ltd.	161,457	656,807	-	-
<i>Other operating and administrative expense:</i>				
Wing Bank (Cambodia) Plc	2,130,458	8,666,703	-	-
Global Security Solutions Co., Ltd.	99,219	403,623	145,276	592,290
	2,229,677	9,070,326	145,276	592,290
<i>Remunerations</i>				
Key management personnel	231,048	939,904	713,918	2,910,644

#### (b) Balances with related parties

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>(i) Cash at banks</i>				
J Trust Royal Bank Plc.	2,402,918	9,789,488	614,959	2,487,509
Wing Bank (Cambodia) Plc	908,604	3,701,653	21,540	87,129
	3,311,522	13,491,141	636,499	2,574,638

The accounts earned interest from Nil to 0.50% (2020: Nil to 0.50%) per annum.

#### *(ii) Term deposits (Note 7)*

J Trust Royal Bank Plc.	3,000,000	12,222,000	-	-
Wing Bank (Cambodia) Plc	3,000,000	12,222,000	-	-
	6,000,000	24,444,000	-	-

These represent long term deposits with its related parties, J Trust Royal Bank Plc. and Wing Bank (Cambodia) Plc with original term to maturity of more than 3 months and earned interest at rates ranging from 2.75% to 4.50% per annum.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 23. Related party transactions and balances (continued)

#### (b) Balances with related parties (continued)

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(iii) Amounts due from related parties (Note 8)				
Trade				
Cam GSM Co., Ltd.	11,339,549	46,197,323	16,747,945	67,745,437
Non-Trade				
Ezecom Co., Ltd.	-	-	4,346,744	17,582,579
Global Security Solutions Co., Ltd.	-	-	113,565	459,371
	-	-	4,460,309	18,041,950
	11,339,549	46,197,323	21,208,254	85,787,387
Allowance for bad and doubtful debts	-	-	(1,026,004)	(4,150,186)
	<u>11,339,549</u>	<u>46,197,323</u>	<u>20,182,250</u>	<u>81,637,201</u>

#### (iv) Amounts due to related parties (Note 11)

##### Non-trade

Amount due to Ezecom Co., Ltd.	5,912,664	24,088,193	-	-
Offsetting with amount due from Ezecom Co., Ltd.	(3,469,539)	(14,134,901)	-	-
Net amount due to Ezecom Co., Ltd.	2,443,125	9,953,292	-	-
Wing Bank (Cambodia) Plc	145,294	591,928	-	-
Global Security Solutions Co., Ltd.	9,093	37,044	-	-
	<u>2,597,512</u>	<u>10,582,264</u>	<u>-</u>	<u>-</u>

The amounts due from/(to) related parties are unsecured, interest-free and are repayable on demand.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 23. Related party transactions and balances (continued)

#### (b) Balances with related parties (continued)

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(v) <i>Finance lease liabilities (Note 14)</i>				
Chailease Royal Leasing Plc.	<u>13,579</u>	<u>55,321</u>	<u>-</u>	<u>-</u>

### 24. Commitments

As at 31 December, the Company had commitments in respect of the lease of office buildings and cars as follows:

	31 December 2021		31 December 2020	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	48,840	198,974	527,232	2,132,653
Two to five years	-	-	557,933	2,256,839
More than five years	-	-	16,222	65,618
	<u>48,840</u>	<u>198,974</u>	<u>1,101,387</u>	<u>4,455,110</u>

### 25. Tax contingencies

The tax returns of the Company are subject to periodic examination by the tax authorities. As the application of tax laws and regulations to various types of transactions is susceptible to varying interpretations, amounts reported in the financial statements of the Company could be changed at a later date, upon final determination by the tax authorities.

### 26. Restatement - Comparative information

During the preparation of the financial statements for the year ended 31 December 2021, the management had identified errors in the prior years' financial statements relating to under accrual for amounts due to MPTC amounting to US\$1,221,713 as at 1 January 2020 following the letter from the Council of Ministers No 287 Sor Chor Nor date 4 June 2021. As a result, the liabilities were understated by US\$1,221,713 as at 1 January 2020 and 31 December 2020, and retained earnings were overstated by US\$1,221,713 as at 1 January 2020 and 31 December 2020, respectively.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2021

### 26. Restatement - Comparative information (continued)

A summary of the line items affected by the restatements of the comparative information and correction of those errors is as follows:

	1 January 2020				
	As previously reported US\$	Adjustments US\$	Reclassification US\$	As restated US\$                      KHR'000 (Note 4)	
<b>Statement of financial position</b>					
<b>LIABILITIES</b>					
Trade and other payables	21,446,879	-	(4,257,106)	17,189,773	70,048,327
Amounts due to MPTC	-	1,221,713	4,257,106	5,478,819	22,326,187
	<u>21,446,879</u>	<u>1,221,713</u>	<u>-</u>	<u>22,668,592</u>	<u>92,374,514</u>
<b>EQUITY</b>					
Retained earnings	<u>19,715,386</u>	<u>(1,221,713)</u>	<u>-</u>	<u>18,493,673</u>	<u>74,955,534</u>
	31 December 2020				
	As previously reported US\$	Adjustments US\$	Reclassification US\$	As restated US\$                      KHR'000 (Note 4)	
<b>Statement of financial position</b>					
<b>LIABILITIES</b>					
Trade and other payables	22,626,925	-	(6,490,384)	16,136,541	65,272,309
Amounts due to MPTC	-	1,221,713	6,490,384	7,712,097	31,195,432
	<u>22,626,925</u>	<u>1,221,713</u>	<u>-</u>	<u>23,848,638</u>	<u>96,467,741</u>
<b>EQUITY</b>					
Retained earnings	<u>18,843,768</u>	<u>(1,221,713)</u>	<u>-</u>	<u>17,622,055</u>	<u>71,401,949</u>

The reclassification is to conform with current year presentation.



Telecom Ltd.

Notes to the financial statements for the year ended 31st March 2007

1. General information - The company is a public limited company.

The financial statements are prepared on a going concern basis.

The company is a subsidiary of Telecom Group Ltd. The financial statements are prepared on a consolidated basis.

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**TELCOTECH LTD.**

**Financial Statements  
for the year ended 31 December 2022  
and  
Report of the Independent Auditors**



## Corporate Information

Company	Telcotech Ltd.	
Registration No.	00022508	
Registered office	No. 7D, Russian Blvd. Sangkat Tek Laork I Khan Toul Kork, Phnom Penh Kingdom of Cambodia	
Shareholder	Ezecom Co., Ltd.	
Director	Neak Oknha Kith Meng	
Management team	Mr. Quah Chin Hong Mr. Dy Chetra Ms. Janejira Watcharasamphan Mr. Lim Kimteng Mr. Khieng Khom	Deputy Chief Executive Officer Chief Financial Officer Chief Technical Officer Head of Operation Associate Director, Sales
Principal bankers	J Trust Royal Bank Plc. ACLEDA Bank Plc. Advanced Bank of Asia Limited Wing Bank (Cambodia) Plc Maybank (Cambodia) Plc.	
Auditors	KPMG Cambodia Ltd	





## Telcotech Ltd.

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5. Statement of changes in equity	8
6. Statement of cash flows	9 – 10
7. Notes to the financial statements	11 – 37



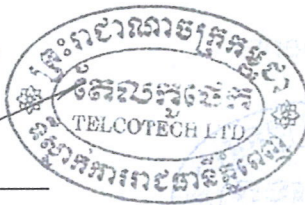
## Statement by the Director

I, being the sole director of Telcotech Ltd. ("the Company"), do hereby state that the financial statements as set out on pages 5 to 37 present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

  
Neak Oknha Kith Meng  
Director

Phnom Penh, Kingdom of Cambodia

Date: 25 November 2023







KPMG Cambodia Ltd  
GIA Tower, Sopheap Mongkul Street, Phum 14  
Sangkat Tonle Bassac, Khan Chamkar Mon  
Phnom Penh, Cambodia  
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## Report of the independent auditors

To the shareholder of  
Telcotech Ltd.

### Opinion

We have audited the financial statements of Telcotech Ltd. ("the Company"), which comprise the statement of financial position as at 31 December 2022, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 5 to 37 (hereafter referred to as "the financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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





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

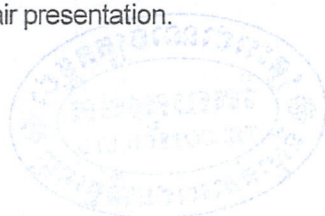
Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgment 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on 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 auditors' 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 auditors' report. However, future events or conditions may cause 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.







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

For KPMG Cambodia Ltd

  
Taing Youk Pong  
Partner

Phnom Penh, Kingdom of Cambodia

25 November 2023



# Telcotech Ltd.

## Statement of financial position as at 31 December 2022

	Note	31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	6	10,947,624	45,071,368	3,555,982	14,487,071
Term deposits	7	1,564,570	6,441,335	6,000,000	24,444,000
Trade and other receivables	8	8,079,149	33,261,856	13,545,057	55,182,563
Inventories		132,095	543,835	153,779	626,496
		<u>20,723,438</u>	<u>85,318,394</u>	<u>23,254,818</u>	<u>94,740,130</u>
<b>Non-current assets</b>					
Property and equipment	9	40,295,076	165,894,828	33,873,838	138,002,016
Loan to a shareholder	10	4,999,652	20,583,567	4,637,637	18,893,733
		<u>45,294,728</u>	<u>186,478,395</u>	<u>38,511,475</u>	<u>156,895,749</u>
<b>TOTAL ASSETS</b>		<u>66,018,166</u>	<u>271,796,789</u>	<u>61,766,293</u>	<u>251,635,879</u>
<b>LIABILITIES AND EQUITY</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	11	13,726,269	56,511,049	7,429,821	30,269,091
Deferred revenue		74,608	307,161	538,449	2,193,641
Amounts due to MPTC	12	1,794,836	7,389,340	1,273,384	5,187,766
Minimum tax liabilities	13(b)	417,717	1,719,741	392,213	1,597,876
Finance lease liabilities	14	-	-	13,579	55,321
Debt securities	15	4,024,367	16,568,319	4,071,698	16,588,098
		<u>20,037,797</u>	<u>82,495,610</u>	<u>13,719,144</u>	<u>55,891,793</u>
<b>Non-current liabilities</b>					
Amounts due to MPTC	12	151,218	622,564	1,251,808	5,099,866
Deferred revenue		291,252	1,199,084	-	-
Debt securities	15	11,459,919	47,180,487	15,266,770	62,196,821
Employee benefit obligation	16	-	-	15,105	61,538
Deferred tax liability, net	13(d)	2,976,398	12,253,831	2,460,459	10,023,910
		<u>14,878,787</u>	<u>61,255,966</u>	<u>18,994,142</u>	<u>77,382,135</u>
<b>TOTAL LIABILITIES</b>		<u>34,916,584</u>	<u>143,751,576</u>	<u>32,713,286</u>	<u>133,273,928</u>





## Telcotech Ltd.

### Statement of financial position (continued) as at 31 December 2022

	Note	31 December 2022		31 December 2021	
		US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>EQUITY</b>					
Share capital	17	11,856,688	48,019,586	11,856,688	48,019,586
Retained earnings		19,244,894	78,042,579	17,196,319	69,670,053
Currency translation reserves		-	1,983,048	-	672,312
<b>Total Equity</b>		<u>31,101,582</u>	<u>128,045,213</u>	<u>29,053,007</u>	<u>118,361,951</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>66,018,166</u>	<u>271,796,789</u>	<u>61,766,293</u>	<u>251,635,879</u>



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

## Telcotech Ltd.

### Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 US\$ KHR'000 (Note 4)	2021 US\$ KHR'000 (Note 4)
<b>Continuing operations</b>			
Revenue	18	21,943,980	89,685,046
Cost of sales and services	19	(17,328,250)	(70,820,558)
<b>Gross profit</b>		4,615,730	18,864,488
Operating and administrative expenses	20	(840,810)	(3,436,390)
<b>Profit from operations</b>		3,774,920	15,428,098
Finance cost, net	21	(990,966)	(4,050,078)
Minimum tax expense	13(c)	(219,440)	(896,851)
<b>Profit/(Loss) before income tax</b>		2,564,514	10,481,169
Income tax expense	13(c)	(515,939)	(2,108,643)
<b>Profit/(Loss) from continuing operations</b>		2,048,575	8,372,526
<b>Discontinuing operations</b>			
Gain from discontinued operation, net of tax	5	-	-
<b>Net profit/(loss) for the year</b>		2,048,575	8,372,526
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Currency translation differences		-	1,310,736
<b>Total comprehensive income/(loss) for the year</b>		2,048,575	9,683,262



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



**Statement of changes in equity  
for the year ended 31 December 2022**

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# Telcotech Ltd.

## Statement of cash flows for the year ended 31 December 2022

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flow from operating activities</b>				
Net profit/(loss) for the year	2,048,575	8,372,526	(425,736)	(1,731,896)
<i>Adjustments for:</i>				
Depreciation	5,005,382	20,456,996	5,720,403	23,270,599
Minimum tax expense	219,440	896,851	246,320	1,002,030
Income tax expense	515,939	2,108,643	394,060	1,603,036
Interest expense	1,265,171	5,170,754	1,329,196	5,407,169
Interest income	(273,171)	(1,116,450)	(19,768)	(80,416)
Provision for doubtful debts	-	-	44,515	181,087
Provision for employment benefits	137,725	562,882	(13,186)	(53,641)
Foreign exchange gain	(25,167)	(102,858)	(53,033)	(215,738)
	<u>8,893,894</u>	<u>36,349,344</u>	<u>7,222,771</u>	<u>29,382,230</u>
<i>Changes in:</i>				
Trade and other receivables	5,465,908	22,339,166	6,820,711	27,746,652
Inventories	21,684	88,623	72,717	295,813
Trade and other payables	(765,579)	(3,128,921)	(1,878,018)	(7,639,777)
Deferred revenue	(172,589)	(705,371)	(1,896,854)	(7,716,402)
Amount due to MPTC	(636,645)	(2,601,968)	2,221,782	9,038,209
<b>Cash generated from operating activities</b>	<u>12,806,673</u>	<u>52,340,873</u>	<u>12,563,109</u>	<u>51,106,725</u>
Minimum tax paid	(193,936)	(792,616)	(256,565)	(1,043,706)
Payments of employee benefits	(152,830)	(624,616)	(1,371)	(5,577)
Interest paid	(1,114,370)	(4,554,430)	(683,935)	(2,782,248)
Interest received	<u>64,477</u>	<u>263,517</u>	<u>19,768</u>	<u>80,416</u>
<b>Net cash generated from operating activities</b>	<u>11,410,014</u>	<u>46,632,728</u>	<u>11,641,006</u>	<u>47,355,610</u>
<b>Cash flows from investing activities</b>				
Acquisition of property and equipment (*)	(4,364,593)	(17,838,092)	(9,285,885)	(37,774,980)
Term deposits with bank, net	<u>5,145,430</u>	<u>21,029,372</u>	<u>(6,000,000)</u>	<u>(24,408,000)</u>
<b>Net cash generated from/(used in) investing activities</b>	<u>780,837</u>	<u>3,191,280</u>	<u>(15,285,885)</u>	<u>(62,182,980)</u>





# Telcotech Ltd.

## Statement of cash flows (continued) for the year ended 31 December 2022

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Cash flows from financing activities</b>				
Loan to a shareholder	(153,321)	(626,623)	(4,637,637)	(18,865,907)
Repayments on borrowings	(3,922,309)	(16,030,477)	(7,429,855)	(30,224,650)
Proceed from debt securities	-	-	19,117,791	77,771,175
Lease liabilities	-	-	26,419	107,472
Payment of lease liabilities	(13,579)	(55,497)	(12,840)	(52,233)
<b>Net cash (used in)/generated from financing activities</b>	<b>(4,089,209)</b>	<b>(16,712,597)</b>	<b>7,063,878</b>	<b>28,735,857</b>
<b>Net increase in cash and cash equivalents</b>	<b>8,101,642</b>	<b>33,111,411</b>	<b>3,418,999</b>	<b>13,908,487</b>
<b>Cash and cash equivalents at 1 January</b>	<b>3,555,982</b>	<b>14,487,071</b>	<b>136,983</b>	<b>554,096</b>
Currency translation differences	-	395,956	-	24,488
<b>Cash and cash equivalents at 31 December (Note 6)</b>	<b>11,657,624</b>	<b>47,994,438</b>	<b>3,555,982</b>	<b>14,487,071</b>

(\*) This amount includes the payment of property and equipment acquired on credit.

### Significant non-cash transactions:

During the year, the significant non-cash transactions were as follows:

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Acquisition of property and equipment from Ezecom on credit (*)	7,062,027	29,074,365	-	-
Recognise amounts due to Ezecom Co., Ltd. in relation to the revenue share payable to MPTC	-	-	5,836,456	23,742,703
Disposal of business result in payable	-	-	665,288	2,706,392

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



# Telcotech Ltd.

## Notes to the financial statements for the year ended 31 December 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

### 1. Reporting entity

Telcotech Ltd. ("the Company") is a private limited liability company formed under the Laws of the Kingdom of Cambodia under the Registration Number 00022508 dated 18 February 2008. The Company is a wholly owned subsidiary of Ezecom Co., Ltd., a company incorporated in Cambodia. The address of its registered office is at No. 7D, Russian Blvd, Sangkat Tek Laork I, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

The Company is principally engaged in the telecommunication business such as Fiber Optic wholesale, Internet Fiber Optic Gepon, and International Private Leased Circuit ("IPLC").

In August 2021, the parent company (Ezecom Co., Ltd) restructured its business operations following a new strategic decision in which Ezecom Co., Ltd. will place greater focus on the retail commercial business, while Telcotech Ltd. will focus on wholesale commercial business. (see Note 5)

The Company had 51 employees as at 31 December 2022 (31 December 2021: 37 employees).

### 2. Basis of preparation

#### (a) Statement of compliance

These financial statements are prepared in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

These financial statements were approved by the Board of Directors and authorised for issue on 25 November 2023.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

#### (c) Functional and presentation currency

The national currency of Cambodia is the Khmer Riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in United States Dollars ("US\$"), management has determined US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 2. Basis of preparation (continued)

#### (c) Functional and presentation currency (continued)

The financial statements are presented in US\$, which is the Company's functional currency. All amounts have been rounded to the nearest dollars, unless otherwise indicated.

#### (d) Use of estimates and judgements

In preparing these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised respectively.

### 3. Significant accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

#### (a) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and deposits with banks with original maturities of three months or less and other highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, net of bank overdrafts.

#### (b) Trade and other receivables

Trade and other receivables are recognised initially at fair value plus any directly attributable transaction costs. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method.

At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 3. Significant accounting policies (continued)

##### (c) Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. The cost of inventories is calculated using a weighted average cost method, and includes the original purchase cost and other costs incurred in bringing the inventories to their present location and condition.

##### (d) Property and equipment

###### (i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

###### (ii) Subsequent costs

The costs of replacing a part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

###### (iii) Depreciation

Depreciation of property and equipment is charged to the income statement on a straight line-basis over the estimated useful lives in year of the individual assets as follows:

	Estimated useful life
Fiber optical cable	3 – 20 years
Network infrastructure	3 – 7 years
Furniture, fixtures and equipment	5 years
Vehicles	5 years
IT hardware & software	3 – 5 years
Buildings	20 – 25 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 3. Significant accounting policies (continued)

#### (d) Property and equipment (continued)

##### (iii) Depreciation (continued)

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

Land and working in progress are not depreciated until they are ready for use as intended by the management.

#### (e) Impairment

At each reporting date, property and equipment are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, their coverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less costs to complete and sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less costs to complete and sell, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### (f) Trade and other payables

Trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these liabilities are measured at amortised cost using the effective interest method except for non-interest bearing trade payables on the basis of normal credit terms are not amortised.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 3. Significant accounting policies (continued)

#### (g) Borrowings and debt securities issued

Borrowings are recognised initially at fair value (that is, the present value of cash payable to the bank and shareholders, including transaction costs) and Debt securities issued are initially measured at fair value minus incremental direct transaction costs. Borrowings and debt securities are subsequently stated at amortised cost.

Borrowings and debt securities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (h) Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

#### (i) Revenue recognition

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount that the revenue can be measured reliably. Revenue is stated net of value added tax, estimated returns and discounts.

Revenue from the sale of services consists of amount invoiced from monthly subscription fee, usage fee and related service provide to subscribers.

#### (j) Interest expense

Interest expense is recognised in profit or loss in the period in which they are incurred and presented as interest expense in profit and loss.

#### (k) Leases

##### (i) Leased assets

Assets held by the Company under leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 3. Significant accounting policies (continued)

#### (k) Leases (continued)

##### (i) *Leased assets (continued)*

Assets held under other leases are classified as operating leases and are not recognised in the Company's statement of financial position.

##### (ii) *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### (l) Income tax

Income tax expense comprises current and deferred taxes. It is recognised in profit or loss except to the extent it relates to the items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss, except that an adjustment attributable to an item of income or expense recognised in other comprehensive income shall also be recognised in other comprehensive income.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 3. Significant accounting policies (continued)

#### (l) Income tax (continued)

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

#### (m) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Defined contribution plans – Pension fund

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expenses in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### (n) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 4. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in United States Dollars ("US\$") which is the Company's functional currency. The translations of United States Dollars amounts into Khmer Riel ("KHR") meets the presentation requirements pursuant to Law on Accounting and Auditing and has been done in compliance with CIFRS for SMEs Section 30, *Foreign Currency Translation*.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital and other equity accounts are translated at the historical rate. The statements of comprehensive income and cash flows are translated into KHR at the average rate for the year, which have been deemed to approximate the exchange rates at the date of transaction as exchange rates have not fluctuated significantly during the period. Exchange differences arising from the translation are recognised as "Currency Translation Differences" in other comprehensive income.

The Company uses the following official rate of exchange:

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

The translation to Khmer Riel should not be construed as representations that the United States Dollars amounts have been, could have been, or could in the future be, converted into Khmer Riel at this or any other rate of exchange.

### 5. Disposal of business line to Ezecom Co., Ltd.

On 1 August 2021, the Company disposed the retail commercial business to Ezecom Co., Ltd., following a strategic decision in which Ezecom will place greater focus on the retail commercial business, while Telcotech Ltd. will focus on wholesale commercial business.

#### (a) Results of discontinued operation

	US\$	2021 KHR'000 (Note 4)
Revenue	7,677,186	31,230,793
Expenses	(5,953,999)	(24,220,869)
Results from operating activities	1,723,187	7,009,924
Income tax expense	(344,637)	(1,401,983)
Results from operating activities, net of tax	1,378,550	5,607,941

## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 5. Disposal of business line to Ezecom Co., Ltd. (continued)

##### (b) Effect of disposal on the financial position of the Company

	Note	Disposal carrying amounts US\$
Property and equipment	9	(995,900)
Trade and other receivables	8	(736,997)
Deferred tax assets	13(d)	(445,595)
Trade and other payables	11	2,843,780
Net liabilities		<u>665,288</u>

#### 6. Cash and bank balances

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Cash on hand	1,038	4,273	2,098	8,548
Cash at banks (*)	<u>10,946,586</u>	<u>45,067,095</u>	<u>3,553,884</u>	<u>14,478,523</u>
<b>Cash and bank balances</b>	<u>10,947,624</u>	<u>45,071,368</u>	<u>3,555,982</u>	<u>14,487,071</u>
Term deposits with original maturities of 3 months or less	<u>710,000</u>	<u>2,923,070</u>	-	-
<b>Cash and cash equivalent</b>	<u>11,657,624</u>	<u>47,994,438</u>	<u>3,555,982</u>	<u>14,487,071</u>

(\*) These are current and saving accounts maintained at local commercial banks. The accounts earned interest from Nil to 0.50% (2021: Nil to 0.50%) per annum.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 7. Term deposits

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Term deposits with original maturities of:				
3 months or less	710,000	2,923,070	-	-
more than 3 months	854,570	3,518,265	6,000,000	24,444,000
	<u>1,564,570</u>	<u>6,441,335</u>	<u>6,000,000</u>	<u>24,444,000</u>

These represent long term deposits with its related parties, Wing Bank (Cambodia) Plc (2021: J Trust Royal Bank Plc. and Wing Bank (Cambodia) Plc) with original term to maturity from 2 to 5 months and earned interest at rates ranging from 2.75% to 4.00% (2021: 2.75% to 4.50%) per annum.

### 8. Trade and other receivables

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade receivables	744,935	3,066,897	1,066,815	4,346,204
Amounts due from related parties (Note 22(b)(iii))	<u>6,613,334</u>	<u>27,227,096</u>	<u>11,339,549</u>	<u>46,197,323</u>
	7,358,269	30,293,993	12,406,364	50,543,527
Allowance for bad and doubtful debts	<u>-</u>	<u>-</u>	<u>(13,764)</u>	<u>(56,075)</u>
	7,358,269	30,293,993	12,392,600	50,487,452
Security deposits	409,478	1,685,821	306,472	1,248,567
Prepayments	<u>311,402</u>	<u>1,282,042</u>	<u>845,985</u>	<u>3,446,544</u>
	<u>8,079,149</u>	<u>33,261,856</u>	<u>13,545,057</u>	<u>55,182,563</u>



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 8. Trade and other receivables (continued)

The movements in allowance for bad and doubtful debts were as follows:

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	13,764	56,075	668,182	2,702,797
Additions	-	-	44,515	181,087
Write-offs	(13,764)	(56,253)	(578,930)	(2,355,087)
Disposal to Ezecom Co., Ltd.	-	-	(120,003)	(488,172)
Currency translation differences	-	178	-	15,450
At 31 December	-	-	13,764	56,075

Trade and other receivables disposed to Ezecom Co., Ltd. during the year were as follow:

	1 August 2021	
	US\$	KHR'000 (Note 4)
Trade receivables	857,000	3,489,704
Allowance for bad and doubtful debts	(120,003)	(488,652)
	<u>736,997</u>	<u>3,001,052</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 9. Property and equipment

2022	Fiber optical cable US\$	Network infrastructure US\$	Furniture, fixtures and equipment US\$	Vehicles US\$	IT hardware & software US\$	Buildings US\$	Land (*) US\$	Construction in progress US\$	Total US\$
<b>Cost</b>									
At 1 January 2022	73,003,620	17,732,287	45,154	40,450	837,603	1,374,914	700,000	354,338	94,088,366
Additions	1,112,730	1,743,122	-	-	133,812	-	-	1,374,929	4,364,593
Transfer from Ezeecom (**)	7,062,027	-	-	-	-	-	-	-	7,062,027
Transfer from construction in progress	1,330,593	266,963	-	590	56,107	7,881	-	(1,662,134)	-
At 31 December 2022	82,508,970	19,742,372	45,154	41,040	1,027,522	1,382,795	700,000	67,133	105,514,986
<b>Less: Accumulated depreciation</b>									
At 1 January 2022	45,693,779	13,391,811	45,154	3,619	800,611	279,554	-	-	60,214,528
Depreciation for the year	3,326,440	1,553,409	-	8,247	62,050	55,236	-	-	5,005,382
At 31 December 2022	49,020,219	14,945,220	45,154	11,866	862,661	334,790	-	-	65,219,910
<b>Carrying amounts</b>									
At 31 December 2022	33,488,751	4,797,152	-	29,174	164,861	1,048,005	700,000	67,133	40,295,076
(KHR'000 equivalents – Note 4)	137,873,188	19,749,875	-	120,109	678,733	4,314,637	2,881,900	276,387	165,894,828

(\*) This represents a plot of land registered under the name of director's spouse on behalf of the Company under trustee agreement adopted by the director.

(\*\*) During the year, the Group has 2 acquisition transactions. The transfer of assets represents assets required to be under the license and operations of the Company within the Group.



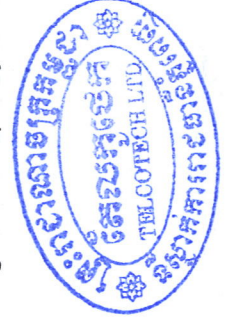
# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 9. Property and equipment (continued)

2021	Fiber optical cable US\$	Network infrastructure US\$	Furniture, fixtures and equipment US\$	Vehicles US\$	IT hardware & software US\$	Buildings US\$	Land (*) US\$	Construction in progress US\$	Total US\$
<b>Cost</b>									
At 1 January 2021	72,236,124	17,451,764	109,744	-	887,145	1,723,932	700,000	350,126	93,458,835
Additions	767,496	1,442,321	-	40,450	13,374	-	-	4,212	2,267,853
Disposal to Ezecom Co., Ltd.	-	(1,161,798)	(64,590)	-	(62,916)	(349,018)	-	-	(1,638,322)
At 31 December 2021	73,003,620	17,732,287	45,154	40,450	837,603	1,374,914	700,000	354,338	94,088,366
<b>Less: Accumulated depreciation</b>									
At 1 January 2021	41,359,273	12,535,177	93,216	-	748,184	400,697	-	-	55,136,547
Depreciation for the year	4,334,506	1,224,916	7,596	3,619	83,983	65,783	-	-	5,720,403
Disposal to Ezecom Co., Ltd.	-	(368,282)	(55,658)	-	(31,556)	(186,926)	-	-	(642,422)
At 31 December 2021	45,693,779	13,391,811	45,154	3,619	800,611	279,554	-	-	60,214,528
<b>Carrying amounts</b>									
At 31 December 2021	27,309,841	4,340,476	-	36,831	36,992	1,095,360	700,000	354,338	33,873,838
(KHR'000 equivalents – Note 4)	111,260,292	17,683,099	-	150,049	150,705	4,462,497	2,851,800	1,443,574	138,002,016

(\*) This represents a plot of land registered under the name of director's spouse on behalf of the Company under trustee agreement adopted by the director.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 10. Loan to a shareholder

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current portion	<u>4,999,652</u>	<u>20,583,567</u>	<u>4,637,637</u>	<u>18,893,733</u>

On 30 July 2021, the Company entered into an unsecured loan agreement with its shareholder for a total facility of US\$15,550,553. The first drawdown took place on 30 July 2021. This loan term is five years with maturity date on 31 August 2026. The loan is bearing interest at rate of 4.5% per annum.

### 11. Trade and other payables

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Trade payables	1,988,500	8,186,655	2,560,691	10,432,255
Accrued expenses	696,975	2,869,446	1,873,948	7,634,464
VAT payable	285,863	1,176,898	260,609	1,061,721
Amounts due to related parties (Note 22(b)(iv))	10,416,985	42,886,727	2,597,512	10,582,264
Other tax payable	113,204	466,061	27,505	112,055
Other payables	<u>224,742</u>	<u>925,262</u>	<u>109,556</u>	<u>446,332</u>
	<u>13,726,269</u>	<u>56,511,049</u>	<u>7,429,821</u>	<u>30,269,091</u>

Trade and other payables disposed to Ezecom Co., Ltd. during 2021 were as follow:

	1 August 2021	
	US\$	KHR'000 (Note 4)
Deferred revenue	2,227,977	9,072,322
Trade payables	173,840	707,876
Customer deposits	<u>441,963</u>	<u>1,799,673</u>
	<u>2,843,780</u>	<u>11,579,871</u>



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 12. Amounts due to MPTC

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	1,794,836	7,389,340	1,273,384	5,187,766
Non-current	151,218	622,564	1,251,808	5,099,866
	<u>1,946,054</u>	<u>8,011,904</u>	<u>2,525,192</u>	<u>10,287,632</u>

These represent amounts due to Ministry of Post and Telecommunications ("MPTC") on the revenue sharing and service charge. From 1 January 2022, the amounts due to MPTC are to be paid on monthly instalments.

The non-current portion of amounts due to MPTC represents the present value of the instalment payments to MPTC. The unwinding interest expense for the year is amounting to US\$57,508.

#### 13. Income tax

##### (a) Applicable tax rates

In accordance with the Cambodian taxation law, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profits or the minimum tax at 1% of gross revenues, whichever is higher.

In accordance with the new Prakas 638 dated 4 July 2017, the Company may be exempted from minimum tax of 1% only if it maintains the proper accounting records.

##### (b) Minimum tax liabilities

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	392,213	1,597,876	402,458	1,627,943
Recognised in profit or loss	219,440	896,851	246,320	1,002,030
Minimum tax paid	(193,936)	(792,616)	(256,565)	(1,043,706)
Currency translation differences	-	17,630	-	11,609
At 31 December	<u>417,717</u>	<u>1,719,741</u>	<u>392,213</u>	<u>1,597,876</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 13. Income tax (continued)

#### (c) Income tax expense/Minimum tax expense

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current tax expense	-	-	-	-
Deferred tax expense	515,939	2,108,643	394,060	1,603,036
Income tax expense (*)	515,939	2,108,643	394,060	1,603,036
Minimum tax expense (**)	219,440	896,851	246,320	1,002,030

(\*) In 2021, this includes income tax expense from discontinued operation amounting to US\$344,637.

(\*\*) In 2021, this includes minimum tax expense from discontinued operation amounting to US\$78,200.

The reconciliation of income tax computed at the statutory tax rate to the income tax expense as shown in the profit or loss is as follows:

	%	2022		%	2021	
		US\$	KHR'000 (Note 4)		US\$	KHR'000 (Note 4)
Profit/(Loss) before income tax (continued and discontinued operations)		2,564,514	10,481,169		(31,676)	(128,858)
Income tax using applicable income tax rate	20	512,903	2,096,235	20	(6,335)	(25,771)
Effect of non-deductible expenses	3	73,406	300,010	-459	145,328	591,194
Derecognition of previously recognised deferred tax assets	-	-	-	-1244	394,060	1,603,036
Tax losses utilised	-	-	-	439	(138,993)	(565,423)
Effect of minimum tax	-3	(70,370)	(287,602)	-	-	-
	20	515,939	2,108,643	-1244	394,060	1,603,036
Minimum tax expense		219,440	896,851		246,320	1,002,030

The calculation of income tax is subject to the review and assessment of the tax authorities.



# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 13. Income tax (continued)

#### (d) Deferred tax liability, net

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred tax assets	84,674	348,603	113,464	462,252
Deferred tax liability	(3,061,072)	(12,602,434)	(2,573,923)	(10,486,162)
	<u>(2,976,398)</u>	<u>(12,253,831)</u>	<u>(2,460,459)</u>	<u>(10,023,910)</u>

Deferred tax assets/(liability) are attributable to:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Deferred revenue	73,172	301,249	107,690	438,729
Unwinding interest expense	11,502	47,354	-	-
Provisions	-	-	5,774	23,523
Depreciation	(3,061,072)	(12,602,434)	(2,573,923)	(10,486,162)
	<u>(2,976,398)</u>	<u>(12,253,831)</u>	<u>(2,460,459)</u>	<u>(10,023,910)</u>

Movements of net deferred tax during the year were as follows:

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	2,460,459	10,023,910	1,620,804	6,556,152
Recognised in profit or loss	515,939	2,108,643	394,060	1,603,036
Disposed to Ezecom Co., Ltd.	-	-	445,595	1,812,680
Currency translation differences	-	121,278	-	52,042
At 31 December	<u>2,976,398</u>	<u>12,253,831</u>	<u>2,460,459</u>	<u>10,023,910</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 14. Finance lease liabilities

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	-	-	13,579	55,321

This represents financial lease from a related party, Chailease Royal Leasing Plc. on the motor vehicles. The lease terms are 14 months with interest rate 10.92% per annum.

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<b>Maturity analysis –contractual undiscounted cash flows</b>				
Less than one year	-	-	13,992	57,003
Total undiscounted lease liabilities	-	-	13,992	57,003

#### (a) Amounts recognised in profit or loss

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest on lease liabilities	432	1,766	1,152	4,686

#### (b) Amounts recognised in the statement of cash flows

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Principal lease payments	13,147	53,732	12,840	52,233
Interest paid	432	1,766	1,152	4,686
Total cash outflow for leases	13,579	55,498	13,992	56,919



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 15. Debt securities

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Current	4,024,367	16,568,319	4,071,698	16,588,098
Non-current	11,459,919	47,180,487	15,266,770	62,196,821
	<u>15,484,286</u>	<u>63,748,806</u>	<u>19,338,468</u>	<u>78,784,919</u>

In August 2021, the Company issued KHR80 billion fixed rate guaranteed bonds due on 25 August 2026. The bonds are guaranteed by the Credit Guarantee and Investment Facility, a trust fund of Asian Development Bank ("ADB"). The bonds are listed on the Cambodia Securities Exchange ("CSX") and were priced at KHR100,000 per bond with a coupon rate of 4.50% per annum, and are payable on a semi-annual basis commencing on 25 August 2021. The Company incurred debt's issuance costs amounting to US\$534,314.

The movements in debt securities during the year were as follows:

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	19,338,468	78,784,919	-	-
Additions	-	-	19,117,791	77,771,175
Repayments	(3,922,309)	(16,030,477)	-	-
Interest expenses	1,207,664	4,935,722	273,710	1,113,452
Interest payments	(1,114,370)	(4,554,430)	-	-
Foreign exchange gain	(25,167)	(102,858)	(53,033)	(97,921)
Currency translation differences	-	715,930	-	(1,787)
At 31 December	<u>15,484,286</u>	<u>63,748,806</u>	<u>19,338,468</u>	<u>78,784,919</u>

As at 31 December 2022, the Company breached its current ratio covenant. As at the date of these financial statements, the lenders have agreed to waive the covenant, as such the debt securities continue to be shown as Non-current.





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 16. Employee benefit obligation

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Non-current	-	-	15,105	61,538

This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019.

It requires all employers to settle the seniority indemnity to their employee as follows:

- *Current pay*: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- *Retrospective (back-pay)*: starting from 2021 onwards at the amounts equal to 6 days of net wages per year.

The provision of back-pay seniority indemnity is calculated at a maximum amount of 6 months net wages (depends on the length of the service employee served) to the employee who has seniority before 2019.

Payments will be made twice a year, in June and December respectively. Employee does not entitle to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the Company.

On 23 December 2020, the Royal Government of Cambodia ("RGC") offered an option to factories, enterprises and business in all sectors to defer payments of the backpay seniority indemnity before 2019 and the current seniority indemnity for 2020 and 2021 until 2022. The Company chose to comply with the regulation and, as a result these payments were be made in 2022.

#### Assumptions:

The following are the principal assumptions at the reporting date.

Discount rate (*)	6.75%
Turnover rate	20.87%

- (\*) As information on Cambodian corporate or government bonds are not readily available, the Company has analysed the medium to long term deposit rates in denomination of US\$ of major banks in Cambodia.



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 16. Employee benefit obligation (continued)

The gross movements of provision for employee benefits during the year were as follows:

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
At 1 January	15,105	61,538	29,662	119,983
Recognised in profit or loss	137,725	562,882	(13,186)	(53,641)
Paid during the year	(152,830)	(624,616)	(1,371)	(5,577)
Currency translation differences	-	196	-	773
At 31 December	-	-	15,105	61,538

#### 17. Share capital

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Registered, issued and fully paid				
11,856,688 shares of US\$1 each (2021: 11,856,688 shares of US\$1 each)	11,856,688	48,019,586	11,856,688	48,019,586

The Company is solely owned by Ezecom Co., Ltd., a company incorporated in the Kingdom of Cambodia and wholly owned by the director of the Company. There is no change in the shareholder and the shareholding structure during the year.

#### 18. Revenue

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Internet Fiber Optic Gepon	2,317,593	9,472,003	1,305,498	5,310,766
International Private Leased Circuit ("IPLC")	8,297,414	33,911,531	7,742,805	31,497,731
Domestic lease line	3,936,101	16,086,845	3,939,866	16,027,375
Fiber optic wholesale	5,676,391	23,199,410	2,816,420	11,457,197
Internet protocol ("IP") transit	506,252	2,069,052	370,874	1,508,715
Installation income	980,824	4,008,628	160,945	654,724
Data center	101,355	414,238	121,164	492,895
Other incomes	128,050	523,339	47,550	193,433
	21,943,980	89,685,046	16,505,122	67,142,836





## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 19. Cost of sales and services

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Internet	6,359,653	25,991,902	6,177,144	25,128,622
Depreciation	4,879,849	19,943,943	5,461,309	22,216,605
Personnel expenses	575,839	2,353,454	567,129	2,307,081
Reversal of bonus accrual (*)	(199,148)	(813,918)	-	-
MPTC revenue share	1,189,246	4,860,448	929,218	3,780,059
Internet fiber optic	1,450,672	5,928,896	566,102	2,302,903
Cambodia Fiber Optic Communication Network ("CFOCN")	1,575,110	6,437,475	472,027	1,920,206
Spare Part	14,164	57,888	215,331	875,967
Telecommunication ("TC") fiber	195,660	799,662	195,660	795,945
Electricity pole charge	323,718	1,323,035	182,108	740,815
COGS – MCT	465,634	1,903,046	168,008	683,457
COGS – DDOS	101,027	412,897	109,526	445,552
COGS – Eze Wifi Box-Sales	-	-	4,107	16,707
Others	-	-	152,408	619,994
Management fee	396,826	1,621,830	-	-
	<u>17,328,250</u>	<u>70,820,558</u>	<u>15,200,077</u>	<u>61,833,913</u>

(\*) The outstanding 2020 bonus accrual was written down during the year due to management cancelling the payment of the remaining bonus subsequent to 2020, due to the impact of the Covid pandemic.



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 20. Operating and administrative expenses

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Personnel expenses	135,251	552,771	678,008	2,758,137
Bonus expense reversal (*)	(52,856)	(216,022)		
Professional fees	92,182	376,748	273,425	1,112,293
Depreciation	125,533	513,053	158,140	643,314
Seniority indemnity	137,725	562,882	114,665	466,457
Insurance expenses	-	-	89,453	363,895
Advertising expenses	20,229	82,676	56,977	231,782
Bad debts expense	213,937	874,361	44,515	181,087
Office rental	36,000	147,132	30,664	124,741
Commissions expenses	856	3,498	23,189	94,333
Travel expenses	21,377	87,368	10,150	41,290
Seminar and conference expenses	-	-	15,789	64,230
Operating and maintenance	34,663	141,668	5,484	22,309
Utilities expenses	8,312	33,971	2,677	10,890
Other expenses	67,601	276,284	84,214	342,583
	<u>840,810</u>	<u>3,436,390</u>	<u>1,587,350</u>	<u>6,457,341</u>

(\*) The outstanding 2020 bonus accrual was written down during the year due to management cancelling the payment of the remaining bonus subsequent to 2020, due to the impact of the Covid pandemic.

#### 21. Finance cost, net

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Interest expense	1,265,171	5,170,754	1,324,206	5,386,870
Interest income	(273,171)	(1,116,450)	(19,768)	(80,416)
(Gain)/Loss on exchange rate	(1,034)	(4,226)	-	-
	<u>990,966</u>	<u>4,050,078</u>	<u>1,304,438</u>	<u>5,306,454</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 22. Related party transactions and balances

#### (a) Transactions with related parties

	2022		2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
<i>Business disposal to Ezecom Co., Ltd. (Note 5)</i>				
Property and equipment	-	-	(995,900)	(4,051,321)
Trade and other receivables	-	-	(736,997)	(2,998,104)
Deferred tax assets	-	-	(445,595)	(1,812,680)
Trade and other payables	-	-	2,843,780	11,568,497
	<u>-</u>	<u>-</u>	<u>665,288</u>	<u>2,706,392</u>
<i>Acquisition of property and equipment:</i>				
Ezecom Co., Ltd.	<u>7,501,067</u>	<u>30,656,861</u>	<u>-</u>	<u>-</u>
<i>Revenue:</i>				
Cam GSM Co., Ltd.	<u>6,744,928</u>	<u>27,566,521</u>	<u>7,912,734</u>	<u>32,189,002</u>
<i>Received on behalf:</i>				
Ezecom Co., Ltd.	<u>-</u>	<u>-</u>	<u>52,720</u>	<u>214,465</u>
<i>Cost of sales and services:</i>				
Cam GSM Co., Ltd.	<u>538,589</u>	<u>2,201,213</u>	<u>735,131</u>	<u>2,990,513</u>
<i>Management fee expense</i>				
Ezecom Co., Ltd.	<u>396,000</u>	<u>1,618,452</u>	<u>161,457</u>	<u>656,807</u>
<i>Other operating and administrative expense:</i>				
Wing Bank (Cambodia) Plc	1,317,582	5,384,958	2,130,458	8,666,703
Global Security Solutions Co., Ltd.	<u>22,913</u>	<u>93,645</u>	<u>99,219</u>	<u>403,623</u>
	<u>1,340,495</u>	<u>5,478,603</u>	<u>2,229,677</u>	<u>9,070,326</u>
<i>Remunerations</i>				
Key management personnel	<u>18,491</u>	<u>75,573</u>	<u>231,048</u>	<u>939,904</u>



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 22. Related party transactions and balances (continued)

##### (b) Balances with related parties

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(i) <i>Cash at banks</i>				
J Trust Royal Bank Plc.	6,127,349	25,226,296	2,402,918	9,789,488
Wing Bank (Cambodia) Plc	4,552,121	18,741,082	908,604	3,701,653
	<u>10,679,470</u>	<u>43,967,378</u>	<u>3,311,522</u>	<u>13,491,141</u>

The accounts earned interest from Nil to 0.50% (2021: Nil to 0.50%) per annum.

(ii) <i>Term deposits (Note 7)</i>				
J Trust Royal Bank Plc.	-	-	3,000,000	12,222,000
Wing Bank (Cambodia) Plc	1,564,570	6,441,335	3,000,000	12,222,000
	<u>1,564,570</u>	<u>6,441,335</u>	<u>6,000,000</u>	<u>24,444,000</u>

These represent long term deposits with its related parties, Wing Bank (Cambodia) Plc (2021: J Trust Royal Bank Plc. and Wing Bank (Cambodia) Plc) with original term to maturity from 2 to 5 months and earned interest at rates ranging from 2.75% to 4.00% (2021: 2.75% to 4.50%) per annum.

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(iii) <i>Amounts due from related parties (Note 8)</i>				
<i>Trade</i>				
Cam GSM Co., Ltd.	4,109,381	16,918,322	11,339,549	46,197,323
Ezecom Co., Ltd.	2,503,882	10,308,482	-	-
Wing Bank (Cambodia) Plc	71	292	-	-
	<u>6,613,334</u>	<u>27,227,096</u>	<u>11,339,549</u>	<u>46,197,323</u>





# Telcotech Ltd.

## Notes to the financial statements (continued) for the year ended 31 December 2022

### 22. Related party transactions and balances (continued)

#### (b) Balances with related parties (continued)

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(iv) Amounts due to related parties (Note 11)				
<i>Non-trade</i>				
Amount due to Ezecom Co., Ltd.	7,062,027	29,074,365	5,912,664	24,088,193
Offsetting with amount due from Ezecom Co., Ltd.	-	-	(3,469,539)	(14,134,901)
Net amount due to Ezecom Co., Ltd.	7,062,027	29,074,365	2,443,125	9,953,292
Cam GSM Co., Ltd.	2,943,162	12,116,998	-	-
Wing Bank (Cambodia) Plc	-	-	145,294	591,928
Global Security Solutions Co., Ltd.	-	-	9,093	37,044
	<u>10,005,189</u>	<u>41,191,363</u>	<u>2,597,512</u>	<u>10,582,264</u>
<i>Trade</i>				
Ezecom Co., Ltd.	120,991	498,121	-	-
Cam GSM Co., Ltd.	121,397	499,791	-	-
Wing Bank (Cambodia) Plc	166,149	684,035	-	-
Global Security Solutions Co., Ltd.	3,259	13,417	-	-
	<u>411,796</u>	<u>1,695,364</u>	<u>-</u>	<u>-</u>
	<u>10,416,985</u>	<u>42,886,727</u>	<u>2,597,512</u>	<u>10,582,264</u>

The amounts due from/(to) related parties are unsecured, interest-free and are repayable on demand.

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
(v) Finance lease liabilities (Note 14)				
Chailease Royal Leasing Plc.	-	-	13,579	55,321



## Telcotech Ltd.

### Notes to the financial statements (continued) for the year ended 31 December 2022

#### 23. Commitments

As at 31 December, the Company had commitments in respect of the lease of office buildings and fiber optic as follows:

	31 December 2022		31 December 2021	
	US\$	KHR'000 (Note 4)	US\$	KHR'000 (Note 4)
Within one year	2,369,885	9,756,817	48,840	198,974
Two to five years	433,451	1,784,518	-	-
	<u>2,803,336</u>	<u>11,541,335</u>	<u>48,840</u>	<u>198,974</u>

#### 24. Tax contingencies

The tax returns of the Company are subject to periodic examination by the tax authorities. As the application of tax laws and regulations to various types of transactions is susceptible to varying interpretations, amounts reported in the financial statements of the Company could be changed at a later date, upon final determination by the tax authorities.





**Telcotech Ltd**  
**Statement of financial position**  
**As at 30 June 2023**

	Unaudited 30 June 2023 US\$	Audited 31 Dec 2022 US\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	6,510,361	10,947,624
Term deposits	1,564,570	1,564,570
Trade and other receivables	9,968,132	8,079,149
Inventories	129,825	132,095
	<u>18,172,888</u>	<u>20,723,438</u>
<b>Non-current assets</b>		
Property and equipment	46,508,990	40,295,076
Loan to a shareholder	-	4,999,652
	<u>46,508,990</u>	<u>45,294,728</u>
<b>TOTAL ASSETS</b>	<u>64,681,878</u>	<u>66,018,166</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	14,002,274	13,262,428
Deferred revenue - CL	60,488	538,449
Amount due to MPTC - CL	1,754,108	1,794,836
Current income tax liability	1,317,935	417,717
Debt securities - CL	3,983,590	4,024,367
	<u>21,118,395</u>	<u>20,037,797</u>
<b>Non-current liabilities</b>		
Amount due to MPTC - NC	-	151,218
Deferred revenue - NC	262,452	291,252
Debt securities - NC	9,556,359	11,459,919
Deferred tax liability	2,923,393	2,976,398
	<u>12,742,204</u>	<u>14,878,787</u>
<b>TOTAL LIABILITIES</b>	<u>33,860,599</u>	<u>34,916,584</u>
<b>Equity</b>		
Share capital	11,856,688	11,856,688
Retained earnings	18,964,591	19,244,894
Currency translation differences	-	-
	<u>30,821,279</u>	<u>31,101,582</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>64,681,878</u>	<u>66,018,166</u>

Approved by:

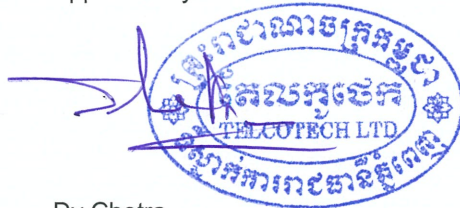
  


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**Telocotech Ltd**  
**Statement of comprehensive income**  
**For 6-month ended 30 June 2023**

	<b>Unaudited 30 June 2023 US\$</b>	<b>Audited 2022 US\$</b>
Revenue	11,594,228	21,943,980
Cost of sales and services	(10,054,053)	(17,328,250)
<b>Gross profit</b>	<u>1,540,175</u>	<u>4,615,730</u>
Other operating and administrative expenses	(625,058)	(840,810)
<b>Profit from operations</b>	<u>915,117</u>	<u>3,774,920</u>
Finance costs	(460,148)	(990,966)
Minimum tax expense	-	(219,440)
<b>Profit before income tax</b>	<u>454,969</u>	<u>2,564,514</u>
Income tax expenses	(90,994)	(515,939)
<b>Profit from continueing operation</b>	<u>363,975</u>	<u>2,048,575</u>

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**Telcotech Ltd**  
**Statement of cash flow**  
**As at 30 June 2023**

	30 Jun2023 US\$	31 Dec 2022 US\$
<b>Cash flows from operating activities</b>		
Net profit/(loss) for the year	363,975	2,048,575
<i>Adjustments for:</i>		
Depreciation	2,464,246	5,005,382
Minimum tax expense	-	219,440
Income tax expense	90,994	515,939
Interest expense	490,475	1,265,171
Interest income	(33,780)	(273,171)
Provision for employment benefit	-	137,725
Foreign exchange gain/loss	-	(25,167)
	<u>3,375,910</u>	<u>8,893,894</u>
<i>Changes in:</i>		
Trade and other receivables	(1,880,983)	5,465,908
Inventories	2,270	21,684
Trade and other payables	739,846	(765,579)
Deferred revenue	(215,509)	(172,589)
Amount due to MPTC	(191,946)	(636,645)
Cash generated from operating activities	<u>1,829,588</u>	<u>12,806,673</u>
Income tax/Minimum tax paid	(153,531)	(193,936)
Payment for employee benefits	-	(152,830)
Interest paid	(507,438)	(1,114,370)
Interest received	33,780	64,477
<b>Net cash generated from operating activities</b>	<u>1,202,399</u>	<u>11,410,014</u>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	(5,069,799)	(4,364,593)
Term deposit with bank	-	5,145,430
<b>Net cash used in investing activities</b>	<u>(5,069,799)</u>	<u>780,837</u>
<b>Cash flow from financing activities</b>		
Loan to shareholder	1,391,291	(153,321)
Repayments on debt securities	(1,961,155)	(3,922,309)
Payment of lease liabilities	-	(13,579)
Net cash generated from/(used in) financing activities	<u>(569,864)</u>	<u>(4,089,209)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(4,437,263)</u>	<u>8,101,642</u>
<b>Cash and cash equivalents at beginning of the year/period</b>	<u>10,947,624</u>	<u>3,555,982</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u>6,510,361</u>	<u>11,657,624</u>



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**TELCOTECH LTD**  
**Statement of financial position**  
**As at 30 September 2023**

	<b>Unaudited 30 Sep 2023</b>	<b>Audited 2022</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	3,981,507	10,947,624
Term deposits	1,564,570	1,564,570
Trade and other receivable	10,909,092	8,079,149
Inventories	129,670	132,095
	<u>16,584,839</u>	<u>20,723,438</u>
<b>Non-current assets</b>		
Property and equipment	46,985,376	40,295,076
Loan to a shareholder	-	4,999,652
	<u>46,985,376</u>	<u>45,294,728</u>
<b>TOTAL ASSETS</b>	<u>63,570,215</u>	<u>66,018,166</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	15,116,713	13,262,428
Deferred revenue - CL	59,634	538,449
Amount due to MPTC - CL	1,251,644	1,794,836
Current income tax liability	1,423,642	417,717
Debt securities - CL	3,837,369	4,024,367
	<u>21,689,002</u>	<u>20,037,797</u>
<b>Non-current liabilities</b>		
Amount due to MPTC - NC	-	151,218
Deferred revenue - NC	248,052	291,252
Debt securities - NC	7,623,371	11,459,919
Deferred tax liability	2,860,092	2,976,398
	<u>10,731,515</u>	<u>14,878,787</u>
<b>TOTAL LIABILITIES</b>	<u>32,420,517</u>	<u>34,916,584</u>
<b>Equity</b>		
Share capital	11,856,688	11,856,688
Retained earnings	19,293,010	19,244,894
Currency translation difference	-	-
	<u>31,149,698</u>	<u>31,101,582</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u>63,570,215</u>	<u>66,018,166</u>

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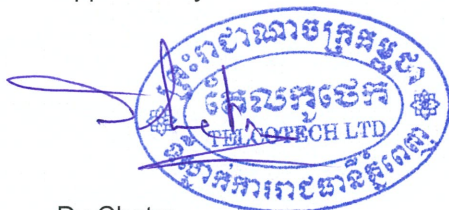
  
  
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**Telcotech Ltd**  
**Statement of comprehensive income**  
**As at 30 September 2023**

	<b>Unaudited 30 Sep 2023 US\$</b>	<b>Audited 2022 US\$</b>
Revenue	16,879,576	21,943,980
Cost of sales and services	<u>(14,340,452)</u>	<u>(17,328,250)</u>
<b>Gross profit</b>	<u>2,539,124</u>	<u>4,615,730</u>
Other operating and administrative expenses	(1,092,685)	(840,810)
<b>Profit from operations</b>	<u>1,446,439</u>	<u>3,774,920</u>
Finance costs	(673,497)	(990,966)
Minimum tax expense	-	(219,440)
<b>Profit before income tax</b>	<u>772,942</u>	<u>2,564,514</u>
Income tax expenses	(156,486)	(515,939)
<b>Profit from continueing operation</b>	<u>616,456</u>	<u>2,048,575</u>
	-	-

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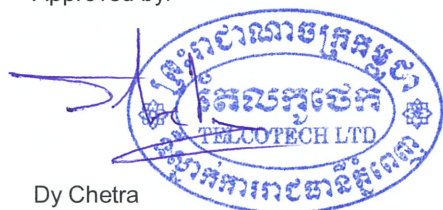


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**Telcotech Ltd**  
**Statement of cash flow**  
**As at 31 December 2022**

	30 Sep 2023 US\$	31 Dec 2023 US\$
<b>Cash flows from operating activities</b>		
Net profit/(loss) for the year	616,456	2,048,575
<i>Adjustments for:</i>		
Depreciation	3,775,981	5,005,382
Minimum tax expense	-	219,440
Income tax expense	156,486	515,939
Interest expense	621,190	1,265,171
Interest income	(65,168)	(273,171)
Provision for employment benefit	-	137,725
Foreign exchange gain/loss	-	(25,167)
	<u>5,104,945</u>	<u>8,893,894</u>
<i>Changes in:</i>		
Trade and other receivables	(257,710)	5,465,908
Inventories	2,425	21,684
Trade and other payables	(2,286,401)	(765,579)
Deferred revenue	(230,763)	(172,589)
Amount due to MPTC	(694,410)	(636,645)
Cash generated from operating activities	<u>1,638,086</u>	<u>12,806,673</u>
Income tax/Minimum tax paid	(172,876)	(193,936)
Payment for employee benefits	-	(152,830)
Interest paid	(600,597)	(1,114,370)
Interest received	65,168	64,477
<b>Net cash generated from operating activities</b>	<u>929,781</u>	<u>11,410,014</u>
<b>Cash flow from investing activities</b>		
Purchase of property and equipment	(7,219,935)	(4,364,593)
Term deposit with bank	-	5,145,430
<b>Net cash used in investing activities</b>	<u>(7,219,935)</u>	<u>780,837</u>
<b>Cash flow from financing activities</b>		
Loan to shareholder	3,246,346	(153,321)
Repayments on debt securities	(3,922,309)	(3,922,309)
Payment of lease liabilities	-	(13,579)
Net cash generated from/(used in) financing activities	<u>(675,963)</u>	<u>(4,089,209)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>(6,966,117)</u>	<u>8,101,642</u>
<b>Cash and cash equivalents at beginning of the year/period</b>	<u>12,512,194</u>	<u>3,555,982</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u>5,546,077</u>	<u>11,657,624</u>

Approved by:

  
Dy Chetra  
CFO



**Credit Rating Report**
**No.: 005/23**
**Dec 15, 2023**

# **TELCOTECH Ltd.**

Credit Rating		Bond Information	
Issuer Credit Rating	<b>khB</b>	Size	USD 20 million
Outlook	<b>Negative</b>	Settlement	Semi-annual frequency for both interest payment and principal repayment
Bond Credit Rating	<b>khAAA</b>	Maturity	5 years (1.5 years grace period for principal repayment)
		Type	Unsecured Guaranteed
		Coupon Rate	TBD
		Guarantor	Credit Guarantee & Investment Facility (CGIF)

**Analysts:**

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**Key Rating Rationale**

The present rating is based on the bond characteristics as outlined in this report and on the draft guarantee agreement and all other relevant documentation available to us at this time, either in draft or in working copy form. The rating is effective only when the bond is issued and all documentation has been approved by the regulatory authorities. Any material deviation from the draft guarantee agreement will result in the rating being put under review, suspended, or canceled.

We initiate the credit coverage of Telcotech Ltd's Bond ("the Bond") with a Bond Credit Rating (BCR) of khAAA (National Scale) which indicates in the Cambodian context an "Extremely strong capacity to meet financial commitments". In our methodology the BCR is made of two components: the Issuer Credit Rating (ICR) and the Recovery Scoring (RS).

The Recovery Scoring of the issue is "Very Low Risk". The bond is covered by a 100% on principal and interest amount by Credit Guarantee & Investment Facility ("CGIF"), an entity whose current credit rating is AA (global) by S&P and AAA (national) by RAM Ratings (Malaysia), TRIS (Thailand), Fitch Ratings Indonesia, and Pefindo CRA (Indonesia). Hence, we assign a rating of khAAA on our National Scale to the Bond Credit Rating.

In our view, the draft guarantee agreement justifies a credit substitution from the ICR of Telcotech Ltd. ("the Company or TCT") to the ICR of CGIF. In case of default, bondholders are protected by an irrevocable and unconditional guarantee of timely payment of principal and interest in full (interest and principal) by CGIF.

The Issuer Credit Rating itself has two components: a Stand-Alone Credit Profile (SACP) and an External Support Factor (ESF). The SACP analyses the credit profile of TCT from the perspective of its business risks and financial risks. In its own right, TCT has an "adequate capacity to meet financial commitments but more likely to be affected by adverse changes in circumstances and economic environment". The SACP rating of khB indicates a "Moderate to High Risk" profile.

**Outlook**

The **negative** outlook and **khB** rating reflect our expectation that this bond issuance ("the Bond") of USD20mn would further elevate TCT's gearing profile to a high level. The Bond's Use of Proceed is to finance the CAPEX related to the upgrading of fiber infrastructure. As such, we would expect the Company's Free Cash Flow to be further strained by this rising capital intensity. This khB rating also leaves little cushion for sizeable debt-financed transactions and execution missteps. Therefore, based on the Company's financial projection, we expect the TCT to deleverage its balance sheet. The deleveraging trajectory will depend on the management's ability to boost revenues from existing and new customers through upgrading its network.



## Outlook (cont.)

In addition, the management's ability to engage in other transactions that can increase the size of the Company's Revenue, EBITDA, and FOCF is also critical. In our view, the Company's culture and management experiences appear attuned to execute the strategy. However, in the short run, TCT will experience heightened pressure from debt repayment obligations. Therefore, RAC expects TCT to start to reduce its debt level from 2025 onwards as the capital intensity will peak in 2024 and decline in 2025.

## Rating Sensitivity

On the upside, we would look at the continued profitability and reduction in their leverage position to consider upgrading the ICR of the company. On the downside, less stable profitability, increased leverage position, breach of covenants, may compel us to consider an ICR downgrade. The BCR of the Bond is pegged to CGIF's global rating. Thus, we may consider a BCR downgrade if CGIF's global rating is downgraded.

## Issues to Monitor

TCT's leverage position, corporate governance, one-off transactions, and ability to engage in transactions that can improve the size of its Revenue, EBITDA, and FOCF are subjects to be monitored.

## TELCOTECH Ltd. Summary

### Overview

TCT was launched in 2007 as a private limited liability company. It is licensed by the Royal Government of Cambodia ("RGC") to operate and provide submarine cable network, fiber optic cable network, and data center. TCT is 100%-owned by Ezeecom Co., Ltd. ("Ezeecom"), which is itself wholly-owned by Neak Oknha Kith Meng. After restructuring in August 2021, TCT concentrates in wholesale commercial business while Ezeecom focuses on retail commercial business. At the end of 2022, the main sources of revenue were International Private Lease Circuit (IPLC) at 38% of total sales, followed by Domestic Lease Line at 26%, and Fiber Optic Wholesale at 18%.

TCT is one of the three leading players in the industry the other two being Telecom Cambodia ("TC"), and Cambodia Fiber Optic Communication Network Co., Ltd. ("CFOCN"). RAC views the existing key players to be partners rather than competitors. For instance, if one zone where one firm is allowed by the Regulator to have its fiber coverage, other firms cannot roll out their fibers in that zone. As such, if those firms wish to provide their fiber cabling services to customers in that zone, they are encouraged by the Regulator to partner and lease fiber from that one firm. Plus, the management confirmed that TC and CFOCN are ones of TCT's suppliers. Despite this, for comparative purposes, RAC treats TC and CFOCN as the closest comparables of TCT, given other players such as Angkor Data Infrastructure Co., Ltd. ("MekongNet") and Micromax Co., Ltd. ("Micromax") are still at small-scale.

### Performance

As of FY22, TCT's total revenue was around USD22mn. Following the restructuring in 2021, financial statements have been re-presented to separate the impact of discontinued operations. For meaningful historical comparisons we use such statements for the past three years.

TCT benefits from being one of the industry's key players which enabled the Company to generate steady growth in revenue and EBITDA over the last three years. EBITDA grew by 35.1% CAGR from FY20-FY22, indicating a considerable competitive advantage of TCT in the industry. The initial effect of the business restructuring in 2021 to focus more on the wholesale side seems to be favorable with a jump in revenue by 33.0% yoy and EBITDA by 139.0% yoy in FY22. However, this being only one year of meaningful record, we need to continue monitoring to determine the sustainability of this business model. From FY20-FY22, TCT has consistently demonstrated its cost reduction ability with Operating and Administrative Expenses decreasing by 23.2% p.a., of which the majority comes from cutting down Personnel Expenses by 43.8% p.a. Despite this, the Company's Profit from Operations was negative in FY20 and FY21 due to slower top-line growth.

TCT has historically maintained a low liquid balance sheet with Current Ratio (henceforth: CR) below 1x, except in FY21 and FY22 when CR was 1.7x and 1x respectively. This was largely due to the decrease of the Trade and Other Payables and Amounts due to MPTC by 54.0% yoy and 83.5% yoy respectively in FY21. However, these two accounts rose in FY22, making the CR decreased from 1.7x in FY21 to 1x in FY22. The increase in Cash and Bank Balances and Term Deposits in FY21 and FY22 was a result of CGIF requiring TCT to collect all Receivables due from CAMGSM Plc. ("Cellcard") with a total facility of USD15mn that was fully settled in June 2023 - as part of the requirement of the first bond guarantee of USD20mn in 2021. The Company sought funding for its capital expenditure through the first guaranteed bond in 2021. In spite of the CR covenant breach in 2022, the lenders agreed to waive the covenant so Debt Securities continue to be shown as non-current.

However, the Company needs to keep investing in capital expenditure to maintain its competitive position. This has increased the Company's leverage for the last two years (FY21-FY22). After the first bond issuance of USD20mn, the Company's debt/capital ratio rose from 24.1% in FY20 to 49.9% in FY21 and 49.8% in FY22. Lastly, EBITDA and Free Cash Flow (henceforth: FOCF) jumped by 139.0% yoy and 197.9% yoy respectively in FY22. Despite this, the Free Cash Flow of USD 6,953,073 in FY22 is not sizeable enough to support further significant debt financing in respect of TCT's current leverage profile.





	31 Dec 2022		31 Dec 2021		31 Dec 2020	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
<b>Statement of Financial Position</b>						
<b>Assets</b>						
Cash and Bank balances	45,071,368	10,947,624	14,487,071	3,555,982	3,176,676	785,334
<b>Current assets</b>	<b>85,318,394</b>	<b>20,723,438</b>	<b>94,740,130</b>	<b>23,254,818</b>	<b>101,768,224</b>	<b>25,159,017</b>
Property and equipment	165,894,828	40,295,076	138,002,016	33,873,838	155,013,655	38,322,288
<b>Non-current assets</b>	<b>186,478,395</b>	<b>45,294,728</b>	<b>156,895,749</b>	<b>38,511,475</b>	<b>155,013,655</b>	<b>38,322,288</b>
<b>Total Assets</b>	<b>271,796,789</b>	<b>66,018,166</b>	<b>251,635,879</b>	<b>61,766,293</b>	<b>256,781,879</b>	<b>63,481,305</b>
<b>Liabilities</b>						
Debt and Borrowings	16,568,319	4,024,367	16,588,098	4,071,698	11,421,531	2,823,617
<b>Total Current liabilities</b>	<b>82,495,610</b>	<b>20,037,797</b>	<b>55,891,793</b>	<b>13,719,144</b>	<b>112,139,795</b>	<b>27,723,064</b>
Debt and Borrowings	47,180,487	11,459,919	62,196,821	15,266,770	18,724,434	4,629,032
<b>Non-current liabilities</b>	<b>61,255,966</b>	<b>14,878,787</b>	<b>77,382,135</b>	<b>18,994,142</b>	<b>25,400,569</b>	<b>6,279,498</b>
<b>Total liabilities</b>	<b>143,751,576</b>	<b>34,916,584</b>	<b>133,273,928</b>	<b>32,713,286</b>	<b>137,540,364</b>	<b>34,002,562</b>
<b>Equities</b>						
Share capital	48,019,586	11,856,688	48,019,586	11,856,688	48,019,586	11,856,688
Retained earnings	78,042,579	19,244,894	69,670,053	17,196,319	71,401,949	17,622,055
<b>Total equity</b>	<b>128,042,213</b>	<b>31,101,582</b>	<b>118,361,951</b>	<b>29,053,007</b>	<b>119,241,515</b>	<b>29,478,743</b>
<b>Total liabilities and equity</b>	<b>271,796,789</b>	<b>66,018,166</b>	<b>251,635,879</b>	<b>61,766,293</b>	<b>256,781,879</b>	<b>63,481,305</b>

	31 Dec 2022		31 Dec 2021		31 Dec 2020	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
<b>Statement of Cash Flow</b>						
Net cash (used in)/generated by operating activities	46,632,728	11,410,014	47,355,610	11,641,006	28,063,980	6,883,488
Net cash (used in)/generated by investing activities	3,191,280	780,837	(62,182,980)	(15,285,885)	(16,787,968)	(4,117,726)
Net cash (used in)/generated by financing activities	(16,712,597)	(4,089,209)	28,735,857	7,063,878	(12,693,087)	(3,113,340)
<b>Net change in cash and cash equivalents</b>	<b>33,111,411</b>	<b>8,101,642</b>	<b>13,908,487</b>	<b>3,418,999</b>	<b>(1,417,075)</b>	<b>(347,578)</b>

	31 Dec 2022		31 Dec 2021		31 Dec 2020	
	KHR'000	USD	KHR'000	USD	KHR'000	USD
<b>Statement of Profit or Loss</b>						
Revenue	89,685,046	21,943,980	67,142,836	16,505,122	66,124,961	16,219,024
Gross profit	18,864,488	4,615,730	5,308,923	1,305,045	3,991,652	979,066
Profit from operations	15,428,098	3,774,920	(1,148,418)	(282,305)	(3,585,439)	(879,431)
Profit before income tax	10,481,169	2,564,514	(7,138,784)	(1,754,863)	(7,727,687)	(1,895,435)
Profit after Tax	8,372,526	2,048,575	(7,339,837)	(1,804,286)	(8,660,570)	(2,124,251)
<b>Total comprehensive income/(loss) for the year</b>	<b>9,683,262</b>	<b>2,048,575</b>	<b>(879,564)</b>	<b>(425,736)</b>	<b>(8,660,570)</b>	<b>(2,124,251)</b>



## Rating Definition

Issuer Credit Rating – National Scale			
National Rating	Definition		
khAAA	Extremely Strong Capacity to meet financial commitments	1	Very low risk
khAA	Very strong capacity to meet financial commitments	2	
khA	Strong capacity to meet financial commitments but somewhat susceptible to adverse changes in circumstances and economic environment	3	Low risk
khBBB	Adequate capacity to meet financial commitments but more susceptible to adverse changes in circumstances and economic environment	4	
khBB	Adequate capacity to meet financial commitment but more vulnerable to adverse changes in circumstances and economic environment	5	Moderate risk
khB	Adequate capacity to meet financial commitments but more likely to be affected by adverse changes in circumstances and economic environment	6	
khCCC	Capacity to meet financial commitments dependent on favorable business, financial and economic conditions	7	High risk
khCC	Weak capacity to meet financial commitments	8	
khC	Unlikely to be able to meet financial commitments	9	Very high risk
khD	In default partially or for all financial commitments	10	



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Research Update:

## Credit Guarantee and Investment Facility 'AA/A-1+' Ratings Affirmed; Outlook Stable

February 28, 2023

### Overview

- The issuance of guarantees by Credit Guarantee and Investment Facility (CGIF) has slightly slowed amid rising funding costs and uncertain operating conditions, despite the lifting of restrictions related to COVID-19.
- CGIF is still working on asset recovery following the first default by a guaranteed entity in December 2021. We believe this default, which is contained in size, will not affect CGIF's ability to execute guarantees to catalyze the ASEAN corporate bond market and foster economic development in the region.
- We expect CGIF to maintain its extremely strong financial profile, underpinned by its robust capital position and increasing capital contributions. The facility's short lifespan and small presence limit its business profile.
- We affirmed our 'AA' long-term and 'A-1+' short-term foreign currency issuer credit ratings on CGIF. We also affirmed the 'AA' long-term issue rating on CGIF's guaranteed notes.
- The stable outlook on the long-term rating reflects our view that CGIF will maintain a solid buffer against potential guarantee calls over the next 24 months.

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### Rating Action

On Feb. 28, 2023, S&P Global Ratings affirmed its 'AA' long-term and 'A-1+' short-term foreign currency issuer credit ratings on Credit Guarantee and Investment Facility (CGIF). The outlook on the long-term rating is stable. We also affirmed the 'AA' long-term issue rating on CGIF's guaranteed notes.

### Rationale

We affirmed the ratings on CGIF because we expect the facility to maintain its adequate enterprise risk profile and extremely strong financial risk profile. CGIF has no callable capital. The long-term issuer credit rating therefore reflects our assessment of the facility's 'aa' stand-alone credit



profile.

Our assessment of CGIF's enterprise risk profile reflects the facility's role as a bond guarantor for corporates in Asia. CGIF has been steadily increasing its guarantee portfolio on the back of a larger equity base. The facility's shorter track record of fulfilling its policy mandate compared with other supranational institutions constrains its enterprise risk profile.

With most members of Association Of Southeast Asian Nations (ASEAN) phasing out COVID restrictions, the impact of pandemic-related mobility restrictions on sectors, including travel and hospitality, has eased. However, three years of disruptions from COVID have weakened the balance sheets of some corporates. Funding costs have also increased as central banks across the region raised policy rates to control inflation. This has reduced the number of corporate issuances in 2022 and the number of guarantees issued by CGIF. These conditions could persist into 2023.

During the COVID-19 pandemic, CGIF enhanced its credit risk management systems and increased surveillance frequency to better gauge the riskiness of its portfolio. This has helped the entity with early identification and to better manage the first default in its guarantee portfolio by KNM Group Bhd. KNM missed payments on principal (US\$83 million) and coupon (US\$1.3 million) on its bonds issued in Thailand on Nov. 18, 2021. CGIF met the call on the guarantee in full and on time in December 2021.

The guarantee was backed by collateral, and the recovery process is still underway. The asset disposal process has been more protracted than we expected initially. An extended court process could also delay the timeline for recovery. Nevertheless, the impact on CGIF's portfolio is likely limited. We estimate that if CGIF could recover 50% of the payout (net of reinsurance coverage), the final loss would be roughly equal to one year of CGIF's retained earnings.

Despite the KNM default, CGIF's asset quality remains sound, in our assessment. This is a result of the facility's guaranteed exposure representing companies in the region with relatively better credit quality, as well as CGIF's conservative risk appetite.

We believe CGIF's capital and liquidity buffers are robust and could withstand additional pressure. Should a default occur, the typical size of each issue at 7%-12% of CGIF's capital levels and well spread-out maturity walls will limit the impact.

Established in November 2010, CGIF's mandate is to deepen and develop liquid local-currency bond markets among ASEAN members. The institution provides guarantees on bonds issued by corporates in ASEAN. As of Feb. 1, 2023, CGIF had issued 57 guarantees, with 40 guarantees outstanding. The guaranteed amount typically ranges between US\$50 million and US\$100 million and generally has a tenor of three to 10 years. This compares with CGIF's equity base of US\$1.2 billion as of end-2022. Following additional capital injections and retained earnings, CGIF's maximum guarantee capacity grew by US\$42 million in 2022.

CGIF acts as a catalyst for bond deals, rather than helping to deepen the capital markets by boosting volumes. We believe the deepening of the ASEAN bond markets through credit enhancement will remain limited. This also limits the role of CGIF because its function could partially be filled by a commercial entity. To strengthen its policy role, CGIF has been focusing on frontier markets in ASEAN, first-time issuers in local currencies, and the policy priorities of the Asian Bond Market Initiatives to contribute to market creation.

CGIF was set up as a trust fund of the Asian Development Bank (ADB). We believe CGIF's creditworthiness benefits from its relationship with its contributors and the mandate they have entrusted it with. CGIF has a balanced shareholder base, and all shareholders are either governments or government-related agencies with strong government links. The current voting





rights are dominated by four contributors: China (29.9%); Japan (29.9%); Korea (14.9%); and the ADB (15.7%). The 10 ASEAN governments collectively hold most of the remaining voting rights (9.8%).

CGIF's shareholders demonstrated their support by approving its first-ever capital increase to US\$1.2 billion from US\$700 million in December 2017. The subscription increase was on a voluntary and proportional basis. The shareholder payments are likely to be completed by the end of 2023. By increasing its capital, CGIF's guarantee capacity will be boosted to US\$3 billion, from US\$1.75 billion. As of end-2022, CGIF's paid-in capital was US\$1,149 million. In our view, the successful completion of this exercise will underscore CGIF's strong shareholder support.

CGIF renewed its annual reinsurance arrangement with a syndicate of reinsurers rated between 'AA-' and 'A'. This will boost its guarantee capacity and manage credit concentration risk limits. The arrangement covers 25% of CGIF's existing guarantee portfolio. Including additional insurance on specific transactions, the coverage by the syndicate increases to about 33% of the portfolio. Coupled with the capital increase, the reinsurance agreement enhances CGIF's guarantee capacity.

CGIF's mandate to focus on the private sector excludes it from being treated as a preferred creditor. That is because private-sector companies cannot selectively default to one group of creditors while paying others like sovereigns can. Hence, we do not incorporate preferred creditor treatment in our assessment of CGIF's enterprise risk profile.

However, given CGIF's status as a multilateral lending institution, we consider preferential treatment for the institution from the governments of countries in which it operates. We incorporate this factor into our assessment of CGIF's financial risk profile. These benefits include freedom from transfer and convertibility restrictions, which would aid in recovery and collateral repossession if there is a guarantee call.

We believe CGIF's management team has the necessary expertise and experience to conduct its business and achieve its mandate. That said, CGIF has a short record of operations. Its guarantee operations are controlled by prudent risk parameters in accordance with governance standards laid out in its articles of agreement. CGIF has expanded at a gradual pace, allowing its staffing capacity to catch up with the scale of operations. ADB manages CGIF's capital, which results in conservative investment policies.

We consider CGIF's extremely strong financial profile to be a positive rating factor. The facility's risk-adjusted capital (RAC) ratio after adjustments as of end-2022 stood at 50.3%--well above our 23% threshold for an extremely strong capital adequacy assessment. The RAC ratio has remained broadly stable; it was 44.4% as of end-2021. We expect this trend to continue over the next few years, with CGIF maintaining the RAC ratio well above 23%.

We believe CGIF has a conservative approach to underwriting. However, some of its accounts fall within high-risk sectors such as oil and gas, real estate, and microfinance lending. These high-risk portfolios account for around one-fifth of CGIF's portfolio. To date, CGIF's accounts, including the high-risk sectors, maintain sufficient liquidity, and a majority of its guarantee positions are backed by substantial collateral.

CGIF does not borrow; it obtains funding for its activities solely through retained earnings and contributors' equity. We believe sovereign and supranational backing provides one of the most stable sources of funding. However, this model also represents a concentration risk that could be tested in case of severe stress. We assign a neutral funding score because we believe the positive factor of paid-in capital base is counterbalanced by the lack of access to the wholesale market.

We assess CGIF's liquidity position as robust. The institution should be able to comfortably pay out



under its guarantees for at least a year in stressed market conditions, without recourse to liquidity facilities from contributors or from the market. As of Dec. 31, 2022, our stressed liquidity ratio for CGIF was 6.42x for the next 12 months. The facility's liquid assets, managed by the ADB, are invested mostly in bonds of highly rated governments or government-related entities. They form the bulk of CGIF's balance sheet assets.

## Outlook

The stable outlook on CGIF reflects our expectation that the facility will maintain a solid balance sheet over the next 24 months. This will act as a cushion against potential guarantee calls amid uncertain macroeconomic conditions.

We believe changes to the rating will most likely be driven by the effectiveness of CGIF's role in the local-currency ASEAN bond markets.

## Downside scenario

We may lower the rating if CGIF struggles to execute its mandate at a profit, or if its financial metrics weaken. This could happen if: (1) the facility aggressively expands its guarantee portfolio beyond the natural growth capacity provided with the increase in capital; or (2) it has inadequate risk management to deal with sudden surges in guarantee calls.

Furthermore, we believe a drastic pull-back in CGIF's guarantee deals over a prolonged period would indicate a diminishing policy role and lead to a downgrade.

## Upside scenario

Upward pressure on the rating could emerge if CGIF shows a record of significantly contributing to a vibrant local currency regional capital market backed by ongoing shareholder support.

## Ratings Score Snapshot

Issuer Credit Rating: AA/Stable/A-1+

SACP: aa

Enterprise Risk Profile: Adequate

- Policy Importance: Adequate
- Governance and management: Adequate

Financial Risk Profile: Extremely Strong

- Capital Adequacy: Extremely Strong
- Funding and Liquidity: Strong

Extraordinary Support: 0

- Callable capital: 0
- Group Support: 0





Holistic Approach: 0

## Related Criteria

- Criteria | Governments | General: Multilateral Lending Institutions And Other Supranational Institutions Ratings Methodology, Jan. 31, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

## Related Research

- Introduction To Supranationals Special Edition 2022, Oct. 11, 2022
- Supranationals Special Edition 2022, Oct. 11, 2022
- Supranationals Edition 2022: Comparative Data For Multilateral Lending Institutions, Oct. 10, 2022

## Ratings List

### Ratings Affirmed

#### Credit Guarantee and Investment Facility

##### Sovereign Credit Rating

Foreign Currency	AA/Stable/A-1+
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#### CJ Logistics Asia Pte. Ltd.

Senior Unsecured	AA
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Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.



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# **GUARANTEE AGREEMENT**

**DATED \_\_\_\_\_ 202[3]**

**CREDIT GUARANTEE AND INVESTMENT FACILITY,  
a trust fund of the Asian Development Bank**

**and**

**WING BANK (CAMBODIA) PLC.  
as Bondholders' Representative for and on behalf of all Bondholders**

**and**

**WING BANK (CAMBODIA) PLC.  
as Agent**

**and**

**THE PERSONS AND FINANCIAL INSTITUTIONS  
set out in Schedule 1 and such other persons and financial institutions  
who accede to this Agreement from time to time  
as Bondholders**

**relating to**

**KHR 82,300,000,000 guaranteed amortizing bonds  
The Guaranteed Bonds of Telcotech Ltd.  
due 202[8]**

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**THIS GUARANTEE AGREEMENT (this Agreement)** is dated \_\_\_\_\_ 202[3] and is made as a deed

**BETWEEN:**

- (1) **CREDIT GUARANTEE AND INVESTMENT FACILITY**, a trust fund of the Asian Development Bank with its office in Manila, Philippines, in its capacity as the guarantor (**CGIF**);
- (2) **WING BANK (CAMBODIA) PLC.** in its capacity as the representative for and on behalf of the Bondholders (as defined below) (the **Bondholders' Representative**);
- (3) **WING BANK (CAMBODIA) PLC.** in its capacity as securities registrar, securities transfer agent and paying agent (the **Agent**); and
- (4) **THE PERSONS AND FINANCIAL INSTITUTIONS** set out in Schedule 1 (*List of Bondholders*) and such other persons and financial institutions who accede to this Agreement from time to time (the **Bondholders**),

(each a **Party** and collectively the **Parties**).

**BACKGROUND:**

- (A) At the request of the Issuer (as defined below), CGIF has agreed, subject to the terms and conditions of this Agreement, to issue a guarantee in favour of the Bondholders in respect of the Public Bonds (as defined below).
- (B) It is intended that this Agreement takes effect as a deed notwithstanding the fact that a Party may only execute this Agreement under hand.

**IT IS AGREED** as follows:

**1. INTERPRETATION**

**1.1 Definitions**

In this Agreement:

**Acceleration Due Date** has the meaning given to it in Clause 5.41.1(a)(i) (*CGIF Acceleration*).

**Acceleration Step** has the meaning given to it in Clause 5.1 (*Acceleration Step*).

**Additional Accrual Period** means:

- (a) in the case of a CGIF Acceleration or a Bondholders' Representative Acceleration, the period from (and including) the Bond Interest Payment Date immediately preceding the CGIF Acceleration or Bondholders' Representative Acceleration (as the case may be) to (but excluding) the Guarantor Payment Date; or
- (b) where a Demand has been made in respect of principal due on the Bond Maturity Date, the period from (and including) the Bond Maturity Date to (but excluding) the Guarantor Payment Date.

**Additional Accrued Interest** means the amount of interest in respect of any Public Bonds for the Additional Accrual Period at the Bond Interest Rate.

**Affiliate** means, in relation to a person, a Subsidiary or Holding Company of that person or a Subsidiary of that Holding Company.

**Agent** means Wing Bank (Cambodia) Plc. or any successor appointed as the securities registrar, securities transfer agent and paying agent in respect of the Bonds from time to time in accordance with the RTP Agency Agreement.

**Articles of Agreement** means the articles of agreement of CGIF originally dated 11 May 2010 as amended on 27 November 2013, 31 May 2016, 23 May 2017, 31 May 2018, 16 May 2019 and 1 August 2019 (as may be further amended or supplemented from time to time).

**BHR Demand** means a demand for payment under this Agreement from the Bondholders' Representative to CGIF substantially in the form set out in Schedule 3 (*Form of BHR Demand*).

**Bond Conditions** has the meaning given to the term **Bond Conditions** in the Bondholders' Representative Agreement.

**Bond Documents** means the Disclosure Document, the Underwriting Agreement, the Bond Conditions, the Bondholders' Representative Agreement, the RTP Agency Agreement, the Single Submission Form, and all other documentation (excluding the Guarantee Documents) related to the issuance of the Bonds.

**Bond Event of Default** has the meaning given to the term **Event of Default** in clause 11 (*Events of Default and Acceleration*) of the Bond Conditions.

**Bond Interest Payment Date** has the meaning given to the term **Interest Payment Date** under the Bond Conditions.

**Bond Interest Rate** has the meaning given to the term **Interest Rate** under the Bond Conditions.

**Bond Maturity Date** has the meaning given to the term **Maturity Date** under the Bond Conditions.

**Bondholder Accession Instrument** means a document substantially in the form of Schedule 6 (*Form of Bondholder Accession Instrument*).

**Bondholder Demand** means a demand for payment made by a Bondholder under this Agreement from the Bondholders to CGIF substantially in the form set out in Schedule 4 (*Form of Bondholder Demand*).

**Bondholder Demand Period** means, in respect of a Non-Payment Event, a period of ten (10) Business Days starting on the date of expiry of the Demand Period in respect of such Non-Payment Event.

**Bondholders' Book** has the meaning given to the term **Bondholders' Book** in the Bondholders' Representative Agreement.

**Bondholders' Representative** means Wing Bank (Cambodia) Plc. or any successor appointed as the bondholders' representative in respect of the Bonds from time to time in accordance with the Bond Conditions and the Bondholders' Representative Agreement.

**Bondholders' Representative Acceleration** has the meaning given to it in Clause 5.2 (*Bondholders' Representative Acceleration*).

**Bondholders' Representative Agreement** means the Cambodian law governed bondholders' representative agreement entered into between the Bondholders' Representative and the Issuer dated



on or about the date of this Agreement or any agreement appointing a new Bondholders' Representative to replace the existing Bondholders' Representative (if any) from time to time.

**Bondholders' Representative Expenses** means:

- (a) all costs, expenses and liabilities properly incurred by the Bondholders' Representative in making a BHR Demand on CGIF in accordance with this Agreement; and
- (b) the remuneration due and payable to the Bondholders' Representative in accordance with clause 6 (*Remuneration of the Bondholders' Representative*) of the Bondholders' Representative Agreement.

**Bonds** means the KHR denominated bonds issued by the Issuer as defined in clause 1 of the Bond Conditions due 202[8].

**Business Day** means a day (other than a Saturday or Sunday) on which banks are open for general business in Manila, New York and Phnom Penh.

**CGIF Acceleration** has the meaning given to it in Clause 5.4(a)(*CGIF Acceleration*).

**CGIF Acceleration Notice** means a written notice delivered by CGIF to the Issuer and the Bondholders' Representative, substantially in the form set out in Schedule 5 (*Form of CGIF Acceleration Notice*).

**CGIF Assets** means all property and assets of CGIF held in trust in accordance with the Articles of Agreement of CGIF and available from time to time to meet the liabilities of CGIF. For the avoidance of doubt, a CGIF Asset does not include any assets of the Asian Development Bank or any other contributors to CGIF.

**CGIF Certificate** means the certificate to be issued by CGIF to the Bondholders' Representative certifying it has received (or waived receipt of) the documents and evidence set out in schedule 1 (*Conditions Precedent and Conditions Subsequent*) to the Indemnity Agreement in form and substance satisfactory to CGIF, substantially in the form set out in Schedule 2 (*Form of CGIF Certificate*).

**CGIF Non-Payment Event** has the meaning given to it in Clause 5.2(a) (*Bondholders' Representative Acceleration*).

**Demand** means a BHR Demand and/or a Bondholder Demand.

**Demand Period** means in respect of a Non-Payment Event in respect of:

- (a) any Scheduled Interest (including the Scheduled Interest due on the last Bond Interest Payment Date); or
- (b) a Principal Amount,

a period of ten (10) Business Days starting on the date of such Non-Payment Event.

**Disclosure Document** means the disclosure document prepared and issued by the Issuer (with assistance from the Underwriter) in relation to the issuance of the Bonds.

**Eligible Bondholder** means a Bondholder who is not (a) an Issuer Related Entity or (b) the Issuer (or a person acting at the direction of the Issuer).

**Ezecom** means Ezecom Co., Ltd, a company incorporated under the laws of Cambodia with company registration number 00022509 (old registration number Co.11293KH/2008), and having its registered address at #7D, Russian Blvd, Sangkat Teuk Laork 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

**Government Agency** means any government department or any government agency, semi-governmental or judicial entity or authority (including, without limitation, any stock exchange or any self-regulatory organisation established under statute).

**Guarantee** means the guarantee provided by CGIF pursuant to, and subject to the terms and conditions of this Agreement.

**Guarantee Documents** means this Agreement, the Indemnity Agreement and any other document or agreement entered into between any of CGIF, the Issuer, an Obligor and the Bondholders' Representative (as applicable) in connection with any of those documents, designated as such by CGIF.

**Guarantee Term** has the meaning given to it in Clause 2.2(b)(*Term of the Guarantee*).

**Guaranteed Amount** has the meaning given to it in Clause 2.1(b)(ii)(*Guarantee*).

**Guaranteed Bonds** has the same meaning as Public Bonds.

**Guarantor Default Interest Amount** has the meaning given to it in Clause 3.4(a)(*Guarantor Default Interest*).

**Guarantor Default Rate** means the Bond Interest Rate plus two per cent. (2%) per annum.

**Guarantor Payment Date** means the date of actual payment by CGIF in respect of a Guaranteed Amount.

**Guarantor Payment Due Date** means the original due date for the payment of any Guaranteed Amount, which is:

- (a) thirty (30) Business Days from the date of receipt of a valid BHR Demand in respect of such Guaranteed Amount by CGIF; or
- (b) thirty (30) Business Days after the expiry of the Bondholder Demand Period after the receipt of a valid Bondholder Demand in respect of such Guaranteed Amount by CGIF.

**Holding Company** means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary.

**Indemnity Agreement** means the reimbursement and indemnity agreement dated on or about the date of this Agreement entered into between, amongst others, CGIF, the Issuer and the other Obligors in connection with this Agreement.

**Issue Date** has the same meaning given to such term in the Bond Conditions.

**Issuer** means Telcotech Ltd., a company incorporated under the laws of Cambodia with company registration number 00022508 (old registration number Inv.1318KH/2008), and having its registered at #7D, Russian Blvd, Sangkat Teuk Laork 1, Khan Toul Kork, Phnom Penh, Kingdom of Cambodia.

**Issuer Event of Default** means the occurrence of any of the events described in clause 11 (*Events of Default and Acceleration*) of the Bond Conditions.



**Issuer Related Entity** means

- (a) the Holding Company of the Issuer and any of its Affiliates (other than the Issuer);
- (b) any Affiliate of the Issuer; and
- (c) any other person acting at the direction of any person set out in (a) or (b) above.

**New Bondholder** has the meaning set out in Clause 12 (*Changes to Bondholders*).

**Non-Payment Event** means the non-payment (after giving effect to any applicable grace period) of any Guaranteed Amount by the Issuer in accordance with the terms of the Bond Conditions and the Bondholders' Representative Agreement.

**Obligor** means each of the Issuer and Ezeecom.

**Paid Guaranteed Amount** has the meaning given to it in Clause 4.1(a) (*Subrogation*).

**Principal Amount** means the outstanding principal amount in respect of the Bonds at any time.

**Public Bonds** means the Bonds excluding those owned by the Issuer (or any other person acting at the direction of the Issuer) or an Issuer Related Entity.

**Recovered Amount** has the meaning given to it in Clause 6(a) (*Recoveries*).

**Riel or KHR** means Khmer Riel, the lawful currency of the Kingdom of Cambodia.

**RTP Agency Agreement** means the Contract on Providing Service of Securities Registrar, Securities Transfer Agent and Paying Agent dated [•] and entered into between the Issuer and Wing Bank (Cambodia) Plc.

**Scheduled Interest** means scheduled interest on the Public Bonds payable at the Bond Interest Rate on each Bond Interest Payment Date (excluding, for the avoidance of doubt, default interest (if any)).

**Security** means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

**Single Submission Form** means the single submission form (being the Common Document for Submission to Regulatory, Listing, and Registration Authorities, and Market Institutions for the Issuance of Notes under the ASEAN+3 Multi-Currency Bond Issuance Framework) prepared by the Issuer in connection with the issue of the Bonds, as the same may have been amended or supplemented from time to time.

**Subsidiary** means, in relation to any company or corporation, a company or corporation:

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
- (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned company or corporation,

and for this purpose, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

**Tax** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

**Tax Deduction** means a deduction or withholding for or on account of Tax from a payment under this Agreement.

**Transfer Date** means, in relation to a transfer by a Transferring Bondholder of its rights and interests in Bonds to a New Bondholder, and for the purposes of this Agreement, the date on which a Bondholder Accession Instrument is delivered to CGIF by the Agent or the New Bondholder (as the case may be) in accordance with this Agreement and the Bond Conditions.

**Transferring Bondholder** has the meaning set out in Clause 12 (*Changes to Bondholders*).

**Underwriter** means Royal Group Securities, a public limited company incorporated under the laws of Cambodia, having a commercial registration no. 2000237516 and a registered address at No. 246, Preah Monivong Blvd, Sangkat Boeung Riang, Khan Daun Penh, Phnom Penh, Cambodia.

**Underwriting Agreement** means the underwriting agreement dated [•] entered into between the Underwriter and the Issuer for full or partial subscription by the Underwriter of any remaining Bonds following a public offering of the Bonds.

## 1.2 Construction

- (a) In this Agreement, terms not defined herein have the meaning as set out in the Bond Conditions and unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, novation, extension (whether of maturity or otherwise), restatement, re-enactment or replacement (however fundamental and whether or not more onerous) and **amended** will be construed accordingly;
  - (ii) **assets** includes present and future properties, revenues and rights of every description;
  - (iii) a **Clause**, a **Subclause**, a **Paragraph** or a **Schedule** is a reference to a clause, subclause of, or paragraph of, or a schedule to, this Agreement;
  - (iv) a currency is a reference to the lawful currency for the time being of the relevant country;
  - (v) a **Bond Document**, **Guarantee Document** or other document or Security includes (without prejudice to any prohibition on or consent required for any amendments) any amendment to that Bond Document or other document or Security;
  - (vi) **including** means including without limitation, and **includes** and **included** shall be construed accordingly;
  - (vii) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;
  - (viii) a **Party** or any other person includes its successors in title, permitted assigns and permitted transferees;
  - (ix) a **person** includes any individual, company, corporation, unincorporated association or body (including a partnership, trust, fund, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;



- (x) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
  - (xi) a **successor** shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of its jurisdiction of establishment, incorporation or domicile has assumed the rights and obligations of such party under this Agreement or to which, under such laws, such rights and obligations have been transferred;
  - (xii) a time of day is a reference to Manila time; and
  - (xiii) the **winding-up, dissolution or administration** of a company or corporation shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is established or incorporated or any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.
- (b) Unless the contrary intention appears, a reference to a **month** or **months** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:
- (i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);
  - (ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and
  - (iii) notwithstanding sub-Paragraph (i) above, a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.
- (c) The headings in this Agreement are provided for convenience only and do not affect the construction or interpretation of any provision of this Agreement.

## 2. GUARANTEE

### 2.1 Guarantee

- (a) Subject to the provisions of this Agreement, CGIF irrevocably and unconditionally guarantees to the Bondholders the full and punctual payment of each Bondholder Guaranteed Amount and irrevocably and unconditionally guarantees to the Bondholders' Representative the full and punctual payment of the Bondholders' Representative Expenses.
- (b) Subject to Subclauses (d) and (e) below, in this Agreement:
  - (i) **Bondholder Guaranteed Amount** means:
    - (A) any Principal Amount and any Scheduled Interest which is overdue and unpaid (whether in whole or in part) (after the expiry of any applicable grace periods) by the Issuer under the Bond Conditions; and

- (B) any Additional Accrued Interest; and
- (ii) **Guaranteed Amount** means:
  - (A) any Bondholder Guaranteed Amount; and
  - (B) any Bondholders' Representative Expenses which is overdue and unpaid (whether in whole or in part),

provided that a Demand is delivered in respect of any Guaranteed Amount in accordance with the terms of this Agreement.

- (c) For the avoidance of doubt, a Guaranteed Amount does not include any increased costs, tax-related indemnity, gross-up amounts, default interest, fees, or any other amounts other than any Principal Amount, any Scheduled Interest, any Additional Accrued Interest and any Bondholders' Representative Expenses payable by the Issuer to the Bondholders' Representative or any Bondholders.
- (d) A Guaranteed Amount does not and shall not include any Principal Amount or any Scheduled Interest which is payable or could become payable under or in respect of any Bonds purchased, repurchased or otherwise held, either legally or beneficially, by any Issuer Related Entity or the Issuer (or any person acting on the instructions or directions of the Issuer).
- (e) The Guaranteed Amount shall cover coupon and principal payments in KHR under the Bonds with all payments made or to be made shall be settled in USD at the exchange rate calculated by taking the arithmetic mean of the official USD/KHR exchange rate published by the National Bank of Cambodia on each of the 6<sup>th</sup> Business Day to the 2<sup>nd</sup> Business Day prior to the date on which subscription for the Bonds commence.
- (f) If any of the Bonds become payable on an accelerated basis:
  - (i) as a result of:
    - (A) CGIF exercising its rights pursuant to Clause 5.4 (*CGIF Acceleration*); or
    - (B) the Bondholders' Representative being entitled to declare that the Bonds are payable on an accelerated basis in accordance with its right to do so under Clause 5.2 (*Bondholders' Representative Acceleration*),

CGIF will pay the Guaranteed Amount in accordance with Clauses 5.2 (*Bondholders' Representative Acceleration*) and 5.4 (*CGIF Acceleration*); and
  - (ii) at the instigation of the Issuer with the consent of the Bondholders, CGIF will not have any obligation under this Agreement nor under any other Bond Document to pay any such amounts that have become due and payable in this manner and, for the avoidance of doubt, such amounts will not form part of the Guaranteed Amount.

## 2.2 Term of the Guarantee

- (a) The Guarantee shall be effective as of the first date on which both:
  - (i) the Issue Date has taken place; and
  - (ii) CGIF has issued the CGIF Certificate.



- (b) Subject to Subclause (c) below and Clauses 2.7 (*Reinstatement*) and 13 (*Termination*), the Guarantee will expire on the earlier of:
- (i) the date on which all Guaranteed Amounts have been paid, repaid or prepaid in full, or the payment obligations of the Issuer in respect of all Guaranteed Amounts have been otherwise discharged or released pursuant to the Bond Documents or any other arrangement between the Issuer, the Bondholders and the Bondholders' Representative;
  - (ii) the date of full redemption, prescription or cancellation of the Bonds by the Issuer in accordance with the Bond Documents;
  - (iii) the date on which all outstanding Bonds are held by one or more Issuer Related Entities;
  - (iv) in the event of an occurrence of a Non-Payment Event and no Bondholder Demand having been made within the relevant Bondholder Demand Period in accordance with this Agreement, the last day of a Bondholder Demand Period;
  - (v) the date on which the Bondholders' Representative takes an Acceleration Step other than in respect of a CGIF Non-Payment Event;
  - (vi) the date on which the Bonds become payable under the Bond Conditions on an accelerated basis at the instigation of the Issuer and with the consent of the Bondholders in accordance with the Bond Conditions; and
  - (vii) the effective date of any termination of this Guarantee pursuant to Clause 13 (*Termination*),
- (such period of effectiveness of the Guarantee being the **Guarantee Term**).
- (c) The Guarantee will remain effective where a Demand has been made in accordance with this Agreement and payment by CGIF has not yet been made to the Bondholders' Representative or the Bondholders (as the case may be).

### 2.3 Continuing guarantee

This Guarantee is a continuing guarantee and will extend to the ultimate balance of all Guaranteed Amounts payable by the Issuer under the Bond Documents and this Agreement, regardless of any intermediate payment or discharge in whole or in part or where the payment of a Guaranteed Amount has been made but further Guaranteed Amounts are still due and payable or where any Public Bonds are outstanding.

### 2.4 Limited recourse

Notwithstanding any other provisions of this Agreement, any other Guarantee Document or any Bond Document, the recourse of the Bondholders, the Bondholders' Representative and the Agent against CGIF under this Agreement, any other Guarantee Document and any Bond Document is limited solely to the CGIF Assets. Each of the Bondholders, the Bondholders' Representative and the Agent acknowledges and accepts that it only has recourse to the CGIF Assets and it has no recourse to any assets of the Asian Development Bank or any other contributors to CGIF. Any obligation of CGIF under this Agreement, any other Guarantee Document or any Bond Document shall not constitute an obligation of the Asian Development Bank or any other contributors to CGIF.

## **2.5 No personal liability of the Asian Development Bank or any other contributors to CGIF**

Notwithstanding any other provisions of this Agreement, any other Guarantee Document or any Bond Document, neither the Asian Development Bank nor any other contributors to CGIF or the officers, employees or agents of the Asian Development Bank or any contributor to CGIF shall be subject to any personal liability whatsoever to any third party including the Bondholders, the Bondholders' Representative and the Agent in connection with the operation of CGIF or under this Agreement, any other Guarantee Document or any Bond Document. No action may be brought against the Asian Development Bank as the trustee of CGIF or as contributor to CGIF or against any other contributors to CGIF or any of their respective officers, employees or agents by any third party including the Bondholders, the Bondholders' Representative and the Agent in connection with this Agreement, any other Guarantee Document or any Bond Document.

## **2.6 Waiver of defences**

The obligations of CGIF under this Agreement will not be affected by and shall remain in force notwithstanding any act, omission, event or thing of any kind which, but for this provision, would reduce, release or prejudice any of its obligations under this Agreement. This includes:

- (a) any time, waiver or any other concession or consent granted to, or composition with, any person;
- (b) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security over assets of, any person;
- (c) any failure to realise the full value of any Security;
- (d) any incapacity, or lack of power, authority or legal personality of any person;
- (e) any termination, amendment, modification, variation, novation, replacement, supplement, or superseding of or to a Bond Document or any other document or Security relating thereto, but only if the prior written consent of CGIF has been obtained;
- (f) any unenforceability, illegality or, invalidity of any obligation of any person under any Bond Document or any other document or Security relating thereto, connected solely to any issues related to foreign currency transferability and convertibility affecting payment obligations of the Issuer under the Bond Documents;
- (g) any insolvency or similar proceedings affecting CGIF or the Issuer; or
- (h) the replacement of the Bondholders' Representative as representative for and on behalf of the Bondholders.

## **2.7 Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of the Issuer and/or CGIF or any Security (if any) for those obligations or otherwise) is made in whole or in part in respect of a Guaranteed Amount on the basis of any payment, Security (if any) or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, then the liability of CGIF under Clause 2 (*Guarantee*) and 3 (*Payment under the Guarantee*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.



## **2.8 Additional Security**

This Agreement is in addition to and is not in any way prejudiced by any Security (to the extent applicable, if any) in respect of any Obligor's obligations under the Bond Documents now or subsequently held by the Bondholders or the Bondholders' Representative (or any trustee or agent on its behalf).

## **2.9 Pari Passu Ranking**

Without limiting any other provision contained in this Agreement or any other Bond Documents, CGIF's payment obligations under this Agreement rank *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law (if any).

## **3. PAYMENT UNDER THE GUARANTEE**

### **3.1 General**

- (a) CGIF is only liable to pay a Guaranteed Amount under the Guarantee (and only in accordance with the terms and subject to the conditions of this Agreement) if and to the extent that the Bondholders' Representative delivers to CGIF a BHR Demand or a Bondholder delivers to CGIF a Bondholder Demand in respect of that Guaranteed Amount and such Demand complies with the requirements set out in this Clause 3.
- (b) The Bondholders' Representative may make a BHR Demand for payment of a Guaranteed Amount within the Demand Period following the occurrence of a Non-Payment Event.
- (c) If the Bondholders' Representative has failed to make a BHR Demand pursuant to Subclause 3.1(b) above, then an Eligible Bondholder may make a Bondholder Demand for payment of a Guaranteed Amount within ten (10) Business Days after the expiry of the Demand Period in respect of that portion of the Guaranteed Amount that would have been paid to it by the Issuer had the Non-Payment Event not occurred only to the extent that a Demand has not been made in respect of that portion of the Guaranteed Amount.
- (d) The Bondholders' Representative and the Bondholders undertake to revoke a Demand by written notice to CGIF at any time prior to the date on which a Guaranteed Amount is due for payment to the extent that moneys are actually received by the Bondholders' Representative or the Bondholders, as the case may be, in respect of a Guaranteed Amount prior to such date from a source other than CGIF.
- (e) Notwithstanding any term to the contrary, the Bondholders' Representative may not (and undertake not to) make a BHR Demand and no Bondholder may (and each Bondholder undertakes not to) make a Bondholder Demand in respect of any amount that is payable under or in respect of a Bond that is purchased, repurchased or otherwise held, either legally or beneficially, by any Issuer Related Entity.
- (f) Notwithstanding any other provisions of this Agreement, a Demand may only be made for payment of a Guaranteed Amount with respect to that Bond. Furthermore, if a Non-Payment Event occurs as a result of the Bonds becoming payable on an accelerated basis:
  - (i) a Demand may only be made in respect of that Non-Payment Event in accordance with Clause 5 (*Acceleration of the Bonds*) or Clause 5.2 (*Bondholders' Representative Acceleration*); and
  - (ii) no Demand may be made in respect of a Non-Payment Event where the relevant amount of principal or accrued interest became payable under the Bond Conditions

on an accelerated basis at the instigation of the Issuer and with the consent of the Bondholder in accordance with the Bond Conditions (other than in accordance with clause 9.1.1 (Partial Redemption Date) of the Bond Conditions).

- (g) CGIF agrees that the Bondholders and the Bondholders' Representative is not required to proceed against, enforce any other rights or Security (if any), or claim payment from any person before claiming from CGIF under this Agreement, irrespective of any law or any provision of any Bond Document to the contrary, provided that CGIF shall only be required to make payments to the Bondholders or the Bondholders' Representative in accordance with the terms of this Agreement and the Bond Conditions.
- (h) The Parties irrevocably and unconditionally agree that CGIF's obligation to make a payment in respect of any Guaranteed Amount under the Guarantee shall be discharged in full if CGIF makes a payment to the Bondholders and, in case such Guaranteed Amount includes any Bondholders' Representative Expenses, the Bondholders' Representative of an aggregate amount equal to the Guaranteed Amount in accordance with this Agreement, and the Bondholders shall not make a Bondholder Demand in respect of any sum that forms part of a Guaranteed Amount for which the Bondholders' Representative has already made a proper and valid BHR Demand.

### **3.2 Form and procedure of making a Demand under this Agreement**

- (a) Following the occurrence of a Non-Payment Event, the Bondholders' Representative will, in accordance with such procedures as may be set out in the Bondholders' Representative Agreement, as soon as becoming aware of the occurrence of a Non-Payment Event, and in any event within the Demand Period, deliver to CGIF (with a copy to the Issuer, the Agent and each Bondholder) a BHR Demand and any other information reasonably required by CGIF in connection with the Non-Payment Event to the extent available.
- (b) Following the receipt by CGIF of a BHR Demand in accordance with Subclause (a) above and at any time prior to the date on which a Guaranteed Amount is due for payment:
  - (i) if the Bondholders' Representative subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Bondholders' Representative shall promptly, and in any event no later than two (2) Business Days following such receipt, notify CGIF (with a copy to the Issuer);
  - (ii) if the Agent subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Agent shall promptly, and in any event no later than two (2) Business Days following such receipt, notify CGIF (with a copy to the Issuer); and
  - (iii) if the Bondholders subsequently receive payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Bondholders shall promptly, and in any event no later than two (2) Business Days following such receipt, notify CGIF (with a copy to the Issuer).
- (c) Upon receipt of a notice referred to in Subclause (b) above, the obligation of CGIF to pay the Guaranteed Amount specified in the relevant BHR Demand shall, in respect of any payment received in part, be reduced by the corresponding amount received by the Agent, the Bondholders' Representative or the Bondholders, and in respect of any payment received in full, be terminated.
- (d) Each BHR Demand must comply with the following:



- (i) each BHR Demand must (i) be substantially in the form set out in Schedule 3 (*Form of BHR Demand*); (ii) set out the basis of the relevant notice including details of the calculation of the Guaranteed Amount; and (iii) include all relevant evidence, information and documentation in support of the BHR Demand as is reasonably necessary to evidence in reasonable detail the occurrence of the Non-Payment Event, the amounts unpaid and the payment due from CGIF in respect of the relevant Guaranteed Amount;
  - (ii) no BHR Demand may include any portion of a Guaranteed Amount that is or was the subject of another Demand; and
  - (iii) if a BHR Demand is not on its face correct, properly completed, executed or delivered, or is not supported by the necessary evidence or other information or documentation referred to in paragraph (i) above, CGIF (acting reasonably) may notify the Bondholders' Representative if it considers this to be the case, and advise the Bondholders' Representative of its requirements, and the Bondholders' Representative shall promptly, and in any case within ten (10) Business Days of the occurrence of such Non-Payment Event, submit a new BHR Demand to CGIF in accordance with the procedures set out in this Clause 3.2.
- (e) If the Bondholders' Representative fails to make a valid and proper BHR Demand in accordance with this Clause 3, any Eligible Bondholder may make a Bondholder Demand within the Bondholder Demand Period in respect of that portion of the Guaranteed Amount that would have been paid to it by the Issuer had the Non-Payment Event not occurred to the extent that it has not received payment in respect of that portion of the Guaranteed Amount. Such Bondholder Demand shall be delivered to CGIF (with a copy to the Issuer and the Bondholders' Representative). For the avoidance of doubt, no Bondholder may make a Bondholder Demand in respect of any Bonds purchased, repurchased or otherwise held, either legally or beneficially, by any Issuer Related Entity.
- (f) Following the receipt by CGIF of a Bondholder Demand in accordance with Subclause (e) above and at any time prior to the date on which a Guaranteed Amount is due for payment:
- (i) if that Bondholder subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, that Bondholder shall promptly, and in any event no later than two (2) Business Days following such receipt, notify CGIF (with a copy to the Issuer);
  - (ii) if the Bondholders' Representative subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Bondholders' Representative shall promptly, and in any event no later than two (2) Business Days following such receipt, notify CGIF (with a copy to the Issuer); and
  - (iii) if the Agent subsequently receives payment in full or in part in respect of a Guaranteed Amount from a source other than CGIF, the Agent shall promptly, and in any event no later than two (2) Business Days following such receipt, notify CGIF (with a copy to the Issuer).
- (g) Upon receipt of the notice referred to in Subclause (f) above, the obligation of CGIF to pay the Guaranteed Amount specified in the relevant Bondholder Demand shall, in respect of any payment received in part, be reduced by the corresponding amount received by that Bondholder, the Agent and/or the Bondholders' Representative, and in respect of any payment received in full, be terminated.

- (h) No Bondholder may make a Bondholder Demand unless the Bondholder Demand complies with the following provisions:
  - (i) such Bondholder Demand must (i) be substantially in the form set out in Schedule 4 (*Form of Bondholder Demand*); (ii) set out the basis of the relevant notice including details of the calculation of the Guaranteed Amount owing to that Bondholder (iii) include all relevant evidence, information and documentation in support of the Bondholder Demand as is reasonably necessary to evidence in reasonable detail the occurrence of the Non-Payment Event, the amounts unpaid and the payment due from CGIF in respect of the Guaranteed Amount owing to that Bondholder, the identity of the Bondholder, the number of Bonds held by that Bondholder and any other information as may be required by CGIF;
  - (ii) such Bondholder Demand shall not include any portion of a Guaranteed Amount that is or was the subject of another Demand; and
  - (iii) if a Bondholder Demand is not on its face correct, properly completed, executed or delivered, or is not supported by the necessary evidence or other information or documentation referred to in paragraph (i) above, CGIF (acting reasonably) may notify that Bondholder if it considers this to be the case, and advise the Bondholder of its requirements, and that Bondholder shall promptly, and in any case within the Bondholder Demand Period, submit a new Bondholder Demand to CGIF in accordance with the procedures set out in this Clause 3.2.

### 3.3 Payment of a Demand

- (a) Subject to Clauses 2.1 (*Guarantee*), 5.2 (*Bondholders' Representative Acceleration*) and 5.4 (*CGIF Acceleration*), CGIF will, in accordance with Clause 8 (*Payments*):
  - (i) within thirty (30) Business Days of the receipt of a BHR Demand, pay directly to the Bondholders the Guaranteed Amount, which is the subject of the BHR Demand received by CGIF, that remains unpaid as at the Guarantor Payment Date; or
  - (ii) within thirty (30) Business Days after the expiry of the Bondholder Demand Period, pay directly to the Bondholders, that portion of the Guaranteed Amount which is the subject of a Bondholder Demand received by CGIF from that Bondholder which remains unpaid as at the Guarantor Payment Date.
- (b) Following receipt of any Guaranteed Amount paid by CGIF pursuant to a Demand, the Bondholders' Representative and/or the Bondholders, as the case may be, shall promptly notify the Issuer and CGIF that such payment has been received.

### 3.4 Guarantor Default Interest

- (a) If CGIF fails to make a payment in accordance with Clause 3.3 (*Payment of a Demand*), CGIF will pay interest at the Guarantor Default Rate on the Guaranteed Amount which is the subject of the Demand received by CGIF or any part thereof which remains unpaid (excluding the Bondholders' Representative Expenses) for the period from (and including) the Guarantor Payment Due Date for the Guaranteed Amount to (but excluding) the Guarantor Payment Date of the Guaranteed Amount (or the relevant part thereof) (a **Guarantor Default Interest Amount**).



- (b) For the avoidance of doubt, CGIF shall not pay any Guarantor Default Interest Amount on any amounts that become payable pursuant to the delivery of a Bondholders' Representative Acceleration or a CGIF Acceleration.

## **4. SUBROGATION AND TRANSFERS**

### **4.1 Subrogation**

- (a) Notwithstanding any provision to the contrary in any Bond Document, immediately upon the payment by CGIF under this Agreement of all or any part of the Guaranteed Amount in accordance with this Agreement (a **Paid Guaranteed Amount**), CGIF shall be:
  - (i) subrogated to and may direct the exercise of:
    - (A) all of the rights, powers and remedies of the Bondholders' Representative, on behalf of the Bondholders and of the Bondholders themselves, in respect of the Bonds and each Bond Document (in each case, to the extent relating and proportionate to that Paid Guaranteed Amount), against any relevant person, including (and to the extent relating and proportionate to that Paid Guaranteed Amount), any rights or claims, whether accrued, contingent or otherwise; and
    - (B) all of the Bondholders' Representative's and the Bondholders' privileges, rights and security against the Issuer or with respect to the Public Bonds insofar as they extend to an amount equal to that Paid Guaranteed Amount;
  - (ii) entitled to direct the Bondholders' Representative and/or the Bondholders to take action in the name of the Bondholders' Representative or the Bondholders, as the case may be, to enforce any rights of the Bondholders' Representative and/or the Bondholders against any person in relation to that Paid Guaranteed Amount.
- (b) The Bondholders' Representative must, at its own expense, execute such instruments or documents and take such other actions as CGIF may require to give effect to, facilitate or evidence the subrogation referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.
- (c) For the avoidance of doubt, no Bondholder shall be obliged to transfer or assign any rights or any legal title in the Public Bonds, except to the extent that it has received payment of any amounts from CGIF in respect thereof.

### **4.2 Transfer**

- (a) Notwithstanding any provision to the contrary in any Bond Document, upon payment by CGIF of a Paid Guaranteed Amount, the Bondholders' Representative, the Agent and the Bondholders shall, at the written request of CGIF and in consideration of such payment:
    - (i) transfer and assign, free from any Security, to CGIF all its rights:
      - (A) under the Bond Documents; and
      - (B) in respect of any Security securing the Bonds (if any) or any other amounts payable under the Bond Documents (including any right, title and interest to any asset which has arisen as a result of enforcement of such Security, if any),
- insofar as those rights relate and are proportionate to that Paid Guaranteed Amount; and

- (ii) execute such instruments or documents and take such other actions as necessary for CGIF to give effect to, facilitate or evidence the transfer and assignment referred to in this Clause 4 and to perfect the rights of CGIF to receive such amounts equal to the Paid Guaranteed Amount under the Bond Documents.
- (b) The Bondholders, the Agent and the Bondholders' Representative shall not do anything that could lessen or impair any of the rights referred to in Subclause (a)(i) above, CGIF's rights of subrogation or any other right of CGIF to recover any amount equal to the Paid Guaranteed Amount.

## 5. ACCELERATION OF THE BONDS

### 5.1 Acceleration Step

The Bondholders' Representative and the Bondholders agrees with, and undertakes in favour of, CGIF that, notwithstanding any term of the Bond Documents to the contrary, it shall not:

- (a) take any step to declare any Bond to be or become immediately due and payable, or payable on an accelerated basis under the Bond Documents; or
- (b) take any enforcement or similar action in relation to any Security (if any) in respect of the Bonds,

(each an **Acceleration Step**), for so long as CGIF continues to make payment of the Guaranteed Amount in accordance with the terms of this Agreement, other than in accordance with Clause 5.2 (Bondholders' *Representative Acceleration*).

### 5.2 Bondholders' Representative Acceleration

The Bondholders' Representative may, on behalf of the Bondholders and subject to the terms of the Bond Documents, take an Acceleration Step if:

- (a) a Non-Payment Event has occurred and is continuing and a BHR Demand has been properly delivered to CGIF (within the Demand Period) in accordance with this Agreement in respect of the relevant Guaranteed Amount and not paid by CGIF by the applicable due date in accordance with the terms of this Agreement (a **CGIF Non-Payment Event**); or
- (b) a Bond Event of Default occurs (other than pursuant to clause 11.1.1 (*Non-Payment*) of the Bond Conditions) and the requirements of clause 11.5 (*The Bondholders' Representative Acceleration Following the Occurrence of the Event of Default other than clause 11.1.1 (Non-Payment)*) of the Bond Conditions have been fulfilled,

(in each case, a **Bondholders' Representative Acceleration**).

### 5.3 Demand upon a Bondholders' Representative Acceleration

- (a) Upon the occurrence of a Bondholders' Representative Acceleration which is continuing pursuant to Clause 5.2(a), the Bondholders' Representative may deliver in accordance with this Agreement a Demand (where no Demand Period is applicable) in respect of the aggregate of the Guaranteed Amounts and the Guarantor Default Interest Amount (if any) to be paid by CGIF in accordance with this Agreement.
- (b) Upon the occurrence of a Bondholders' Representative Acceleration which is continuing pursuant to Clause 5.2(b), the Bondholders' Representative and the Bondholders shall have no right to deliver a Demand in respect of the Guaranteed Amounts to be paid by CGIF in



accordance with this Agreement and CGIF shall have no further obligation to pay any Guaranteed Amount.

#### 5.4 CGIF Acceleration

- (a) At any time after (a) the occurrence of an Issuer Event of Default or (b) the receipt by CGIF of a Demand under this Agreement (regardless of whether or not CGIF has made payment in accordance with such Demand), CGIF may, in its absolute discretion, deliver a CGIF Acceleration Notice to the Issuer and the Bondholders' Representative:
    - (i) declaring the Bonds to be immediately due and payable under the Bond Documents on a specified date (which must be in respect of either (a) or (b), no later than ten (10) Business Days from the date the CGIF Acceleration Notice is delivered by CGIF to the Issuer and the Bondholders' Representative pursuant to this Clause 5.4 (such date, the **Acceleration Due Date**)); and
    - (ii) confirming that it will pay all Guaranteed Amounts on or before the Acceleration Due Date,
- (a **CGIF Acceleration**). The Parties agree that any such notice shall take effect in accordance with its terms.
- (b) The Parties also agree that CGIF may, in its absolute discretion, cancel and withdraw any CGIF Acceleration Notice at any time prior to the Bonds and/or amounts owing under the Bond Documents being redeemed or paid in full.

#### 6. RECOVERIES

- (a) If, at any time after the delivery of a Demand to CGIF but before a payment by CGIF of the Guaranteed Amount relating to that Demand, the Agent, the Bondholders' Representative and/or the Bondholders recover any money or asset from the Issuer or any other person in respect of any Guaranteed Amount relating to that Demand (the **Recovered Amount**), the Agent, the Bondholders' Representative (if it becomes aware of the payment of any Recovered Amount) and the Bondholders shall promptly, and in any event no later than two (2) Business Days following such recovery, provide details of the recovery to CGIF (with a copy to the Issuer and the Agent, if applicable) and the Bondholders' Representative and/or the Bondholders, as the case may be, shall withdraw and revoke such Demand to the extent of an amount equal to such Recovered Amount.
- (b) If, at any time after payment by CGIF of a Guaranteed Amount relating to a Demand, the Agent, the Bondholders' Representative and/or the Bondholders recover a Recovered Amount, the Agent, the Bondholders' Representative and the Bondholders must as soon as reasonably practicable provide details of the recovery to CGIF (with a copy to the Issuer), and the Agent, the Bondholders' Representative and the Bondholders, as the case may be, shall pay to CGIF an amount equal to such Recovered Amount, together with all expenses, charges, Tax and fees incurred by CGIF (as determined by CGIF, acting reasonably) for the recovery of that amount.
- (c) Following payment by CGIF of any Paid Guaranteed Amount, if CGIF discovers that the Bondholders' Representative or the Bondholders, as the case may be, had no right to receive a payment of the relevant Guaranteed Amount (or any portion thereof) to which such Paid Guaranteed Amount relates, CGIF shall be entitled, upon notice to the Bondholders' Representative and the Issuer, to recover from the Bondholders' Representative or the Bondholders, as the case may be, the relevant payment (or the relevant portion thereof)

together with all expenses, charges, Tax and fees incurred by CGIF in relation to the return of the relevant payment to the extent that the Bondholders' Representative still holds such amounts itself or to its order (and provided only that it has the ability to direct the relevant amounts).

- (d) To the extent any part of a Guaranteed Amount has been recovered from any source, the Bondholders' Representative and the Bondholders shall not seek to recover such amounts from CGIF under this Agreement.

## **7. TAXES**

- (a) If CGIF is required by law to make a Tax Deduction in respect of a payment to be made by it under this Agreement (the **Relevant Payment**), CGIF may make the Relevant Payment with such Tax Deduction and is not required to make any increased payment in respect of the Relevant Payment.
- (b) If CGIF is aware that it must make a Tax Deduction (or that there is a change in the rate or the basis of a Tax Deduction), it must promptly notify the Bondholders' Representative.
- (c) If CGIF is required to make a Tax Deduction, it must make the minimum Tax Deduction allowed by law and must make any payment required in connection with that Tax Deduction within the time allowed by law.
- (d) Nothing in this Clause 7 shall be considered to constitute a waiver of the privileges, immunities and exemptions applicable to CGIF, the Asian Development Bank or any contributors to CGIF pursuant to the Articles of Agreement.

## **8. PAYMENTS**

### **8.1 Payment by CGIF and other Parties**

- (a) CGIF shall make a payment under the Guarantee only:
  - (i) if the requirements of Clause 3 (*Payment under the Guarantee*) have been fully satisfied, and
  - (ii) after the Agent, the Bondholders' Representative, or any Eligible Bondholder, as the case may be, has notified CGIF in writing promptly, but in any event within the Demand Period or Bondholder Demand Period, respectively, that a Non-Payment Event has occurred.
- (b) CGIF shall make all payments under this Agreement directly to each Bondholder in respect of the Bonds to the bank account specified for such Bondholder in the Bondholders' Book, except for any Bondholders' Representative Expenses that form part of a Guaranteed Amount for which the Bondholders' Representative has made a valid BHR Demand which shall be payable to the Bondholders' Representative to the bank account specified by the Bondholders' Representative in the BHR Demand. All costs and expenses associated with CGIF making payments under this Clause 8.1(b) are to be borne by the Bondholders.
- (c) CGIF shall be entitled to rely upon and make a payment to a Bondholder's account (the details of which are set out in the Bondholders' Book as such Bondholders' Book may be updated and provided to CGIF by the Agent from time to time) and a payment made by CGIF to the Bondholder's account shall be binding on all the Parties, and CGIF shall have no liability whatsoever to any Party if CGIF makes a payment to the Bondholder's account that is specified in the Bondholders' Book most recently provided to CGIF.



- (d) A payment by CGIF of a Paid Guaranteed Amount or a payment by CGIF under this Agreement of all or any part of the Guarantor Default Interest Amount pursuant to a Demand in accordance with this Agreement will discharge the payment obligations of CGIF under this Agreement to the extent of such payment.
- (e) All payments to be made by a Party under this Agreement must be made on the due date for payment in immediately available funds and, in the case of a Bondholder, to such account as set out in the Bondholders' Book and, in the case of each other Party, to such account to be notified by the receiving Party to the other Party at least five (5) Business Days prior to the relevant due date for payment.

## **8.2 Currency**

Subject to Clause 2.1(e) (*Guarantee*), all payments to be made by a Party under this Agreement must be made, unless otherwise specified in this Agreement, in the currency in which the amounts are incurred in relation to costs, fees, expenses, liabilities and other indemnities.

## **8.3 Certificates and determinations**

Any certification, determination or notification by a Party of a rate or amount made pursuant to the terms of this Agreement will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

## **8.4 Business Days**

If a payment under this Agreement is due on a day which is not a Business Day, the due date for that payment will instead be the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not) or whatever day CGIF reasonably determines is market practice.

# **9. UNDERTAKINGS**

## **9.1 No amendment to Bond Documents**

Unless with prior written consent of CGIF, the Bondholders' Representative and the Bondholders shall not:

- (a) amend, modify, vary, novate, replace, supplement, supersede, terminate, give any consent in relation to, or waive any breach or proposed breach of, any term of a Bond Document; or
- (b) take, or omit to take, any action that would lessen or impair any right of the Bondholders' Representative, the Agent or CGIF under any Bond Document.

## **9.2 Compliance with Bond Documents**

Each of the Bondholders' Representative, the Agent and the Bondholders shall comply in all respects with the terms of, and perform all of its obligations under, each Bond Document to which it is a party.

## **9.3 Notification of default**

The Bondholders' Representative, the Agent and the Bondholders shall notify CGIF of any Bond Event of Default promptly upon becoming aware of its occurrence or being notified by the Issuer or any other related party.

#### **9.4 Information: miscellaneous**

- (a) The Bondholders' Representative must supply to CGIF:
  - (i) promptly upon receipt, all documents dispatched or information disclosed by the Issuer to it or the Bondholders generally under the Bond Documents;
  - (ii) all documents (including, without limitation, any notice, request or certificate) dispatched or issued by the Bondholders' Representative to the Issuer in accordance with the Bond Documents or otherwise in connection with the Bonds at the same time as they are dispatched or issued; and
  - (iii) a copy of any default notice delivered by the Bondholders' Representative to the Issuer under clause 11.3 (*Acceleration Step under the CGIF Guarantee*) of the Bond Conditions.
- (b) The Agent must supply to CGIF:
  - (i) a copy of the duly completed Bondholders' Book within five (5) Business Days of the Bond Issue Date;
  - (ii) a copy of the duly completed Bondholders' Book within five (5) Business Days of each time the Bondholders' Book is updated;
  - (iii) the following details, at least one (1) Business Day prior to each Bond Interest Payment Date and the Bond Maturity Date:
    - (A) the details of each Bondholder;
    - (B) the amount that each Bondholder is entitled to receive on a Bond Interest Payment Date; and
    - (C) the details of the bank account of each Bondholder;
  - (iv) the following details, at least five (5) Business Days after each Bond Interest Payment Date and the Bond Maturity Date:
    - (A) the details of each Bondholder;
    - (B) the amount that each Bondholder has received on the Bond Interest Payment Date and the Bond Maturity Date; and
    - (C) the details of the bank account of each Bondholder; and
  - (v) written notice that a Non-Payment Event has occurred and is continuing within twenty (20) Business Days of the occurrence of such Non-Payment Event.

#### **10. AMENDMENTS AND WAIVERS**

##### **10.1 Amendments**

Any term of this Agreement may be amended or waived with the written agreement of the Parties and the Issuer.



## **10.2 Waivers and remedies cumulative**

- (a) The rights and remedies of each Party under this Agreement:
  - (i) may be exercised as often as necessary;
  - (ii) are cumulative and not exclusive of its rights and remedies under the general law; and
  - (iii) may be waived only in writing and specifically.
- (b) No delay in exercising or non-exercise by a Party of any right or remedy under this Agreement shall operate as a waiver of that right or remedy, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy other than where any rights (including, without limitation, the right to require payment of any Guaranteed Amount) are to be exercised in accordance with specified requirements under this Agreement.

## **11. ASSIGNMENT OR TRANSFER**

No Party may assign or transfer any of its rights and obligations under this Agreement without the prior consent of the other Party except that CGIF may assign or transfer any of its rights and benefits under this Agreement (including its right of subrogation) to any person without the prior written consent of the Bondholders' Representative, the Bondholders or any other person.

## **12. CHANGES TO BONDHOLDERS**

### **12.1 Transfers by the Bondholders**

Subject to the other provisions of this Clause 12, a Bondholder (a Transferring Bondholder) may transfer by novation any of its rights and obligations, under this Agreement to another person (a New Bondholder) provided and on the condition that the Transferring Bondholder and the New Bondholder comply with the requirements set out in the Bond Conditions (including clause 4 (*Transfers of Bonds*) of the Bond Conditions).

### **12.2 Limitation of responsibility of Transferring Bondholders**

- (a) Unless expressly agreed to the contrary, a Transferring Bondholder and CGIF make no representation or warranty and assumes no responsibility to a New Bondholder for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Bond Documents or any other documents;
  - (ii) the financial condition of the Issuer;
  - (iii) the performance and observance by the Issuer of its obligations under the Bond Documents or any other documents; or
  - (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Bond Document or any other document,and any representations or warranties implied by law are excluded.
- (b) Each New Bondholder confirms to a Transferring Bondholder, CGIF and the other Parties that it:

- (i) has made (and must continue to make) its own independent investigation and assessment of the financial condition and affairs of the Issuer and its related entities (including the nature and extent of any recourse against any Party or its assets) in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Transferring Bondholder in connection with any Bond Document or Guarantee Document; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of the Issuer and its related entities whilst any amount is or may be outstanding under the Bond Documents.
- (c) Nothing in any Bond Document or this Agreement obliges a Transferring Bondholder to:
- (i) accept a re-transfer or re-assignment from a New Bondholder of any of the rights and obligations assigned or transferred under this Clause 12; or
  - (ii) support any losses directly or indirectly incurred by the New Bondholder by reason of the non-performance by the Issuer of its obligations under the Bond Documents or otherwise.

### 12.3 Procedure for transfer

- (a) A transfer of rights and obligations under this Agreement by the Transferring Bondholder to a New Bondholder, and an accession by a New Bondholder to this Agreement, shall be effected by the delivery to CGIF of a duly completed Bondholder Accession Instrument (with a copy to the Issuer). Such transfer and any such accession shall be binding on each of the other Parties to this Agreement on and from the Transfer Date without any further action required on their part. As soon as practicable but in any event within five (5) Business Days of receipt of a Bondholder Accession Instrument from the Agent, CGIF shall deliver, or cause to be delivered, a written acknowledgement of the same to the Agent.
- (b) On the Transfer Date:
  - (i) to the extent that the relevant Transferring Bondholder seeks to transfer by novation its rights and obligations to a New Bondholder, under the Bond Documents, each of the Bondholders' Representative, CGIF, the Agent and the Transferring Bondholder will be released from further obligations towards one another under this Agreement and their respective rights against one another under this Agreement will be cancelled (being the **Discharged Rights and Obligations**);
  - (ii) each of the Bondholders' Representative, CGIF, the Agent and the New Bondholder will assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Bondholders' Representative, CGIF, the Agent and the New Bondholder have assumed and/or acquired the same in place of the Bondholders' Representative, CGIF, the Agent and the Transferring Bondholder;
  - (iii) the New Bondholder and other Bondholders will acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Bondholder been the Transferring Bondholder with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Transferring Bondholder will be released from further obligations under this Agreement; and



- (iv) the New Bondholder will become a party to this Agreement as a **Bondholder**.

### 13. TERMINATION

- (a) Except as otherwise provided in Clause 2.4 (*Limited recourse*), Clause 2.5 (*No personal liability of the Asian Development Bank or any other contributors to CGIF*), Clause 4 (*Subrogation and transfers*), Clause 19 (*Governing law*), Clause 20 (*Dispute resolution*) and Clause 22 (*ADB and CGIF Immunities*), all rights and obligations of each Party will cease and expire on the last day of the Guarantee Term.
- (b) Termination or expiry of the Guarantee pursuant to the terms of this Agreement is without prejudice to the rights of any Party which have accrued prior to such termination or expiry, whether arising under this Agreement, at law or otherwise.
- (c) CGIF may terminate this Agreement with immediate effect if:
- (i) any term of a Bond Document has been amended, modified, varied, novated, replaced, supplemented, superseded or terminated, or the breach or proposed breach of which is or has been waived without the prior written consent of CGIF;
  - (ii) the Bondholders' Representative is in breach of its undertaking in Clause 1.1(a) (*Acceleration Step*) or the Bondholders take an Acceleration Step (in accordance with any Bond Document) in contravention of Clause 1.1(a) (*Acceleration Step*); or
  - (iii) CGIF issues a new guarantee on substantially similar terms as this Agreement in favour of the Bondholders and/or a replacement Bondholders' Representative who is appointed as such as a representative of the Bondholders, with prior notification to be provided to Bondholders and/or the Bondholder Representative of this action. For the avoidance of doubt, CGIF will not issue a new guarantee on terms that will materially impair the Bondholders' rights and benefits without first obtaining Bondholders' consent through the Bondholder Representative (or any replacement thereof).

### 14. SET-OFF

No Party may set off any obligation owed to it by the other Party under this Agreement against any obligation owed by it to that other Party.

### 15. SEVERABILITY

If a term of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, it shall not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or
- (b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Agreement.

### 16. COUNTERPARTS

This Agreement may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## 17. NOTICES

### 17.1 In writing

- (a) Any communication in connection with this Agreement must be in writing, with a copy sent to the Issuer, and, unless otherwise stated, may be given:
  - (i) in person, by post or fax; or
  - (ii) to the extent agreed by the Parties making and receiving communication, by email or other electronic communication.
- (b) For the purpose of this Agreement, an electronic communication will be treated as being in writing.
- (c) Unless it is agreed to the contrary, any consent or agreement required under this Agreement must be given in writing.

### 17.2 Contact details

- (a) The contact details of CGIF for all notices in connection with this Agreement are:

Address: Asian Development Bank Building,  
6 ADB Avenue, Mandaluyong City,  
1550 Metro Manila, Philippines

Fax number: +632-5322-7661

Email: [telcotech.khr@cgif-abmi.org](mailto:telcotech.khr@cgif-abmi.org)

Attention: CEO and Vice President, Operations
- (b) The contact details of the Bondholders' Representative for all notices in connection with this Agreement are:

Address: Wing Tower, Preah Monivong Blvd. (Street No. 93), Corner Kampuchea Krom Blvd. (Street No. 128), Phum 6, Sangkat Munorum, Khan Prampir Makara, Phnom Penh, Kingdom of Cambodia.

Telephone: (855) 77 988 685

Email: [an.lim@wingbank.com.kh](mailto:an.lim@wingbank.com.kh)

Attention: Mr. Lim An
- (c) The contact details of the Agent for all notices in connection with this Agreement are:

Address: Wing Tower, Preah Monivong Blvd. (Street No. 93), Corner Kampuchea Krom Blvd. (Street No. 128), Phum 6, Sangkat Munorum, Khan Prampir Makara, Phnom Penh, Kingdom of Cambodia.

Telephone: (855) 77 988 685

Email: [an.lim@wingbank.com.kh](mailto:an.lim@wingbank.com.kh)

Attention: Mr. Lim An
- (d) The contact details of the Issuer for all notices in connection with this Agreement are:

Address: #7D, Russian Blvd, Sangkat Teuk Laork 1, Khan Toul Kork, Phnom Penh, Cambodia

Telephone: +855 (0)95 975 838

Email: [bond@telcotech.com.kh](mailto:bond@telcotech.com.kh)

Attention: CEO and CFO

- (e) The contact details of Ezecom for all notices in connection with this Agreement are:  
 Address: No. 31, Preah Sihanouk Boulevard (Street 274), Sangkat Chaktumuk, Khan Daun Penh, Phnom Penh, Cambodia  
 Telephone: +855 (0)95 975 838  
 Email: [bond@telcotech.com.kh](mailto:bond@telcotech.com.kh)  
 Attention: CEO and CFO
- (f) The contact details of the Bondholders are as set out in the Bondholders' Book.
- (g) Any Party may change its contact details by giving five (5) Business Days' notice to the other Party.
- (h) Where a Party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

### **17.3 Effectiveness**

- (a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:
  - (i) if delivered in person, at the time of delivery;
  - (ii) if posted, when received;
  - (iii) if by fax, when received in legible form; and
  - (iv) if by e-mail or any other electronic communication, when received in legible form.
- (b) A communication given under Paragraph (a) above but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

### **17.4 English Language**

- (a) Any notice given in connection with this Agreement must be in English.
- (b) Any other document provided in connection with this Agreement must be:
  - (i) in English; or
  - (ii) in the language of the jurisdiction in which the Bonds are issued, accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other publicly available official document.

## **18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Unless expressly provided to the contrary in a Guarantee Document, a person who is not a party to a Guarantee Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Guarantee Document, no consent of any third party is required for any amendment (including any release or compromise of any liability) or termination of any Guarantee Document. Notwithstanding the foregoing, the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents may enforce Clauses 2.4 (*Limited recourse*), 2.5 (*No personal liability of the Asian Development Bank or any other contributors to CGIF*), 20.2 (*Arbitration*) and 22 (*ADB and CGIF Immunities*) of this Agreement.



## 19. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by English law.

## 20. DISPUTE RESOLUTION

### 20.1 Governing Law

This Clause 20 and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

### 20.2 Arbitration

- (a) Any dispute, claim, difference or controversy arising out of, relating to, or having any connection with this Agreement (which includes this Clause 20) or any Guarantee Document other than this Agreement, including any dispute as to its existence, validity, interpretation, performance, breach or termination, or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Clause 20, a **Dispute**), shall be referred to and be finally resolved by arbitration administered by the Singapore International Arbitration Centre (**SIAC**) under the Arbitration Rules of the SIAC in force when the Notice of Arbitration is submitted (for the purpose of this Clause 20, the **Rules**), except as they are modified by the provisions of this Agreement.
- (b) The Parties further agree that following the commencement of arbitration, they will initially attempt in good faith to resolve the Dispute through mediation at the Singapore International Mediation Centre (**SIMC**), in accordance with the SIAC-SIMC Arb-Med-Arb Protocol (the **Protocol**) for the time being in force which shall last for a period not exceeding sixty-five (65) Business Days from the commencement of the mediation proceedings (the **Mediation Period**). Where a settlement has been reached between the Parties within the Mediation Period, such terms of settlement shall be referred to the arbitral tribunal and the arbitral tribunal may make a consent award on such agreed terms. In the absence of a settlement by the Parties within the Mediation Period, the Dispute shall revert back to arbitration pursuant to the Protocol. Unless otherwise agreed by the Parties, the arbitration shall resume by arbitrators who were not involved in the mediation process above.
- (c) The Rules and the Protocol are incorporated by reference into this Clause 20 and capitalised terms used in this Clause 20 (which are not otherwise defined in this Agreement or any Guarantee Document) shall have the meaning given to them in the Rules and the Protocol.
- (d) The number of arbitrators shall be three. The arbitrators nominated by the parties in accordance with the Rules shall jointly nominate the third arbitrator who, subject to confirmation by the President of the Court of Arbitration of SIAC (the **President**), will act as president of the arbitral tribunal. If the third arbitrator is not chosen by the two arbitrators nominated by the parties within thirty (30) days of the date of appointment of the later of the two party-appointed arbitrators to be appointed, the third arbitrator shall be appointed by the President.
- (e) The seat of arbitration shall be Singapore and all hearings shall take place in Singapore unless the arbitral tribunal in its absolute discretion decides that a different location will be appropriate.
- (f) Except as modified by the provisions of this Clause 20, the Rules, Part II of the International Arbitration Act 1994 of Singapore shall apply to any arbitration proceedings commenced

under this Clause 20. Neither party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the Dispute.

- (g) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation and in which case, the English translation shall prevail.
- (h) Service of any Notice of Arbitration made pursuant to this Clause 20 shall be made in accordance with the Rules and at the addresses given for the sending of notices under this Agreement at Clause 17 (*Notices*).
- (i) The arbitration award(s) rendered by the arbitral tribunal shall be final and binding on the parties. To the fullest extent permitted under any applicable law, the parties irrevocably exclude and agree not to exercise any right to refer points of law or to appeal to any court or other judicial authority.
- (j) The arbitral tribunal and any emergency arbitrator appointed in accordance with the Rules shall not be authorized to order, and each of the Bondholders, the Agent and the Bondholders' Representative agrees that it shall not seek from the arbitral tribunal or any judicial authority:
  - (i) any order of whatsoever nature against the Asian Development Bank and other contributors to CGIF, and any of their respective officers, employees or agents; or
  - (ii) any interim order to sell, attach, freeze or otherwise enforce against the CGIF Assets.
- (k) In respect of any court proceedings in Singapore commenced under the International Arbitration Act 1994 of Singapore in relation to the arbitration, the parties agree (i) to commence such proceedings before the Singapore International Commercial Court (**SICC**) and (ii) in any event, that such proceedings shall be heard and adjudicated by the **SICC**.
- (l) The Rules shall not prohibit CGIF from disclosing any information relating to any arbitral proceedings and/or arbitral award arising out of this Clause 20 to the board of directors of CGIF (the **CGIF Board**) as part of its approval process and portfolio administration, or to the Asian Development Bank or any other contributors to CGIF or any of their respective officers, employees, advisers, agents or representatives. The members of the CGIF Board may seek instructions from their constituents for the purpose of CGIF Board approval and portfolio administration and the Board documents and other relevant information may be distributed to any representatives of the relevant member countries of CGIF for the said purpose only, provided that such information and documents distributed by the CGIF Board insofar as they relate to any arbitral proceedings and/or arbitral award shall be clearly marked "CONFIDENTIAL".

## **21. DISCLOSURE OF INFORMATION**

### **21.1 Confidential information**

Except as disclosed under the offering circular dated on or about the date of this Agreement relating to the Bonds or as permitted or required under this Agreement, the Bond Documents, this Agreement and the terms thereof as well as any information relating to any dispute arising therefrom are confidential (**Confidential Information**) and each Party agrees that it will not, without the prior written consent of the other Parties, disclose the contents of this Agreement or any Bond Document or its existence to any other person, except where such information is:

- (a) publicly available (including, without limitation, through disclosure made in a Bond Document), other than as a result of a breach of this Clause 21 (*Disclosure of Information*);
- (b) required to be disclosed by law, regulation or any Government Agency;
- (c) required in connection with any legal or arbitration proceedings;
- (d) disclosed to its auditors and any rating agency provided that such auditor and rating agency shall be informed of its confidential nature and that some or all of such information may be price-sensitive information;
- (e) disclosed to any Bondholder, its officers, employees, advisers, agents and representatives by the Bondholders' Representative, provided and on the condition that the Bondholders' Representative procures that the person receiving such confidential information is also bound by the provisions of this Clause 21 (*Disclosure of Information*); or
- (f) disclosed to its Affiliates, its and its Affiliates' respective officers, employees, advisers, agents and representatives who, in any such case, have reasonably required to know such information, provided that such person shall be made aware of and agree to be bound by the confidentiality obligations under this Paragraph prior to such information being disclosed to it.

## **21.2 Disclosure by CGIF**

This Clause 21 (*Disclosure of Information*) does not prohibit the disclosure by CGIF of any information deemed confidential under this Clause 21 (*Disclosure of Information*) which is circulated to the CGIF Board as part of CGIF's approval process and portfolio administration, or to the Asian Development Bank or any other contributors to CGIF or any of their respective officers, employees, advisers, agents and representatives. The members of CGIF Board may seek instructions from their constituents and the Bond Documents, Guarantee Documents and other relevant information may be distributed to representatives of the contributors to CGIF.

## **22. ADB AND CGIF IMMUNITIES**

Nothing in this Agreement, any other Guarantee Document or any Bond Document or any agreement, understanding or communication relating to this Agreement (whether before or after the date of this Agreement), shall constitute or be construed as an express or implied waiver, renunciation, exclusion or limitation of any of the immunities, privileges or exemptions accorded to the Asian Development Bank under the Agreement Establishing the Asian Development Bank, any other international convention or any applicable law, or accorded to CGIF under the Articles of Agreement.

**THIS AGREEMENT** has been executed as a deed by the Parties hereto and is intended to be and is hereby delivered on the date first written above.



**SCHEDULE 1<sup>1</sup>**

**LIST OF BONDHOLDERS**

#	NAME OF PERSON OR FINANCIAL INSTITUTION	NUMBER OF BONDS HELD	PRINCIPAL AMOUNT OF BONDS HELD (KHR)
1.	[•]	[•]	[•]
2.	[•]	[•]	[•]

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<sup>1</sup> **Note to Draft:** Details TBC.

## SCHEDULE 2

### FORM OF CGIF CERTIFICATE

**To:** Wing Bank (Cambodia) Plc. in its capacity as the bondholders' representative for and on behalf of the holders of the Bonds (as defined below) (in this capacity the **Bondholders' Representative**).

**From:** Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (**CGIF**)

**Copy:** Wing Bank (Cambodia) Plc. in its capacity as securities registrar, securities transfer agent and paying agent (the **Agent**)

**Copy:** Telcotech Ltd. (the **Issuer**)

Date:

Dear Sir / Madam,

**Telcotech Ltd. (the Issuer) – Reimbursement and Indemnity Agreement dated [●] (the Indemnity Agreement) between, amongst others, the Issuer, CGIF and the other Obligors in connection with the Public Bonds of Telcotech Ltd. [●] ([●]) due 202[8] (the Bonds)**

I refer to the Indemnity Agreement and the guarantee agreement dated [*insert date*] between CGIF and the Bondholders' Representative (the **Guarantee Agreement**).

I am a duly authorised officer of CGIF. I am authorised to give this certificate and certify that CGIF has received (or waived receipt of) all of the documents and evidence set out in schedule 1 (*Conditions Precedent and Conditions Subsequent*) to the Indemnity Agreement in form and substance satisfactory to CGIF.

This also serves as notification to the Bondholders' Representative in accordance with Clause 2.2 (*Term of the Guarantee*) of the Guarantee Agreement that the guarantee pursuant to the Guarantee Agreement is in effect, subject to the issuance of the Bonds, and to the Issuer that CGIF has no objection to the issuance of the Bonds.

Unless we notify you to the contrary in writing, you may assume that this certificate remains true and correct.

This certificate, and any non-contractual obligations arising out of or in connection to it, should be governed by and construed in accordance with English law.

For **CREDIT GUARANTEE AND INVESTMENT FACILITY,**  
**a trust fund of the Asian Development Bank**

---

Name:  
Title:

### SCHEDULE 3

#### FORM OF BHR DEMAND

**To:** Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (**CGIF**)

**From:** Wing Bank (Cambodia) Plc. in its capacity as the bondholders' representative for and on behalf of the holders of the Bonds (as defined below) (in this capacity the **Bondholders' Representative**).

**Copy:** Telcotech Ltd. (the **Issuer**)

**Copy:** Wing Bank (Cambodia) Plc. in its capacity as securities registrar, securities transfer agent and paying agent (the **Agent**)

**Copy:** Each Bondholder specified in the Schedule to this Demand (the **Bondholders**)

Date:

Dear Sir / Madam,

**Telcotech Ltd. (the Issuer) – Guarantee Agreement dated [●] (the Guarantee) between the Bondholders' Representative, the Agent, the Bondholders and CGIF in connection with the Public Bonds of Telcotech Ltd. [●] ([●]) due 202[8] (the Bonds)**

We refer to the Guarantee. Terms defined in the Guarantee have, unless otherwise defined in this demand, the same meaning when used in this demand.

We, as the Bondholders' Representative, hereby certify as follows:

1. A Non-Payment Event occurred on *[insert date]*.
2. An amount of *[insert aggregate amount]* was due on *[insert due date]* under the Bond Conditions and remains unpaid as of the date hereof. The unpaid amount(s) comprise(s):
  - (a) Principal Amount in an amount of *[insert the amount of principal overdue]*; and / or
  - (b) Scheduled Interest in an amount of *[insert the amount of interest overdue]*, which is calculated as follows:

*[Specify calculations]*.

In addition, the following amounts are payable under the Guarantee:

- (c) Additional Accrued Interest in an amount of *[insert the amount of interest overdue]*, which is calculated as follows:

*[Specify calculations]*; and/or
- (d) Bondholders' Representative Expenses in an amount of *[insert the amount of Bondholders' Representative Expenses]*, incurred in relation to (with attached documentary evidence):

*[Specify]*



3. We therefore demand payment of the Guaranteed Amount, calculated as follows:
- (a) [*Specify unpaid Principal Amount and Scheduled Interest and Bondholders' Representative Expenses*]; and
  - (b) up to a maximum amount of [*insert maximum amount*] of Additional Accrued Interest.
4. [CGIF failed to make a payment in accordance with clause 3.3 (*Payment of a Demand*) of the Guarantee, we therefore demand payment of the Guarantor Default Interest Amount:
- (a) [*insert amount*], for the period from (and including) the original due date for the Guaranteed Amount to (but excluding) the date of this Demand:  
  
[*Specify calculations*];  
  
plus
  - (b) the Guarantor Default Interest Amount for the period from (and including) the date of this Demand to (but excluding) the date of actual payment by CGIF.]

OR

[CGIF did not fail to make a payment in accordance with clause 3.3 (*Payment of a Demand*) of the Guarantee, we therefore do not demand payment of the Guarantor Default Interest Amount.]

5. In addition to the Guaranteed Amount and Guarantor Default Interest Amount referred to above, the following amount(s) is/are also due and unpaid as of the date hereto in respect of the Bonds, however, do(es) not constitute the Guaranteed Amount or the Guarantor Default Interest Amount and is/are not payable by CGIF:

[*Specify*]

6. We enclose the following evidence, information and documentation in support of the information contained in this Demand:

[*Specify evidence, information and documentation*]

Please make payment of the amounts referred to in paragraphs 2(a), 2(b), and 2(c) of this Demand to the bank account of the Bondholders, the details of which are set out in the most recent copy of the Bondholders' Book as provided to CGIF by the Agent in accordance with the Guarantee.

Please make payment of the Bondholders' Representative Expenses, the details of which are set out in paragraph 2(d) of this Demand, to the following account:

Bank Name : [•]

Bank Swift : [•]

Beneficiary Name : [•]

Account Number : [•]

A Demand may be revoked by written notice by the Bondholders' Representative to CGIF at any time prior to the date on which a Guaranteed Amount is due for payment to the extent that moneys are actually received in respect of a Guaranteed Amount prior to such date from a source other than CGIF.

**Wing Bank (Cambodia) Plc.** acting for and on behalf of all Bondholders

---

Name:

Title:

**SCHEDULE 4**  
**FORM OF BONDHOLDER DEMAND**

**To:** Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (**CGIF**)

**From:** [●] (the **Bondholder**)

**Copy:** Wing Bank (Cambodia) Plc. (the **Bondholders' Representative**)

**Copy:** Telcotech Ltd. (the **Issuer**)

[Date]

Dear Sir / Madam,

**Telcotech Ltd. (the Issuer) – Guarantee Agreement dated [●] (the Guarantee) between, among others, the Bondholders' Representative, the Agent, the Bondholder and CGIF in connection with the Public Bonds of Telcotech Ltd. [●] ([●]) due 202[8] (the Bonds)**

We refer to the Guarantee. Terms defined in the Guarantee have, unless otherwise defined in this demand, the same meaning when used in this demand.

We hereby certify as follows:

1. A Non-Payment Event occurred on *[insert date]*.
2. We are an Eligible Bondholder.
3. An amount of *[insert aggregate amount]* was due to be paid to [me/us] on *[insert due date]* under the Bond Conditions and remains unpaid as of the date hereof. The unpaid amount(s) comprise(s):
  - (a) Principal Amount in an amount of *[insert the amount of principal overdue]*; and/or
  - (b) Scheduled Interest in an amount of *[insert the amount of interest overdue]*, which is calculated as follows:

*[Specify calculations]*.
4. CGIF shall pay the Guaranteed Amount in accordance with the terms of the Guarantee, being an amount equal to *[insert amount, being paragraphs 3(a) plus 3(b)]*.
5. We enclose the following evidence, information and documentation in support of the information contained in this Bondholder Demand:

*[Specify evidence, information and documentation]*

Please make payment to our bank account, the details of which are set out in the most recent copy of the Bondholders' Book as provided to CGIF by the Agent in accordance with the Guarantee.

This Bondholder Demand may be revoked by written notice by the Bondholder to CGIF at any time prior to the date on which a Guaranteed Amount is due for payment to the extent that moneys are actually received in respect of a Guaranteed Amount prior to such date from a source other than CGIF.



[●]

Signed: \_\_\_\_\_

[Authorised Representative]

Name:

Title:

## SCHEDULE 5

### FORM OF CGIF ACCELERATION NOTICE

**To:** Wing Bank (Cambodia) Plc. in its capacity as the bondholder representative for and on behalf of the holders of the Bonds (as defined below) (in this capacity the **Bondholders' Representative**).

**From:** Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF)

**Copy:** Telcotech Ltd. (the **Issuer**)

Date: \_\_\_\_\_

Dear Sir / Madam,

**Telcotech Ltd. (the Issuer) – Guarantee Agreement dated [●] (the Guarantee) between, among others, the Bondholders' Representative, the Agent, the Bondholder and CGIF in connection with the Public Bonds of Telcotech Ltd. [●] ([●]) due 202[8] (the Bonds)**

We refer to the Guarantee. Terms defined in the Guarantee have, unless otherwise defined in this notice, the same meaning when used in this notice.

We hereby confirm as follows:

1. [An Issuer Event of Default has occurred.] [A Non-Payment Event has occurred and is continuing in accordance with the Bond Conditions on *[insert date]*] / [We have received a Demand under the Guarantee] / [ ]. As a result, we have exercised our rights pursuant to clause 5.4 (*CGIF Acceleration*) of the Guarantee to carry out a CGIF Acceleration. We hereby declare the Bonds to be immediately due and payable under the Bond Documents on *[insert date]*.
2. We therefore agree to pay the aggregate unpaid Guaranteed Amounts, being *[insert amount]* on or before the date specified in paragraph 1 above.
3. We enclose the following evidence, information and documentation in support of the information contained in this CGIF Acceleration Notice:

*[Specify evidence, information and documentation]*

For and on behalf of  
**CREDIT GUARANTEE AND INVESTMENT FACILITY,**  
**a trust fund of the Asian Development Bank**

\_\_\_\_\_  
Name:

Title:

## SCHEDULE 6

### FORM OF BONDHOLDER ACCESSION INSTRUMENT

**From:** *[New Bondholder]* (the **New Bondholder**)

and

Wing Bank (Cambodia) Plc. in its capacity as securities registrar, securities transfer agent and paying agent (the **Agent**)

**To:** Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (**CGIF**)

**Copy:** Wing Bank (Cambodia) Plc. (the **Bondholders' Representative**)

**Copy:** Telcotech Ltd. (the **Issuer**)

**Copy:** *[Transferring Bondholder]* (the **Transferring Bondholder**)

Date: \_\_\_\_\_

**Telcotech Ltd. (the Issuer) – Guarantee Agreement dated [●] (the Guarantee) between, among others, the Bondholders' Representative, the Agent, the Bondholder and CGIF in connection with the Public Bonds of Telcotech Ltd. [●] ([●]) due 202[8] (the Bonds)**

We refer to the Guarantee. This is a Bondholder Accession Instrument.

Terms defined in the Guarantee have, unless otherwise defined in this Bondholder Accession Instrument, the same meaning when used in this Bondholder Accession Instrument.

1. The Transferring Bondholder transferred [●] Bonds of an aggregate principal amount of KHR[●] to the New Bondholder.
2. The New Bondholder agrees to be a Bondholder under the Guarantee and to be bound by the terms of the Guarantee as a Bondholder in respect of the Bonds that it has acquired.
3. The Transfer Date is the date of delivery to CGIF of this Bondholder Accession Instrument.
4. The administrative details of the New Bondholder for the purposes of the Guarantee are set out below:  
*[Insert administrative details]*.
5. This Bondholder Accession Instrument is intended to be executed as a deed.
6. This Bondholder Accession Instrument and any non-contractual obligations arising out of or in connection with it are governed by English law.



By:

[NEW BONDHOLDER]

**EXECUTED** as a **DEED** by )

[NEW BONDHOLDER] )

and **SIGNED** and delivered as a **DEED** on its behalf by )

\_\_\_\_\_

in the presence of:

\_\_\_\_\_

Witness' signature:

\_\_\_\_\_

Witness' name:

\_\_\_\_\_

Witness' address:

**SIGNATORIES**

**CGIF**

**EXECUTED** as a **DEED** by )  
**CREDIT GUARANTEE AND** )  
**INVESTMENT FACILITY,** )  
**a trust fund of the Asian Development Bank** )  
**and SIGNED and DELIVERED as a DEED** )  
**on its behalf by** )

\_\_\_\_\_

**BONDHOLDERS' REPRESENTATIVE**

**EXECUTED** as a **DEED** by )  
**WING BANK (CAMBODIA) PLC.** )  
by the affixing of its **COMMON SEAL** )

*[affix seal]*

\_\_\_\_\_  
Name:  
Title:

In the presence of:

Witness' signature:

\_\_\_\_\_

Witness' name:

\_\_\_\_\_



**AGENT**

**EXECUTED** as a **DEED** by )  
**WING BANK (CAMBODIA) PLC.** )  
by the affixing of its **COMMON SEAL** )

*[affix seal]*

\_\_\_\_\_  
Name:  
Title:

In the presence of:

Witness' signature:

\_\_\_\_\_

Witness' name:

\_\_\_\_\_

**BONDHOLDER**

**EXECUTED** as a **DEED** by attorney  
for and on behalf of [•] in the presence of the  
specified witness

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_

Witness:

Signed: \_\_\_\_\_

*I confirm that the above-named signatory has executed  
this document in my presence*

Print name: \_\_\_\_\_

Address: \_\_\_\_\_

**BONDHOLDER**

**EXECUTED** as a **DEED** by attorney  
for and on behalf of [•] in the presence of the  
specified witness

Signed: \_\_\_\_\_

Print name: \_\_\_\_\_

Witness:

Signed: \_\_\_\_\_

*I confirm that the above-named signatory has executed  
this document in my presence*

Print name: \_\_\_\_\_

Address: \_\_\_\_\_





POLICY MANUAL	
Department	Human Resources
Section	Code of Conduct
Policy Ref	HR.0005
Modified Date	March 01, 2023

## Contents

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## **1. GENERAL POLICY**

### **1.1 Objective**

TELCOTECH prides itself on being the leading customer service-oriented company in the kingdom of Cambodia. It is also a leading company in the integrity of its business operations and the professionalism of its staff. The foundations of TELCOTECH's service, integrity and professionalism are built on the personal qualities of each individual employee of the company this policy is to ensure that every employee behaves in a manner consistent with the service, integrity, and professional practices through which the company operates and seek ways to continually improve quality.

### **1.2 Scope**

This Policy applies to all business activities of the Company, board members and employees.

### **1.3 Revision**

This Policy is under the administration of Legal & Compliance Staff. This Policy and revision of this Policy shall be approved by the Board of Directors of the Company.

## **2. CONFIDENTIALITY**

TELCOTECH proprietary information is a valuable an asset and is to be protected at all times. No employee is to divulge any information regarding the operation of TELCOTECH or any of its records to any party unless it is in the normal course of performance of their jobs.

Under no circumstances is any employee permitted to reveal customer details unless those details have been properly requested and authorized through the CEO or an approved procedure.

Employees with access to sensitive commercial information have been placed in a position of trust by the company lmd are expected to act accordingly. No commercial information is to be made available to any persons unless it is in the normal course of performance of an employee's job and senior management is aware.

Employee may not use confidential company information obtained through their employment to further their private interests or the private interests of their families or friends.

## **3. CONFLICTS OF INTEREST**

Employees have an obligation to give their complete loyalty to the best interests of the company. They should avoid any action which may involve, or may appear to involve, a conflict of interest with the company. Employees should not have any financial or other business relationships with suppliers, customers, or any judgment they may need to make on behalf of the company.







Therefore, it is company policy that employees may not:

1. Perform services for or have a financial interest in a private company that is, or may become, a supplier, customer, or competitor of the company.
2. Perform outside work or otherwise engage in any outside activity or enterprise that may interfere in way job performance or create a conflict with the company's best interests

An employee must disclose all circumstances that constitute an actual or apparent conflict of interest. If in doubt an employee should check firstly with their department manager or the Chief Financial Officer.

To avoid any misunderstandings or confusion, an employee must declare their outside business interests, including ownership or decision-making influence in a private business.

### 3.1 Gift & Entertainment

As a rule it is forbidden for any employee to accept any item or benefit that may be construed as a gift or hospitality from either a company or individual with whom there has been a past, present or possible future relationship.

Gifts and Entertainment which grant or appear to grant preferential treatment to a supplier or customer, or for which the employee who put in a position of obligation should never be accepted.

Gifts and hospitality may only be accepted in the normal course of business and if the gift is within the bounds of normal business limits. All offers of gifts or entertainment must be made known to the department head prior to accepting. Any gifts or entertainment in value more than 25\$ is to have the advance approval of the Chief Financial Officer before accepting and maybe taken by the company rather than the individual.

### 3.2 Supplier Relationship

If an employee has any dealings with a supplier, they must ensure that all times that the interaction with the supplier is below board and is conducted ethically and in line with company expectations.

At no time is customer to ask for or to accept if offered a kick back, bribe or gift that could be construed to be such.

If a supplier is to make an offer of any kind which could be constructed in such a manner, the employee is to report the offer immediately to the Chief Financial Officer. Any supplier found to be participating in the corruption or attempted corruption of an employee will be placed on a company blacklist which will prevent that supplier from conducting any further business with TELCOTECH.

Supplier will be asked from time to time to declare that they are not making any payments or gifts to employee of the company and whether they have ever been approached by an employee requesting payments or gifts in exchange for preferential.

If an employee is found to breach this policy the penalty will be instant dismissal and may lead to criminal proceedings.







### 3.3 Customer Relationship

If an employee has any dealings with a customer, they must always exhibit the highest degree of professionalism and courtesy. They must always be open and honest, however must never give a customer opinion which may be construed as detrimental to the interests of the company.

If an employee is approached by a customer of the company and is requested to perform any action which may be illegal or is not in the best interests of the company, the employee must immediately inform their department head and the Chief Financial Officer.

If an employee is found to breach this policy the penalty will be instant dismissal and may lead to criminal proceedings.

## 4. BUSINESS ETHICS

**TELCOTECH** is committed to promoting integrity and maintaining the highest standard of ethical conduct in all its activities. Our business success is dependent on trusting relationships, which are built on this foundation on integrity. Every employee of **TELCOTECH** is expected to conduct themselves in all their business practices and at any time they are representing the company in the highest possible ethical manner.

All employees should display:

- Honesty in communicating within the company and with our suppliers and customers, while at the same time protecting the company's confidential information and trade secrets.
- Quality in our provision of services to external customers and internal colleagues
- Passion in all aspects of performance
- Responsibility for our words and actions, which confirm our commitment to do what we say.
- Compassion in our relationships with our fellow employees and the communities affected by our business.
- Fairness to our fellow employees, customers, and suppliers through adherence to all application laws, regulations and policies, and a high standard of behavior.
- Respect for our fellow employees, customers and suppliers while showing willingness to listen to their opinions and value their feedback.
- **TELCOTECH** employees will not seek personal gain through their dealings on behalf of the company.
- **TELCOTECH** employees will always act with absolute integrity.
- **TELCOTECH** employees will not abuse, misuse, or misappropriate company assets.
- **TELCOTECH** employees will always treat other people and their viewpoints with respect.
- **TELCOTECH** employees will always seek to improve themselves and company practices.
- **TELCOTECH** employee will be hard working, conscientious and dedicated to the company's mission.



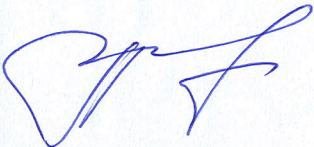




## 5. REPORTING BREACHES

If an employee suspects any member of TELCOTECH staff or management to be in breach of the code of conduct or business ethics which the companies operate, they have a duty to report the breach to their department head, the Chief Financial Officer or directly to the CEO.

An employee who reports a suspected breach should not fear any reprisal whatsoever from reporting the suspect incident. Any reported incident will be treated ed in the strictest confidence with management guaranteeing the anonymity of the reporting employee.

REVIEWED AND APPROVED BY

 Marina Pykhteeva HR & Admin Director	  Quah Chin Hong Deputy Chief Executive Officer
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## CERTIFICATION OF THE ACCURACY

I have verified the information contained in this Disclosure Document carefully in my capacity as the authorized representative of Telcotech. I certify that such information is true, accurate and complete and contains no false or misleading statements or no omission of any material facts that should have been stated therein. I also represent that the financial statements and all financial information which form part of this Disclosure Document have been truly, accurately and completely disclosed and contain all material facts concerning the financial status, business operation and the cash flows of Telcotech.

In this regard, to evidence that all documents are the same as the certified documents, the stamps of Telcotech are on every page of the documents. If there is no stamp of Telcotech, I will deem that such document is not the information that I have certified.

Authorized Representative of Telcotech:

**Name**

**Position**

**Signature**

Mr. Quah Chin Hong

Deputy Chief Executive Officer







លេខបរិស័កម្ម៖

Subscription No.: \_\_\_\_\_

កាលបរិច្ឆេទ៖

Date: \_\_\_\_\_

## ពាក្យស្នើសុំធ្វើបរិស័កម្មសញ្ញាបណ្ណ

### APPLICATION FORM TO SUBSCRIBE BONDS

 ព័ត៌មានពាក់ព័ន្ធនឹងក្រុមហ៊ុនបោះផ្សាយ ក្រុមហ៊ុនធានាទិញមូលបត្រ និងសញ្ញាបណ្ណសាធារណៈ  
 INFORMATION RELATED TO ISSUER, UNDERWRITER & CORPORATE BONDS

ក្រុមហ៊ុនបោះផ្សាយ Issuer	ក្រុមហ៊ុន៖ តែលកូចេក Company: Telcotech Ltd ("TCT")
ក្រុមហ៊ុនធានាទិញមូលបត្រ Underwriter	ក្រុមហ៊ុន៖ ក្រុមហ៊ុន រ៉ូយ៉ាល់ ក្រុមហ៊ុន ស៊ីឃ្យូរីធី ម.ក Company: Royal Group Securities Plc. ("RGS")

វិនិយោគិន គួរអាន និងយល់ព័ន្ធនឹងសារនៃ ឯកសារផ្តល់ព័ត៌មានដែលមានភ្ជាប់របស់ក្រុមហ៊ុន តែលកូចេក មុនពេលដាក់ពាក្យស្នើសុំធ្វើបរិស័កម្មសញ្ញាបណ្ណ។ ប្រសិនបើ លោកអ្នកមានចម្ងល់ ឬមន្ទិលសង្ស័យ លោកអ្នក អាចប្រឹក្សាជាមួយទីប្រឹក្សាផ្នែកច្បាប់ ផ្នែកហិរញ្ញវត្ថុ ឬទីប្រឹក្សាជំនាញឯករាជ្យដទៃទៀត របស់លោកអ្នក។

Prior to filling in this application, investors are advised to read and understand the contents of the attached Disclosure Document of Telcotech Ltd. If you have any doubt on matters contained herein, please consult with your legal, financial or other independent professional advisers.

សញ្ញាបណ្ណសាធារណៈ តែលកូចេក (សញ្ញាបណ្ណ) នឹងត្រូវបោះផ្សាយក្នុងទម្រង់ចុះបញ្ជី។ សញ្ញាបណ្ណនឹងត្រូវបានធានា ដោយស្ថាប័នមូលនិធិធានាឥណទាន និងជំរុញការវិនិយោគ ដែលជាមូលនិធិបរិច្ឆេទរបស់ធនាគារអភិវឌ្ឍន៍អាស៊ី (CGIF)។ សញ្ញាបណ្ណនេះនឹងត្រូវបានបោះផ្សាយ ក្នុងទំហំប្រាក់សរុប ៨២,៣ ប៊ីលានរៀល (ប្រហែលប្រាក់ដុល្លារហូតដល់ ២០ លានដុល្លារអាមេរិក ទំហំណាមួយដែលទាបជាង) ។ អត្រាការប្រាក់ក្នុងមួយឆ្នាំ Term SOFR បូក ២.៥% ដោយគិតចាប់ពី និងរួមបញ្ចូលទាំងកាលបរិច្ឆេទបោះផ្សាយនៃសញ្ញាបណ្ណ និងត្រូវទូទាត់ជាប្រចាំឆមាស នៅថ្ងៃទី២៩ ខែមិថុនា និងថ្ងៃទី២៩ ខែធ្នូ ជាដៀងរាល់ឆ្នាំ។ សញ្ញាបណ្ណមានតម្លៃចារឹក ១០០.០០០ រៀល ក្នុងមួយសញ្ញាបណ្ណ។ សញ្ញាបណ្ណត្រូវបានរំពឹងថានឹងចុះបញ្ជីនៅក្រុមហ៊ុនផ្សារមូលបត្រកម្ពុជា (ឆមក)។

"Telcotech Public Bond" (the "**Bonds**") will be issued in registered form. The Bonds will be guaranteed by Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank. The Bonds will be offered in the total principal amount of up to KHR 82.3 billion (or its equivalent in USD of up to USD 20 million, whichever is lower). The net interest rate per annum is Term SOFR + 2.5%, due from and including the issue date of the Bonds and shall be paid on a semi-annual basis, redeemed and in arrears on 29 June and 29 December of each year. The Bonds have a nominal value of KHR 100,000 each. The Bonds will be listed on the Cambodia Securities Exchange (CSX).



ព័ត៌មានពាក់ព័ន្ធនឹងវិនិយោគិន/ INFORMATION RELATED TO INVESTOR

ឈ្មោះជាអក្សរខ្មែរ/ Name in Khmer			
ឈ្មោះជាអក្សរឡាតាំង/ Name in Latin			
លេខអត្តសញ្ញាណវិនិយោគិន/ Investor ID No.		លេខគណនីជួញដូរ/ Trading Account No.	
ក្រុមហ៊ុនមូលបត្រ/ Name of Securities Firm			
អាសយដ្ឋានទំនាក់ទំនង/ Address			

ក. វិនិយោគិនជាបុគ្គល A. For Individual:	<input type="checkbox"/> សញ្ជាតិខ្មែរ/ Cambodian	<input type="checkbox"/> មិនមែនសញ្ជាតិខ្មែរ/ Non-Cambodian	សញ្ជាតិ/ Nationality:.....
	<input type="checkbox"/> ប្រុស/ Male	<input type="checkbox"/> ស្រី/ Female	ថ្ងៃខែឆ្នាំកំណើត/ Date of Birth: DD / MM / YYYY
	លេខទូរស័ព្ទ/ Contact No.		
	អ៊ីម៉ែល/ Email		

ខ. វិនិយោគិនជាអ្នកក្រុមហ៊ុន B. For Legal Entity:	លេខចុះបញ្ជីពាណិជ្ជកម្ម/ Company Registration No.			
	កាលបរិច្ឆេទចុះបញ្ជីពាណិជ្ជកម្ម/ Date of Incorporation			
	លេខទូរស័ព្ទ/ Contact No.		លេខទូរសារ/ Fax No.	
	អ៊ីម៉ែល/ Email		គេហទំព័រ/ Website	
	លេខអត្តសញ្ញាណកម្មសារពើពន្ធ (បើមាន)/ Tax ID No. (if any):.....			
	ឈ្មោះអ្នកតំណាង/ Name of authorized representative			
	ថ្ងៃខែឆ្នាំកំណើត/ Date of Birth: DD / MM / YYYY		មុខងារ/ Position:.....	
	<input type="checkbox"/> សញ្ជាតិខ្មែរ/ Cambodian	<input type="checkbox"/> មិនមែនសញ្ជាតិខ្មែរ/ Non-Cambodian	សញ្ជាតិ/ Nationality:.....	
	លេខទូរស័ព្ទ/ Contact No.		អ៊ីម៉ែល/ Email	
	អាសយដ្ឋានបច្ចុប្បន្ន/ Current Address			





សម្គាល់៖ នីតិបុគ្គលអាចចូលរួមធ្វើបរិស្ថានវិនិយោគតាមរយៈតំណាងរបស់ខ្លួនបាន ដោយមានលិខិតប្រគល់សិទ្ធិដែលមានបញ្ជាក់ពីភាពត្រឹមត្រូវ/ **Note:**  
 Legal Entity can participate in the subscription through its authorized representative by having a valid  
 certified authorization letter.

វិនិយោគិនថ្មីសុំធ្វើបរិស្ថានវិនិយោគ/ SUBSCRIPTION OFFER FOR NEW INVESTORS

ចំនួនសញ្ញាបណ្ណបោះផ្សាយលក់សរុបដែលស្នើសុំធ្វើបរិស្ថានវិនិយោគ (១) Total Number of offered Bonds for Subscription (1)	សញ្ញាបណ្ណ .....Bond(s)
អត្រាតូប៉ុងនៃសញ្ញាបណ្ណ Coupon Rate	.....
ថ្លៃលក់ក្នុងមួយសញ្ញាបណ្ណបោះផ្សាយលក់ (២) Price Per Bond (2)	១០០.០០០រៀល (~ ២៥ដុល្លារអាមេរិក) ក្នុងមួយ សញ្ញាបណ្ណ KHR 100,000 (~ USD 25.00) per bond
ចំនួនទឹកប្រាក់សរុបដែលត្រូវទូទាត់សម្រាប់ការស្នើសុំធ្វើបរិស្ថានវិនិយោគ (១) X (២) Total Value for Subscription (1) X (2)	.....
ចំនួនទឹកប្រាក់តម្កល់ជាក់ស្តែងសម្រាប់ការស្នើសុំធ្វើបរិស្ថានវិនិយោគ* Actual Deposit in Subscription	.....

ខ្ញុំសូមដាក់ប្រាក់តម្កល់ ១០០ (មួយរយ) ភាគរយ សម្រាប់ទូទាត់សញ្ញាបណ្ណ ដែលខ្ញុំបានធ្វើបរិស្ថានវិនិយោគខាងលើនេះ៖

I would like to deposit 100% on the Bond I have subscribed above as:

☐ ប្រាក់សុទ្ធ/  
Cash ☐ មូលប្បទានបត្រ/  
Checks ☐ បណ្ណឥណទាន/  
Credit Card ☐ គណនីធនាគារ/  
Bank Account

គណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់នៅធនាគារវីង

The accounts for the deposit at Wing Bank

(SWIFT Code: WIGCKHPP)

លេខគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Number for Deposit	ឈ្មោះគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Name for Deposit
100 409 648	TELCOTECH LTD. Subscription Account

ព័ត៌មានពាក់ព័ន្ធនឹងការផ្ទេរប្រាក់ត្រឡប់/ REFUND INFORMATION

ករណីខ្ញុំ មិនទទួលបានសញ្ញាបណ្ណ ទៅតាមការធ្វើបរិស្ថានវិនិយោគ ខ្ញុំមានបំណងទទួលប្រាក់ដែលនៅសល់ (ក្រោយពីការដកចេញនូវការចំណាយ ប្រសិនបើ មាន) ដែលខ្ញុំបានតម្កល់ក្នុងគណនីក្រុមហ៊ុនបោះផ្សាយក្នុងការធ្វើបរិស្ថានវិនិយោគ តាមវិធីណាមួយដូចខាងក្រោម៖

In case I do not receive the full amount of the offered Bonds that I subscribe, I would like to receive the  
 remainder of the subscription deposit (deduct all the expenses, if any) that I have deposited into the Issuer's  
 Account during the subscription process by one of the following means:

<input type="checkbox"/>	ផ្ទេរប្រាក់ទៅគណនីជួញដូរ/Refund to trading account
<input type="checkbox"/>	ដកជាសាច់ប្រាក់/Refund by cash (នៅទីស្នាក់ការធនាគារវីង/at Wing Bank)
<input type="checkbox"/>	ផ្ទេរទៅគណនីធនាគារ/Refund to bank account (ក្រោយពីការដកចេញចំណាយពាក់ព័ន្ធសម្រាប់ការផ្ទេរ ប្រសិនបើមាន/After deduction of related charges for such transfer, if any)





ឈ្មោះធនាគារ Bank Name	សាខា Branch	ប្រភេទគណនី Account Type	ឈ្មោះគណនី Account Name	លេខគណនី Account No.	រូបិយបណ្ណ Currency

លេខកូដស្វីហ្វសម្រាប់គណនីក្រៅប្រទេស (SWIFT Code for international transfer):.....

សម្គាល់៖ សូមបញ្ជាក់ថា នៅពេលផ្ញើប្រាក់កក់ត្រឡប់ទៅវិនិយោគិនវិញ ម្ចាស់គណនីដែលទទួលត្រូវតែជាបុគ្គលតែមួយ។ គណនីរួមមិនត្រូវបានអនុញ្ញាត និងមិនត្រូវបានទទួលស្គាល់ទេ។

Please note that when making the refund, the account owner must be the same person. Joint accounts are not allowed and will not be accepted.

វិនិយោគិនត្រូវភ្ជាប់ឯកសារដូចខាងក្រោម/ INVESTOR SHALL ATTACH DOCUMENTS BELOW	
<input type="checkbox"/> វិក្កយបត្រតម្កល់ប្រាក់/Deposit Slip	<input type="checkbox"/> លិខិតប្រគល់សិទ្ធិត្រឹមត្រូវ/Authorized Letter (សម្រាប់នីតិបុគ្គល/For legal entity only)

សេចក្តីថ្លែងរបស់វិនិយោគិនដែលធ្វើបរិសកម្ម/STATEMENT OF SUBSCRIBER

នៅក្នុងការធ្វើបរិសកម្មសញ្ញាបណ្ណបោះផ្សាយលក់នេះ ខ្ញុំ/យើងខ្ញុំបានទទួល ឯកសារផ្តល់ព័ត៌មានក្នុងទម្រង់ជា៖/ In subscribing to the offered Bonds, I/we hereby receive the Disclosure Document in the form of:

- ☐ ច្បាប់ថតចម្លង/Hard copy
 ☐ ឧបករណ៍ផ្ទុក/Electronic storage device
 ☐ អ៊ីម៉ែល/Email
 ☐ តាមរយៈគេហទំព័រ/Website
 ☐ ផ្សេងៗ/Others

ការធ្វើបរិសកម្ម និងការទូទាត់ធ្វើឡើងដោយអ្នកធ្វើបរិសកម្ម ត្រូវតែស្របទៅតាមលក្ខខណ្ឌដែលមានចែងក្នុង ឯកសារផ្តល់ព័ត៌មាន។ ខ្ញុំ/យើង យល់ព្រម និងទទួលស្គាល់ថា ក្រុមហ៊ុនបោះផ្សាយ មានសិទ្ធិបដិសេធក្នុងករណីដែលការស្នើសុំធ្វើបរិសកម្មណាមួយមិនគោរពតាមលក្ខខណ្ឌតម្រូវ។ ខ្ញុំ/យើង យល់ព្រមទិញសញ្ញាបណ្ណបោះផ្សាយលក់ក្នុងចំនួនដូចបានកំណត់ខាងលើ ឬចំនួនសញ្ញាបណ្ណបោះផ្សាយលក់ដែលក្រុមហ៊ុនបានបែងចែកមកឱ្យខ្ញុំ/យើង។ ខ្ញុំ/យើង សូមសន្យាថា មិនលុបចោលការធ្វើបរិសកម្មរបស់ខ្ញុំ/យើងទេ និងយល់ព្រមទទួលប្រាក់សងត្រឡប់មកវិញ ករណីដែលការធ្វើបរិសកម្មត្រូវបានបដិសេធា។ ខ្ញុំ/យើង យល់ស្របតាមលក្ខខណ្ឌនៃសំណើបោះផ្សាយលក់សញ្ញាបណ្ណ ដូចមានចែងក្នុង ឯកសារផ្តល់ព័ត៌មាន។ ខ្ញុំ/យើង ទទួលស្គាល់ផងដែរថា ការវិនិយោគលើសញ្ញាបណ្ណបោះផ្សាយលក់មានហានិភ័យពាក់ព័ន្ធ។

The subscription and payment made by subscriber shall be in accordance with the terms and conditions specified in the Disclosure Document. I/We hereby agree and acknowledge that Telcotech is entitled to refuse if any subscription does not comply with the said terms and conditions. I/we undertake to purchase the number of offered Bonds as stated above or the number of offered Bonds allotted to me/us. I/We shall not cancel my subscription, and will accept refund if the subscription is refused. I/We also hereby agree with the terms and conditions of the offered Bonds as specified in the Disclosure Document. I also acknowledge that the investment in the offered Bonds can be volatile.



ខ្ញុំ/យើងសូមអះអាងថា ខ្ញុំ/យើង បានអាន ឯកសារផ្តល់ព័ត៌មានដោយម៉ត់ចត់ និងយល់ព្រមលើលក្ខខណ្ឌ និងព័ត៌មានដែលមានក្នុង ឯកសារផ្តល់ព័ត៌មាននេះ មុនពេលធ្វើបរិសកម្មសញ្ញាបណ្ណបោះផ្សាយលក់ និងមិនមានការបញ្ចុះបញ្ចូលដោយភាគីណាមួយទេ។

I/we hereby declare that I have read and accepted the terms and conditions and information contained in the Disclosure Document before applying such offered Bonds and have not relied on any party.

ហត្ថលេខា ឬ/និងត្រាសម្រាប់នីតិបុគ្គល Signature or/and Stamp for Legal Entity	ហត្ថលេខា Signature	ហត្ថលេខា និងត្រា Signature and Stamp
ឈ្មោះវិនិយោគិន/ Investor's Name:	ឈ្មោះភ្នាក់ងារក្រុមហ៊ុនមូលបត្រ/ Securities Representative's Name:	ឈ្មោះប្រធានភ្នាក់ងារក្រុមហ៊ុនមូលបត្រ ឬនាយក ប្រតិបត្តិ ក្រុមហ៊ុនធានាទិញមូលបត្រ/ Head of Securities Representative or CEO:

* ក្រុមហ៊ុនធានាទិញមូលបត្រ ត្រូវពន្យល់វិនិយោគិនអំពីខ្លឹមសារនៃសេវាបរិសកម្មដែលមានចែងដូចខាងក្រោមនេះ។  The Underwriter shall explain to the undersigned investors the terms of the Subscription Service prescribed hereunder.
** វិនិយោគិន ទទួលខុសត្រូវលើលទ្ធផល និងរាល់ហេតុការណ៍ទាំងឡាយដែលកើតឡើង ឬដែលអាចនឹងកើតឡើងពាក់ព័ន្ធនឹងការធ្វើ បរិសកម្មសញ្ញាបណ្ណបោះផ្សាយលក់របស់ ក្រុមហ៊ុនបោះផ្សាយ ហើយក្រុមហ៊ុនធានាទិញមូលបត្រ មិនទទួលខុសត្រូវលើលទ្ធផល និងរាល់ហេតុការណ៍ទាំងនោះទេ។  The undersigned Investor hereby assumes full responsibility for the outcome and all the matters that arise or eventuate in connection with the subscription process of TCT's Corporate Bond offering, and the Underwriter does not and shall not take any responsibility with respect to such outcome or matters.

## សេវាបរិសកម្ម

### SUBSCRIPTION SERVICE

វិនិយោគិន និងក្រុមហ៊ុនធានាទិញមូលបត្រ បានអាន និងយល់ព្រមលើលក្ខខណ្ឌនៃសេវាបរិសកម្មដូចខាងក្រោម/ The Investor and the Underwriter have hereby reviewed and agreed on the following terms and conditions of this Subscription Service:

#### ១. វិធីសាស្ត្រធ្វើបរិសកម្ម/ 1. METHOD FOR SUBSCRIPTION

១.១ ក្រុមហ៊ុនធានាទិញមូលបត្រ នឹងផ្តល់ ឯកសារផ្តល់ព័ត៌មានដែលចុះបញ្ជី និងទម្រង់បរិសកម្មដល់វិនិយោគិន។

1.1 The Underwriter will provide the registered Disclosure Document and Subscription Forms to investors.





១.២ មុនពេលធ្វើបរិសកម្មសញ្ញាបណ្ណវិនិយោគិនត្រូវមានលេខអត្តសញ្ញាណវិនិយោគិន និងគណនីមូលបត្រវិនិយោគិនក្នុងស្រុក និងក្រៅស្រុកគួរទាក់ទងក្រុមហ៊ុនធានាទិញមូលបត្រ ឬក្រុមហ៊ុនមូលបត្រណាមួយ ដើម្បីបើកគណនីមូលបត្រ និងទទួលយកលេខអត្តសញ្ញាណវិនិយោគិនពី ន.ម.ក។

1.2 Before subscribing the Bonds, investors shall have investors ID and Securities Trading Account. Local or offshore investors approach the Underwriter or any securities firm to open a securities account and obtain an investor ID from the SERC.

១.៣ ឯកសារតម្រូវសម្រាប់បើកគណនីមូលបត្រនៅក្រុមហ៊ុន រ៉ូយ៉ាល់ ក្រុមហ៊ុន ស៊ីឃ្យូរីធី ម.ក (សំរាប់វិនិយោគិនរូបវន្តបុគ្គល)

**ពាក្យស្នើសុំ ÷**

- ពាក្យស្នើសុំលេខអត្តសញ្ញាណវិនិយោគិន (ទម្រង់ ក)
- ពាក្យស្នើសុំបើកគណនីរូបវន្តបុគ្គល
- គំរូហត្ថលេខាសម្រាប់ពាក្យស្នើសុំបើកគណនីរូបវន្តបុគ្គល
- ពាក្យស្នើសុំប្រើប្រាស់សេវាព័ត៌មានតាមគេហទំព័រ
- កិច្ចព្រមព្រៀងអតិថិជន

**ស្ថានភាព**

- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ២ច្បាប់

**ឯកសារតម្រូវ ÷**

- អត្តសញ្ញាណប័ណ្ណ ឬលិខិតឆ្លងដែន
- លិខិតបញ្ជាក់ពីធនាគារ
- រូបថត
- កម្រៃសេវាចំពោះលេខអត្តសញ្ញាណវិនិយោគិនសម្រាប់វិនិយោគិនរូបវន្តបុគ្គល

**ស្ថានភាព**

- ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ២សន្លឹក (ទំហំលិខិតឆ្លងដែន)
- ២០.០០០រៀល ឬ៥ដុល្លារអាមេរិក

1.3 Required Documents for Securities Trading Account Opening with Royal Group Securities Plc (For Individual Investors)

**Required Application Forms:**

- Investor Identification Number Application Form (Form A)
- Application for Individual Account Opening
- Specimen Signature for Individual Account Opening
- Application For Web-based Information Service
- Client Agreement

**Status**

- 1 Original Copy
- 1 Original Copy
- 1 Original Copy
- 1 Original Copy
- 2 Original Copies

**Required Documents:**

- ID Card or Passport
- Bank Reference Letter
- Photo
- Fee for Investor ID for Individual Investor

**Status**

- 1 Certified True Copy
- 1 Original Copy
- 2 (Passport Size)
- KHR 20,000 or USD 5.00

១.៤ ឯកសារតម្រូវសម្រាប់បើកគណនីមូលបត្រនៅក្រុមហ៊ុន រ៉ូយ៉ាល់ ក្រុមហ៊ុន ស៊ីឃ្យូរីធី ម.ក (សំរាប់វិនិយោគិនស្ថាប័ន)

**ពាក្យស្នើសុំ ÷**

- ពាក្យស្នើសុំលេខអត្តសញ្ញាណវិនិយោគិន (ទម្រង់ ខ)
- ពាក្យស្នើសុំបើកគណនីសម្រាប់នីតិបុគ្គល
- គំរូហត្ថលេខាសម្រាប់ពាក្យស្នើសុំបើកគណនីសម្រាប់នីតិបុគ្គល
- ពាក្យស្នើសុំប្រើប្រាស់សេវាព័ត៌មានតាមគេហទំព័រ
- កិច្ចព្រមព្រៀងអតិថិជន

**ស្ថានភាព**

- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ១ច្បាប់
- ច្បាប់ដើម ២ច្បាប់

**ឯកសារតម្រូវ ÷**

- លក្ខន្តិកៈក្រុមហ៊ុន

**ស្ថានភាព**

- ច្បាប់ថតចម្លងបានបញ្ជាក់ត្រឹមត្រូវ១ច្បាប់







ធនាគារក្នុងស្រុកឡើយ។

1.8 Investors may deposit money for investment directly into Issuer's Subscription Bank Account without having to open a local bank account.

១.៩ វិនិយោគិន ត្រូវធ្វើការទូទាត់ការធ្វើបរិសកម្មសម្រាប់សញ្ញាបណ្ណនេះទាំងស្រុងនៅកាលបរិច្ឆេទធ្វើបរិសកម្មនៅក្នុងគណនីដូចខាងក្រោម៖

1.9 Subscription payments for the Bonds shall be made by investors on the date of subscription in full in the following accounts:

គណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់នៅធនាគារវីង

The accounts for the deposit at Wing Bank (SWIFT Code: WIGCKHPP)

លេខគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Number for Deposit	ឈ្មោះគណនីសម្រាប់ដាក់ទឹកប្រាក់តម្កល់ Account Name for Deposit
100 409 648	TELCOTECH LTD. Subscription Account

១.១០ វិនិយោគិនដែលបានដាក់ពាក្យស្នើសុំធ្វើបរិសកម្ម និងបានបង់ប្រាក់សម្រាប់ការធ្វើបរិសកម្ម មិនអាចលុបចោលការធ្វើបរិសកម្ម ឬស្នើសុំការបង្វិលប្រាក់ដែលទូទាត់លើការធ្វើបរិសកម្មត្រឡប់វិញបានឡើយ លើកលែងតែមានចែងក្នុងប្រការ២.៣ខាងក្រោម។

1.10 Investors who have submitted their subscription forms and made payments for their subscriptions may not cancel their subscriptions or request a refund of their subscription payments, except as specified below in Clause 2.3.

១.១១ ប្រសិនបើមានព្រឹត្តិការណ៍អ្វីមួយ ដែលបណ្តាលឱ្យក្រុមហ៊ុនបោះផ្សាយធនាគារ ឬលុបចោលការធ្វើសំណើលក់សញ្ញាបណ្ណ ឬមិនអាចបោះផ្សាយលក់ ឬចែកចាយសញ្ញាបណ្ណនេះដល់វិនិយោគិននោះទេ វិនិយោគិនដែលបានធ្វើបរិសកម្ម និងបានបង់ប្រាក់សម្រាប់សញ្ញាបណ្ណនេះ នឹងអាចទទួលបានការបង្វិលប្រាក់សងត្រឡប់វិញនូវចំនួនទឹកប្រាក់ ដែលបានបង់ក្នុងពេលធ្វើបរិសកម្មដូចដែលបានចែងក្នុងប្រការ៣.២ខាងក្រោម។

1.11 If there has occurred any event causing or requiring the Issuer to suspend or cancel the offering of the Bonds or to be unable to issue or deliver the Bonds to investors, investors who have subscribed and made payments for the Bonds will be entitled to a refund of their subscription payments as specified below in Clause 3.2.

១.១២ វិនិយោគិន មិនទទួលបានការប្រាក់ ឬប្រាក់សំណងធានា ក្នុងអំឡុងពេលធ្វើបរិសកម្មឡើយ។

1.12 Investors will not be entitled to receive any interest or compensation during the Subscription period of the Bonds.

១.១៣ ដោយមានការអនុម័តពី ន.ម.ក ទំហំទឹកប្រាក់សរុបរបស់សញ្ញាបណ្ណ នឹងត្រូវបានផ្ទេរពីគណនីបរិសកម្មទៅកាន់គណនីធនាគារដាច់ដោយឡែករបស់ ក្រុមហ៊ុនបោះផ្សាយ។ ក្នុងករណីនេះ គណនីបរិសកម្ម នឹងត្រូវបិទ។

1.13 With approval from the SERC, the total Bond proceeds are transferred from the Subscription Bank Accounts to TCT's separate bank account. Then, the Subscription Bank Accounts are closed.

## ២. ការបែងចែកសញ្ញាបណ្ណ/ 2. ALLOCATION OF BONDS

២.១ ការបែងចែកសញ្ញាបណ្ណ÷ ការបែងចែកសញ្ញាបណ្ណទៅឱ្យវិនិយោគិន គឺស្ថិតក្រោមការសម្រេចចិត្តរបស់ក្រុមហ៊ុនបោះផ្សាយ និងក្រុមហ៊ុនធានាទិញមូលបត្រ។ ក្រុមហ៊ុនបោះផ្សាយ និងក្រុមហ៊ុនធានាទិញមូលបត្រ អាចធ្វើការបែងចែកចំនួនណាមួយនៃសញ្ញាបណ្ណឱ្យទៅបុគ្គលណាម្នាក់ ឬក៏អាចបដិសេធមិនបែងចែកសញ្ញាបណ្ណដែលបានធ្វើបរិសកម្មដោយវិនិយោគិនណាម្នាក់ ប្រសិនបើចាំបាច់។





2.1 Allocation of the Bonds: the allocation of the Bonds to investors shall be at the absolute discretion of the Issuer and the Underwriter. The Issuer and the Underwriter may allocate any amount of the Bonds to any person or may refuse to allocate the Bonds subscribed by any investors as they deem appropriate.

២.២ ការលុបចោលការធ្វើបរិសកម្ម៖ ក្រុមហ៊ុនធានាទិញមូលបត្រ មានសិទ្ធិទុកជាមោឃៈ ឬលុបចោលការធ្វើបរិសកម្មលើសញ្ញាបណ្ណដោយវិនិយោគិនណា ដែលខកខានមិនបានគោរពតាមនីតិវិធីដែលបានបង្ហាញខាងលើ ឬដែលបានបង់ថ្លៃបរិសកម្មជាមួយមូលបត្រ (Crossed Cheque) ឬមូលបត្របេឡា (Cashier Cheque) ដែលមិនអាចបើកជាសាច់ប្រាក់បាន។

វិនិយោគិន អាចលុបចោលការធ្វើបរិសកម្មលើសញ្ញាបណ្ណ ក្នុងករណីដែលក្រុមហ៊ុនបោះផ្សាយផ្អាក ឬបញ្ឈប់ការធ្វើសំណើលក់សញ្ញាបណ្ណ ឬមិនអាចផ្តល់សញ្ញាបណ្ណ ឱ្យបានចាប់ពីកាលបរិច្ឆេទជូនដំណឹងអំពីការផ្អាក ឬបញ្ឈប់សំណើលក់ ឬបុគ្គលបោះផ្សាយគ្មាន សមត្ថភាពផ្តល់សញ្ញាបណ្ណឱ្យ វិនិយោគិនបានក្នុងរយៈពេល៧ថ្ងៃនៃថ្ងៃធ្វើការ បន្ទាប់ពីកាលបរិច្ឆេទបិទការធ្វើបរិសកម្ម។

2.2 Cancellation of Subscription: the Underwriter is entitled to revoke or cancel any subscription for the Bonds by any investor who fails to comply with the procedures indicated above or whose payment of subscription price by a crossed cheque or cashier cheque is not honored upon presentation thereof.

An investor is entitled to revoke the subscription for the Bonds in the event that the Issuer suspends or ceases the offering of the Bonds or is unable to deliver the offered Bonds, from the announcement date of the suspension or cessation of the offering or the Issuer's inability to deliver the Bonds to (and including) within 7 business days after of the Subscription Period.

### ៣. នីតិវិធីនៃការសងប្រាក់/3. REFUND PROCEDURE

៣.១ នីតិវិធីសងប្រាក់បរិសកម្មក្នុងករណីការធ្វើបរិសកម្មមានចំនួនច្រើនលើសលុប៖

ប្រសិនបើវិនិយោគិន មិនត្រូវបានបែងចែកឱ្យទទួលបានសញ្ញាបណ្ណឬត្រូវបានបែងចែកឱ្យទទួលបានតិចជាងចំនួនដែលបានធ្វើបរិសកម្ម ក្រុមហ៊ុនធានាទិញមូលបត្រ នឹងប្រគល់ជូនវិនិយោគិនវិញ នូវប្រាក់បរិសកម្មដែលបានទទួល ដោយមិនមានការប្រាក់ ឬសំណងតាមរយៈការផ្ទេរប្រាក់តាមធនាគារទៅកាន់គណនីរបស់វិនិយោគិន ដែលបានបង្ហាញនៅក្នុងពាក្យស្នើសុំធ្វើបរិសកម្ម ឬតាមមធ្យោបាយណាមួយដែលសមស្រប។ សម្រាប់រូបិយបណ្ណដែលប្រើប្រាស់នៅពេលសងប្រាក់វិញ វិនិយោគិនត្រូវយល់ព្រមចំពោះរូបិយបណ្ណដែលប្រើនៅពេលសងប្រាក់វិញគឺដូច គ្នាទៅនឹងរូបិយបណ្ណដែលប្រើពេលដាក់ប្រាក់ធ្វើបរិសកម្ម។

រាល់ការចំណាយ និងកម្រៃនានាដែលពាក់ព័ន្ធនឹងការសងប្រាក់ រួមបញ្ចូលនូវការចំណាយនិងកម្រៃសេវាផ្ទេរប្រាក់តាមធនាគារ គឺជាបន្ទុករបស់វិនិយោគិន។

#### 3.1 Procedure for Refunding Subscription Payments in case of Excess Subscriptions:

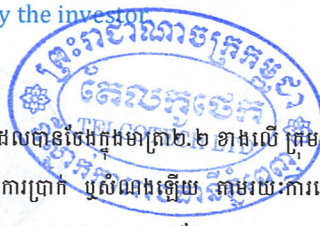
If an investor is not allocated any Bond or is allocated Bonds in an amount less than that subscribed for, the Underwriter will return the subscription payments received by it to the investor without interest and/or compensation through a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

For the refund currency, investors shall agree that the refund currency shall be the same currency as the subscription deposit.

Any and all expenses, fees and charges related to the refund including, without limitation, the bank transfer fee and service charge, shall be borne by the investor.

៣.២ នីតិវិធីសងប្រាក់បរិសកម្មក្នុងករណីបញ្ឈប់សំណើលក់៖

ប្រសិនបើវិនិយោគិនលុបចោលការធ្វើបរិសកម្មលើសញ្ញាបណ្ណ ដូចដែលបានចែងក្នុងមាត្រា២.២ ខាងលើ ក្រុមហ៊ុនធានាទិញមូលបត្រនឹងសងប្រាក់បរិសកម្មដែលខ្លួនបានទទួលទៅឱ្យវិនិយោគិនវិញ ដោយគ្មានការប្រាក់ ឬសំណងឡើយ តាមរយៈការផ្ទេរប្រាក់តាមធនាគារទៅគណនីរបស់វិនិយោគិន ដូចដែលបានបង្ហាញក្នុងពាក្យស្នើសុំធ្វើបរិសកម្ម ឬតាមមធ្យោបាយណាមួយដែលសមស្រប។





3.2 Procedure for Refunding Subscription Payments in case of Repression or Cessation:

If an investor is revoked the subscription for the Bonds as specified above in 2.2, the Underwriters will return the subscription payments received by it to the investor without interest and/or compensation through a bank transfer to their respective bank accounts as mentioned in their subscription application or via any other reasonable methods.

៤. ការផ្តល់ជូនសញ្ញាបណ្ណ/4. DELIVERY OF BONDS

ក្រុមហ៊ុនបោះផ្សាយ នឹងធានាថាភ្នាក់ងារបញ្ជីកម្មលបត្រ នឹងចុះឈ្មោះម្ចាស់មូលបត្របំណុលដែលបានទទួលការបែងចែកសញ្ញាបណ្ណជាមួយនឹងចំនួនសញ្ញាបណ្ណដែលបានបែងចែកនៅក្នុងបញ្ជីកម្មលបត្របំណុល មិនឱ្យលើស ៧ ថ្ងៃនៃថ្ងៃធ្វើការ បន្ទាប់ពីកាលបរិច្ឆេទបញ្ចប់ការធ្វើបរិស័កម្ម។

The Issuer will ensure that the Registrar enter the name of each Bondholder to whom the Bonds have been allotted, together with details of the number of Bonds allotted to such Bondholder, into the Bondholders' Book no later than 7 (seven) Business Days after the Subscription Closing Date.

៥. អំណាចត្រាបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងទម្រង់ហត្ថលេខារបស់ភ្នាក់ងារបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ/5. POWER OF SEAL OF THE UNDERWRITER AND SIGNATURE IMAGE OF THE UNDERWRITER OR THE UNDERWRITER'S SECURITIES REPRESENTATIVES

ត្រាបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងទម្រង់ហត្ថលេខារបស់ប្រធានភ្នាក់ងារ និងភ្នាក់ងារបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ ដែលមាននៅលើពាក្យស្នើសុំធ្វើបរិស័កម្មមូលបត្រ និងវិក្កយបត្របរិស័កម្មមូលបត្រ ត្រូវចាត់ទុកដូចជាត្រាដើមរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងហត្ថលេខាដើមរបស់ប្រធានភ្នាក់ងារ និងភ្នាក់ងារបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងមានឥទ្ធិពលតាមផ្លូវច្បាប់ដូចត្រាដើម និងហត្ថលេខាដើមតទៅ។ តាមការស្នើសុំរបស់វិនិយោគិន ក្រុមហ៊ុនធានាទិញមូលបត្រ ត្រូវប្រគល់ឱ្យវិនិយោគិននូវពាក្យស្នើសុំធ្វើបរិស័កម្មសញ្ញាបណ្ណ និង/ឬវិក្កយបត្របរិស័កម្មសញ្ញាបណ្ណដែលមានត្រាដើមរបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ និងហត្ថលេខាដើមរបស់ប្រធានភ្នាក់ងារ និងភ្នាក់ងារបស់ក្រុមហ៊ុនធានាទិញមូលបត្រ ក្នុងរយៈពេល ១៨ (ដប់ប្រាំបី) ថ្ងៃ នៃថ្ងៃធ្វើការ គិតចាប់ពីថ្ងៃដែលវិនិយោគិនស្នើសុំ។

The seal of either the Underwriter as affixed hereto by the Underwriters and the signature image of either the Underwriters or the Underwriter's Head of Securities Representatives and the Securities Representative as affixed on the Application Form to subscribe the Bonds and Receipt for Subscription shall be deemed as the originals of the seal of either the Underwriters and the original signatures of either the Underwriters or the Underwriter's Head of Securities Representatives and the Securities Representative respectively, and be construed as having the same legal effect as to the original thereof.

Upon request from the Investor, either the Underwriter or the Underwriter's Head of Securities Representative shall provide such investor with the Application Form to subscribe the bonds and/or the Receipt for Subscription with the original seal affixed thereto and the original signatures of the Underwriter or the Underwriter's Head of Securities Representative within eighteen (18) business days from the date of such request.

៦. ផ្សេងៗ/ 6. MISCELLANEOUS

៦.១ វិនិយោគិនដែលមានសំណួរពាក់ព័ន្ធនឹងពាក្យស្នើសុំនេះ គួរស្វែងរកនូវការបញ្ជាក់ពីក្រុមហ៊ុនធានាទិញមូលបត្រ ឬតំណាងភ្នាក់ងារលក់របស់ក្រុមហ៊ុនបោះផ្សាយ។

6.1 An investor with queries regarding the application or any of the matters contained herein should seek clarification from Underwriter or Joint Underwriter or the Issuer's authorized selling agents.

