Lao people's Democratic Republic

Peace Independence Democracy Unity Prosperity

-----===000===-----

No. 072 /PCD

Vientiane Capital, Date: 08 APR 2022

LETTER OF INVITATION

To: Shareholders of Phousy Construction and Development Public Company

Subject: Invitation to the Annual General Meeting of Shareholders for the year 2021

- Pursuant to the resolution of the 1st Board of Directors meeting for the year 2022 of Phousy Construction and Development Public Company. Dated 22nd March 2022.

Phousy Construction and Development Public Company (PCD) is honored to invite the shareholders of PCD to attend the Annual General Meeting of Shareholders for the year 2021 on 29th April 2022, at **10:30** am (The Registration is available at **09:30** am) at the 12th floor of Continental Plaza Hotel, Nongbuathong-tai Village, Sikhottabong District, Vientiane Capital, Lao PDR. In order to consider and approve the issues as indicated in the agenda attached herewith.

05th April 2022 is determined as the Record Date of the listing book of shareholders in order to stipulate the rights of shareholders to attend the Annual General Meeting of shareholders for the year 2021.

The third persons should be authorized to attend and vote for the meeting if the shareholders are not available. Please kindly complete the information and sign to the letter of authorization in accordance with attachments and submit to the secretariat of the meeting before the meeting.

Your attendance is always highly appreciated.

Sincerely yours,

Chairman of Board of Directors

Phousy Construction and Development Public Company

Ph.D. Sithong PHOMMACHITH

PCD, 3rd floor, Continental Plaza Hotel, Nongbuathong-tai Village, Sikhottabong District, Vientiane Capital, Lao PDR. Tel/Fax: (856-21) 265 394, Email: info@phousy.com; Website: www.phousy.com

Phousy Construction and Development Public Company

The Documents of the Annual General Meeting of Shareholders for the year 2021

On Friday, 29 April 2022

The Registration time is at 09:30 am

At the 12th floor of Continental Plaza Hotel,

Nongbuathong-tai Village, Sikhottabong District,

Vientiane Capital, Lao PDR.

Tel :+856 (21) 265 394

The Attachments

1. Agenda of the Annual General Meeting of Shareholders for the year 2021 (Attachment 1);
2. Minutes of the Annual General Meeting of Shareholders for the year 2020 (Attachment 2);
3. The Annual Report and Financial Statements of the year 2021 (Attachment 3);
4. Curriculum Vitae of Independent Directors (Attachment 4);
5. Application form of Proxy (Attachment 5);
6. Documents and evidences required for attending the meeting, registering and voting at the meeting of shareholders (Attachment 6);
7. Map of the meeting destination (Attachment 7).

Remarks:

1. Shareholders shall obtain the invitation letter and related documents from 08 April 2022 at the 4th floor of LSX Building, Settlement and Depositary Department, Phonethan Village, Saysettha District, Vientiane Capital. Tel: (+85621) 454361-4.
2. The shareholders shall hold their own ID card or Passport (For the case of foreigners) at the meeting day in order to verify themselves.
3. The Shareholders who will authorize a representative to attend the meeting and vote on their behalf shall complete and provide signature on the proxy (attachment 5).
4. The proxy attendees shall hold the documents or evidences for verifying themselves to attend the meeting in accordance with the details stated in **Attachment 6** and submit to the chairman of the meeting or the authorized person of chairman.
5. In case, shareholders authorize the Independent Member to attend the meeting, the shareholders shall complete the information and sign on the proxy form and select an Independent Member by ticking (✓) to the name. The proxy shall be submitted to Phousy Construction and Development Public Company, secretary of meeting at the 12th floor of Continental Plaza Hotel in Nongbouathong-tai village, Sikhottabong district, Vientiane Capital, Lao PDR before 28th April 2021.
6. If you have any concerns or questions for the proxy, please contact Mr. Anolay Siharath via Tel: (+856-21) 265 394 during office hours.

Attachment 1

Agenda for the Annual General Meeting of Shareholders for the year 2021 of Phousy Construction and Development Public Company

Agenda 1: Considering and endorsing the Minutes of the Annual General Meeting of Shareholders for the year 2020

Supporting Information: The agendas and minutes of Annual General Meeting of Shareholders for the year 2020 that held on 28th April 2021 were considered and recorded correctly in accordance with the detail of the meeting. The detail of the meeting minutes was enclosed herewith (**attachment 2**).

Board of Directors' opinion: The BODs have clearly reviewed and agreed the Annual General Meeting of shareholders to consider and approve this agenda.

Voting: The law on enterprise is stipulated that this agenda shall be approved by over half numbers of the total votes in the meeting.

Agenda 2: Considering and endorsing the PCD's business performance report and the audited financial statements for the year 2021

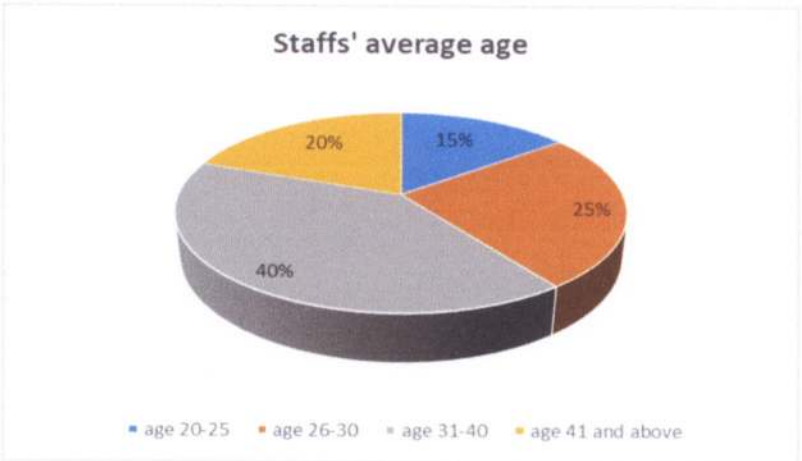
Supporting Information:

I. The business Performance for the year 2021 has been detailed as follows:

❖ **Human Resource Management**

In regard to the human resources management aspect, in the year 2021 PCD has focusing an organizational to be aligned with the structure and conditions of the Lao Securities Exchange. Social welfare provides better care for employees in the organization, The company conducts a survey to prepare for the provision of social security to all employees, with annual health check-ups, working on time and with annual leave in accordance with the Lao Labor Law.

- Total number of staff as off 31/12/2021: 175 staffs
- Resigned: 2
- Recruit 1 new employee
- Staff Promotion: 0 staffs



- Remuneration and Social Welfare: No Salary increases for staffs
- Organize activities for unity of staffs: Not active in action due to outbreak COVID-19
- Capacity building for staff: In the Year 2021, there was no activities

❖ **Marketing**

Currently, PCD is continuing to implement two unfinished projects: the construction of a two-story paved road from Ban Ou Village Luang Prabang District to Sibunheung village Nan district, Luang Prabang province, 50,2 km long, and an upgrade road from Kieu Cheia village to Muang Heub Village Phonethong district Laouang Prabang Province, 32.565 km in length.

– **Project completed in 2021**

1. Emergency Traffic Correction Project from Main km 4 to Sibunheung Village, Nan District, Luang Prabang Province, value 3.939.696.400 Kip
2. 1,2 Luang Prabang bypass repair project, length 18,4 km, value 10.572.432.076 Kip

.

(Both projects use government budget)

– **The project plan continues to be implemented**

1. The Vientiane-Pakse Expressway project, worth more than $ 4 billion, and we, Phousy Construction and Development Public Company, are among the four companies that have been shortlisted for the final round. The survey and design of the corridor is now underway, and the Ministry of Public Works and Transport is preparing to submit it to the government to endorse. (Only Phousy Construction and Development Public Company is responsible for the 4th phase from Xeno, Savannakhet to Napong, Saravane Province, the total length is 135,2 km, the initial estimated value is US $ 1.235,82)
2. Modern resettlement villages for low-income guests of 200.000 across the country, are also looking for foreign partners.
3. The construction project of Luang Prabang Special Economic Zone worth US $ 2,5 million is waiting for the project owner to continue demarcating the border and compensating for the environmental impact before it can be implemented.

❖ **Tax**

Phousy Development and Construction Public Company was fully registered under the Laws of Lao PDR, especially Law of Taxation which is strictly implemented based on the following table on the payment of tax:

The State Tax in the Year 2021

Item	Details	Total value (kip)
1	Value Added Tax	104.129.134
2	Payroll Tax	5.726.332
3	Profit Tax	31.238.539
Total		**141.094.005**

II. The financial statements for the year 2021 has detailed as follows:

Description	2021	2020
Total assets (Million LAK)	626.294	620.328
Total liabilities (Million LAK)	188.061	168.200
Total shareholders' equity (Million LAK)	438.233	452.128
Total revenue (Million LAK)	23.574	5.642
Net profit/loss (Million LAK)	(13.895)	(57.942)
Net profit per share (LAK/Share)	(23,87)	(99,56)

Details of the draft of financial statements for the year 2021 as **attachment 3.**

Board of Directors' opinion: The BODs have clearly reviewed and agreed the Annual General Meeting of shareholders consider and approve this agenda.

Voting: The law on enterprise is stipulated that this agenda shall be approved by over half numbers of the total votes in the meeting.

Agenda 3: Considering that there's no dividend payments for the year 2021

Supporting Information: The report of CEO to the meeting: Pursuant to the enterprises law, No. 46/NA, dated 26 December 2013 on the article 155 "Distribution of Dividend", the company shall not pay the dividends if the accumulated loss still remains from the previous year.

Board of Directors' opinion: The BODs have clearly reviewed and agreed the Annual General Meeting of shareholders for the year 2021 to consider and approve this agenda.

Voting: The law on enterprise is stipulated that this agenda shall be approved by over half numbers of the total votes in the meeting.

Agenda 4: Considering and endorsing the PCD's business plan for the year 2022

- **Projects in the plan for the year 2022-2025**

1. Real estate development project on an area of 500 hectares in Luang Prabang Special Economic Zone. Estimated investment value US $ 50.000.000
2. Luang Prabang Mekong Bridge Project worth about 38.000.000 USD

❖ **Organizational Strategy**

From the ambition to provide the best services to gain credibility and trust amongst customers, we are ready to move forward to the future:

- Increase customer base to private sector for small, medium and mega size infrastructure development projects.
- Initiate real estate development portfolio to accommodate the growth of the cities in the country.
- Maintain trust and credibility of the existing customers who worked with us for 20 years by ensuring quality, standards, timely delivery and honesty with details oriented.

Board of Directors' opinion: The BODs have clearly reviewed and agreed the Annual General Meeting of shareholders for the year 2022 to consider and approve this agenda.

Voting: The law on enterprise is stipulated that this agenda shall be approved by over half numbers of the total votes in the meeting.

Agenda 5: Considering and endorsing the appointment of the external auditors for the year 2022

Supporting Information: Pursuant to the enterprises law, No 46/NA, dated 26 December 2013 on the article 154 and responsibility of the Annual General Meeting of Shareholders, the Annual General Meeting of Shareholders is assigned to elect the auditors and the wage of audit service. According to the proposal of board of director, Price Water House Cooper (Laos) Co., Limited (PwC) is appointed to be the independent auditor for the year 2022 together with the maximum wage of 35.000 USD. PwC is a standard audit company including trust in its service from internationally. The details of the fees from the previous years are shown as follows:

Year	The external auditors	Remuneration (USD)
2018	Price Water House Cooper (Lao) Co., Ltd.	32.390
2019	Price Water House Cooper (Lao) Co., Ltd.	35.690
2020	Price Water House Cooper (Lao) Co., Ltd.	35.000
2021	Price Water House Cooper (Lao) Co., Ltd.	35.000
2022	Price Water House Cooper (Lao) Co., Ltd.	35.000

Board of Directors' opinion: The BODs have clearly reviewed and agreed the Annual General Meeting of shareholders for the year 2022 to consider and approve this agenda.

Voting: The law on enterprise is stipulated that this agenda shall be approved by over half numbers of the total votes in the meeting.

Attachment 2

Lao people's Democratic Republic

Peace Independence Democracy Unity Prosperity

----===000===-----

No. 801-

Vientiane Capital, Date: 10 MAY 2021

Minutes of
The Annual General Meeting of Shareholders for the year 2020

Phousy Construction and Development Public Company (PCD) held the Annual General Meeting of Shareholders for the year 2020 on 28 April 2021 at 14:15 pm, at the 12th floor of Continental Plaza Hotel, Nongbuathong-tai Village, Sikhottabong District, Vientiane Capital. The meeting was attended by 40 shareholders, in which 11 shareholders attended the meeting in person and 29 shareholders attended the meeting as proxies, holding the total of 570,531,900 shares, equivalent to 98.03% of the total paid-up shares of the Company.

The host introduced the directors attended the meeting as follows:

1. Mr. Sitha Phommachith — Director / Chief Executive Officer
2. Mr. Nanthalath Thilakun — Independent Director

Mr. Sithong Phommachith, Chairman; Mr. Bounmy Manyvong, Vice Chairman/ Independent Director; and Mr. Phoukhong Ouanlamany, Director were not available to attend the meeting. Therefore, Mr. Sitha Phommachith Director/CEO was appointed as the chairman of this meeting.

Furthermore, there were representatives of Lao Securities Commission Office, Lao Securities Exchange and PriceWaterHouseCooper (Lao) Sole Co., Ltd (pwc) attended the meeting.

The host instructed the measures of COVID-19 prevention as well as the procedures of vote, Vote Counting and publicizing the result of vote to the shareholders.

After that, the Chairman of the meeting officially declared opening the meeting and reported the details of each agenda of the meeting by order as follows:

Agenda 1: Considering and endorsing the Minutes of the Annual General Meeting of Shareholders for the year 2019

The chairman of the meeting reported to the meeting about the Minutes of the Annual General Meeting of Shareholders for the year 2019 which was held on 29th May 2020. The agendas and minute had been considered and recorded accurately in accordance with the content of the meeting.

The Chairman encouraged the shareholders to have comments after the report but there were no comments.

The Chairman then proposed to the meeting for considering and approving this agenda.

Resolution: The meeting has thoroughly considered and approved the agendas as follow:

- Approved: 570.531.900 votes or equivalent to 100% of the total votes in the meeting.

Agenda 2: Considering and endorsing the PCD's business performance report and the financial statements audited by external auditor for the year 2020

The Chairman reported to the meeting as follows:

I. The business Performance for the year 2020 has been detailed as follows:

❖ **Marketing**

Currently, PCD is continuing to implement two unfinished projects: the construction of a two-story paved road from Ban Ou Village Luang Prabang District to Sibunheung village Nan district, Luang Prabang province, 50.2 km long, and an upgrade road from Kieu Cheia village to Muang Heub Village Phonethong district Laouang Prabang Province, 32.565 km in length.

- The Vientiane-Pakse Expressway project, worth more than $ 4 billion, and we, Phousy Construction and Development Public Company, are among the four companies that have been shortlisted for the final round. The survey and design of the corridor is now underway, and the Ministry of Public Works and Transport is preparing to submit it to the government.

- The new modern allocated villages for low-income guests of 200,000 across the country are also looking for foreign partners.

- The second phase of the 8.3-kilometer landslide protection project in Vientiane Capital (subcontracted by a Korean company) has already been submitted and is currently awaiting the opening of bids.

- Construction of infrastructure project of Louang Prabang Special Economic Zone worth US $ 2.5 million is waiting for the owner of the project to demarcate the border and compensate for the environmental impact before it can be implemented.

❖ **Tax**

The State Tax in the Year 2020

Item	Details	Total value (kip)
1	Value Added Tax	573.030.630
2	Payroll Tax	30.336.000
3	Profit Tax	158.860.089
	Total	**762.226.719**

❖ **Human Resource Management**

The total number of staff as of 31st December 2020 is 177 staffs, PCD had completely offered all the staffs with Social Security, annual medical checkup, dates and times and annual leave in accordance with the Labor Law of Laos.

3. The financial statements for the year 2020 have detailed as follows:

Description	2020	2019
Total assets (Million LAK)	620.328	665.044
Total liabilities (Million LAK)	168.200	154.974
Total shareholders' equity (Million LAK)	452.128	510.070
Total revenue (Million LAK)	5.642	9.699
Net profit/loss (Million LAK)	(57.942)	(8.790)
Net profit per share (LAK/Share)	(99,56)	(15,10)

The Chairman encouraged the shareholders to have comments after the report but there were no comments.

The Chairman then proposed to the meeting for considering and approving this agenda.

Resolution: The meeting has thoroughly considered and approved the agendas as follow:

- Approved: 570.531.900 votes or equivalent to 100% of the total votes in the meeting.

Agenda 3: Considering that there is no dividend payment for the year 2020

The report of CEO to the meeting: Pursuant to the enterprises law, No. 46/NA, dated 26 December 2013 on the article 155 "Distribution of Dividend", the company shall not pay the dividends if the accumulated loss still remains from the previous year. The loss of the company in 2020 is 57.942 million Kip.

The Chairman encouraged the shareholders to have comments after the report but there were no comments.

The Chairman then proposed to the meeting for considering and approving this agenda.

Resolution: The meeting has thoroughly considered and approved the agendas as follow:

- Approved: 570.531.900 votes or equivalent to 100% of the total votes in the meeting.

Agenda 4: Considering and endorsing the PCD's business plan for the year 2021

The Chairman reported to the meeting as follows:

1. The construction project for the North national high way No.13 from Songpuey to Phonghong, 5 km in length costs LAK 4.500.000.000 (subcontracted by Chinese Company).

2. The second phase of landslide construction project in Vientiane, 8,3 km in length (subcontracted by Korean company).
3. The road construction project at Special Economic Zone in Luang Prabang, subcontracted by Phousy Group cooperated with Mega Hongsa company.
4. The first phase of village allocation project, 200 houses.
5. The first phase of fundamental construction project at Special Economic Zone S2 costs 2,5 million USD, subcontracted by Phousy Group.

The Chairman encouraged the shareholders to have comments after the report but there were no comments.

The Chairman then proposed to the meeting for considering and approving this agenda.

Resolution: The meeting has thoroughly considered and approved the agendas as follow:

- Approved: 570.531.900 votes or equivalent to 100% of the total votes in the meeting.

Agenda 5: Considering and endorsing the appointment of the external auditor for the year 2021

The report of CEO to the meeting: Pursuant to the enterprises law, No. 46/NA, dated 26 December 2013 on the article 154 and responsibility of the Annual General Meeting of Shareholders, the Annual General Meeting of Shareholders is assigned to elect the auditors and the wage of audit service. According to the proposal of board of director, PriceWaterHouseCooper (Laos) Sole Co., Ltd (pwc) is appointed to be the external auditor for the year 2021 together with the maximum wage of 35,000 USD. pwc is a standard audit company including trust in its service from internationally. The details of the fees from the previous years are shown as follows:

Year	The external auditors	Remuneration (USD)
2016	PriceWaterHouseCooper (Lao) Sole Co., Ltd.	47.000
2017	PriceWaterHouseCooper (Lao) Sole Co., Ltd.	45.000
2018	PriceWaterHouseCooper (Lao) Sole Co., Ltd.	32.390
2019	PriceWaterHouseCooper (Lao) Sole Co., Ltd.	35.690
2020	PriceWaterHouseCooper (Lao) Sole Co., Ltd.	35.000

The Chairman encouraged the shareholders to have comments after the report but there were no comments.

The Chairman then proposed to the meeting for considering and approving this agenda.

Resolution: The meeting has thoroughly considered and approved the agendas as follow:

- Approved: 570.531.900 votes or equivalent to 100% of the total votes in the meeting.

The Chairman of the meeting informed to the shareholders that all agendas were completely considered and approved in accordance with Letter of Invitation and encouraged the meeting to have other comments toward PCD but there were no comments from shareholders.

The Chairman officially declared closing the meeting at 15:00 pm on the same day when there were no additional issues.

Chairman of the Meeting	Minutes takers
Mr. Sitha Phommachith **Director / Chief Executive Officer**	**Mr. Xaiyakon Chitkhanty**

Note: The meeting minutes of Annual General Meeting of Shareholders for the year 2020 shall use the Lao language as the original

 PCD, 3rd floor, Continental Plaza Hotel, Nongbuathong-tai Village, Sikhottabong District, Vientiane Capital, Lao PDR. Tel/Fax: (856-21) 265 394, Email: info@phousy.com; Website: www.phousy.com

Draft Financial Statements for the year 2021

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

FINAL DRAFT

FINANCIAL STATEMENTS

31 DECEMBER 2021

pwc

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

Our opinion

In our opinion, the financial statements of Phousy Construction and Development Public Company (the Company) are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the financial statements.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2021;
- the statement of income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Emphasis of Matter - Basis of accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements have been prepared in accordance with the Company's accounting policies which the accounting basis used in the preparation of these financial statements may differ from International Financial Reporting Standards (IFRSs). The readers should therefore be aware that the accompanying financial statements are not intended to present the financial position and its financial performance and cash flows in accordance with IFRSs. Our opinion is not modified in respect to this matter.

FINAL DRAFT

pwc

Key audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. We determine one key audit matter: Allowance for doubtful account receivables. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
Allowance for doubtful account receivables *Refer to Note 2.4 'Accounting policies – Trade and other receivables' and Note 5 ' Trade and other receivables' to the financial statements.* As at 31 December 2021, trade receivables – Government of Lao PDR (GoL), who is only one customer of the Company, has balance amounted LAK 314,994 million less allowance for doubtful account receivables of LAK 297,010 million which represents 47 % the total assets in the financial statements, as resulting in net book value of LAK 17,984 million. The payment term depends on annual budget of GoL. During the year, GoL has limited their budget as a result payment during the year just LAK 11,761 million until reporting date. This affects to the working capital. Currently, the Company has in process of negotiating new payment terms with GoL. Management considers toset up an allowance based on the recoverable amount for conservative purpose. The recoverable amount was estimated by reference to the aging profile, historical payment pattern. We focus on this area as the trade accounts receivable was significant to the financial statements, and the allowance was based on management's judgement in evaluating the situation and condition of trade accounts receivable to consider the collectability of the Company.	Our key procedures include the following: • Inquired management about the method used as well as the assumptions made and understood the management's process and policy for setting up allowance for doubtful accounts; • Tested the accuracy of aging of trade receivables at year end on a sample basis; • Checked supporting documents such us certification of work completion that accepted by GoL to ensure that GoL has accepted the progress of work; • Assessed the recoverability of the unsettled recoverable on samples basis through our evaluation of management's assessment with reference to the credit profile of the customer, historical payment pattern of the customer, publicly availability information and latest correspondence with the customer and to reconsider if any additional provision should be made; and • Tested subsequent settlements of trade receivables after balance sheet date on sample basis, if any. Based upon the above procedures performed, we satisfied ourselves that management had taken reasonable judgements that were materially supported by the available evidence in respect of the relevant receivable balances. We did not encounter any issues through these audit procedures that indicated that provisioning in respect of trade receivables was inappropriate.

pwc

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion upon them.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee.

Responsibilities of the directors and audit committee for the financial statements

The directors are responsible for the preparation and presentation of the financial statements in accordance with accounting policies described in Note 2 to the financial statements, and for such internal control as the directors determine 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, the directors are 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 the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs 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.

FINAL DRAFT

pwc

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 the directors.
- Conclude on the appropriateness of the directors' 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

For PricewaterhouseCoopers (Lao) Sole Company Limited

By: Apisit Thiengtrongpinyo
Partner

Vientiane Capital, Lao PDR
Date 25 March 2022

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

Assets	Notes	2021 Million LAK	2020 Million LAK
Current assets			
Cash and cash equivalents	4	176	88
Trade and other receivables, net	5	153,049	138,017
Inventories		320	320
Other current assets	7	13,143	10,676
Total current assets		**166,688**	**149,101**
Non- current assets			
Property plant and equipment, net	8	448,129	470,366
Long-term loan to related party		861	861
Investment securities - held-to-maturity	6	10,616	-
Total non-current assets		**459,606**	**471,227**
Total assets		**626,294**	**620,328**
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	9	58,816	47,973
Long-term borrowings from financial institutions	10	38,422	38,422
Long-term borrowings – related parties	10	15,825	8,000
Profit tax payable	11	13,337	12,971
Other current liabilities	12	61,661	52,834
Total current liabilities		**188,061**	**160,200**
Non- current liabilities			
Long-term borrowings	10	-	8,000
Total non-current liabilities		**-**	**8,000**
Total liabilities		**188,061**	**168,200**
Equity			
Authorised share capital	13	582,000	582,000
Share premium	13	12,540	12,540
Retained earnings/(Accumulated loss)			
Appropriated legal reserve	14	11,572	11,572
Unappropriated		(167,879)	(153,984)
Total equity		**438,233**	**452,128**
Total liabilities and equity		**626,294**	**620,328**

FINAL DRAFT

Mr. Sitha PHOMMACHITH
Managing Director
Date: 25 March 2022

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 25 March 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Million LAK	2020 Million LAK
Revenue from construction		13,241	2,647
Cost of construction		(5,806)	(5,149)
Gross profit		**7,435**	**(2,502)**
Other income		2,440	2,995
Allowance for doubtful gain/(loss), net		7,893	(40,754)
Write-off of assets		(16,717)	-
Administrative expenses		(2,619)	(2,727)
Foreign exchange gain/(loss)		(3,901)	(2,220)
Interest expenses		(8,029)	(8,091)
Loss before income tax expenses		**(13,498)**	**(53,299)**
Profit tax expenses	18	(397)	(4,643)
Loss for the year		**(13,895)**	**(57,942)**
Earnings per share			
Basic earnings (loss) per share	19	(23.87)	(99.56)

FINAL DRAFT

Mr. Sitha PHOMMACHITH
Managing Director
Date: 25 March 2022

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 25 March 2022

PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital (Note 13)	Share premium (Note 13)	Retained earnings/(Accumulated loss)		Total
			Legal reserve (Note 14)	Unappropriated	
	Million LAK	Million LAK	Million LAK	Million LAK	Million LAK
Balance 1 January 2021	**582,000**	**12,540**	**11,572**	**(153,984)**	**452,128**
Loss for the year	-	-	-	(13,895)	(13,895)
Balance 31 December 2021	**582,000**	**12,540**	**11,572**	**(167,879)**	**438,233**
Balance 1 January 2020	**582,000**	**12,540**	**11,572**	**(96,042)**	**510,070**
Loss for the year	-	-	-	(57,942)	(57,942)
Balance 31 December 2020	**582,000**	**12,540**	**11,572**	**(153,984)**	**452,128**

FINAL DRAFT

Mr. Sitha PHOMMACHITH
Managing Director
Date: 25 March 2022

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 25 March 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 Million LAK	2020 Million LAK
Cash flows from operating activities:			
Loss before income tax for the year		(13,498)	(53,299)
Adjustments:			
- Unrealised (gain)/loss on exchange rate		3,901	2,257
- Depreciation	8	3,133	4,164
- Interest expense		8,029	8,091
- Write-off of assets		16,717	-
- Allowance for doubtful gain/(loss), net		(7,893)	41,821
Operating loss before working capital changes		**10,389**	**3,034**
Changes in working capital:			
- Trade and other receivables		(4,751)	1,604
- Investment securities - held-to-maturity		(10,616)	-
- Inventories		-	(2)
- Other current assets		(2,467)	(2,977)
- Trade and other accounts payable		6,942	(28)
- Other current liabilities		1,104	(400)
Cash generated from operations		**601**	**1,231**
Income tax paid		(31)	(159)
Net cash flows from operating activities		**570**	**1,072**
Cash flows from financing activities:			
Proceeds from borrowing	10	3,600	3,200
Repayments of borrowings	10	(3,775)	(3,200)
Interest paid		(307)	(1,179)
Net cash outflow from financing activities		**(482)**	**(1,179)**
Net increase/(decrease) in cash and cash equivalents		**88**	**(107)**
Cash and cash equivalent at the beginning of the year	4	88	195
Effect of exchange rate changes on cash and cash equivalent		-	-
Cash and cash equivalent at the end of the year	4	**176**	**88**
Non-cash items			
Settlement receivable from GoL and investment in held-to-maturity	6	10,616	-
Compensation receivable from write-off of assets		2,387	-

FINAL DRAFT

Mr. Sitha PHOMMACHITH
Managing Director
Date: 25 March 2022

Mr. Anolay SIHARATH
Chief Financial Officer
Date: 25 March 2022

The accompanying notes on pages 9 to 21 from an integral part of these financial statements.

1. General information

Phousy Construction and Development Public Company is a public company. The address of the Company's registered office is at Continental Plaza Hotel, Nongbuathong-Tai Village, Sikhottabong District, Vientiane Capital, Lao PDR.

The principal businesses of the Company are construct, repair and maintenance road, bridge and others. There is only one customer which is Government of Lao PDR (GoL).

The Company was listed on the Lao Securities Exchange (LSX) market on 10 October 2017.

These financial statements were authorised for issue by managing director on 25 March 2022.

2. Accounting policies

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The accompanying financial statements have been prepared in accordance with the Company's principal accounting policies as described below and have been prepared generally under the historical cost convention.

According to the Accounting Law no. 47/NA issued on 26 December 2013, Public Interest Enterprises (PIEs) are required to apply IFRSs. However, Ministry of Finance has issued announcement No. 1137/MoF issued on 27 April 2020 and from Lao Securities and Exchange Commission Office (LSCO) dated 25 May 2020, which provided options for PIEs to prepare action plan for adoption IFRSs within four-year period. The management is presently preparing action plan for implementation IFRSs in accordance with the announcement. The accounting principles applied may materially differ from International Financial Reporting Standards (IFRSs).

The preparation of financial statements requires management to make estimates and assumptions that affect the reported assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses in the reported periods. Although these estimates are based on management's knowledge of current events and actions, actual results may materially differ from those estimates.

Going concern assumption

The Company incurred a net loss of LAK 13,895 million during the financial year ended 31 December 2021 (2020: loss LAK 57,942 million) and the net current asset presents negative LAK 21,373 million. The related parties issued confirmation letters to the Company that will not call borrowing and balance payable as at 31 December 2021, total LAK 60,283 million within the next 12 months starting from 31 December 2021.

Therefore, these financial statements are prepared on going concern basis.

FINAL DRAFT

2. Accounting policies (Continued)

2.2 Foreign currency transactions

Items included in the financial statements are recorded using Lao Kip ("LAK").

Foreign currency transactions are translated into LAK using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into LAK at the exchange rates prevailing at the balance sheet dates. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities, if any.

2.4 Trade and other receivables

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. Management consider provision for allowance for doubtful account when the outstanding balance is over 3 years.

No provision made on outstanding balances of loan to related parties, trade and receivables and other receivables from related parties.

2.5 Inventories

Inventories are stated at the lower of the purchase cost and net realisable value. The cost is determined using the weighted average method. The purchase cost comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates from suppliers. Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

2.6 Investment securities

2.6.1 Held-to-maturity securities

Held-to-maturity investment are debt securities with fixed or determinable payments and maturities, which the Company has intention and ability to hold to maturity to earn interest. When they are sold before maturity date, these securities will be reclassified as trading securities or available-for-sale securities.

FINAL DRAFT

2. Accounting policies (Continued)

2.6 Investment securities (Continued)

2.6.1 Held-to-maturity securities (Continued)

Held-to-maturity securities are initially recognised at cost and subsequently presented at cost. Premiums and discounts arising from securities purchases are amortised in the statement of income using the straight-line method over the year from the acquisition dates to the maturity dates.

Periodically, the held-to-maturity securities are subject to review for impairment. Provision for impairment of these securities is made when there has been a significant or prolonged decline in the value below their cost. Provision for impairment is recognised as "Net gain/(loss) from securities investment" in the statement of income.

2.7 Property, plant and equipment

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to statement of income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to their residual values over their estimated useful lives, as follows:

Asset types	Years
Building	10
Vehicle	10
Office equipment	5
Furniture and fixture	5

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other (losses)/gains – net' in statement of income.

2.8 Borrowings

Borrowings are recognised initially at cash proceed received.

Borrowings 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 balance sheet date.

All borrowing costs are recognised in statement of income in the period in which they are incurred.

FINAL DRAFT

2. Accounting policies (Continued)

2.9 Revenue recognition

Revenue comprises the invoice value net of rebates and discounts, if any. Revenue from the construction and services are recognised when the goods or services are transferred or delivered and accepted by the buyer.

Other income is recognised on the following basis:

- Interest income is recognised on a time-proportion basis, taking into account the principal outstanding and interest rate over the period to maturity, when it is determined that such income will be accrued to the Company.
- Other income is recognised on an accrual basis.

2.10 Taxation

The Company records corporate income tax on an accrual basis. The Company does not recognise corporate income tax payable or receivable in future periods for temporary differences. Profit tax is calculated by revenue from construction within a year multiplied with gross profit ratio and multiplied with profit tax rate (Note 18). The profit tax will off-set when Government of Laos make payment to the Company.

In Lao PDR, income tax returns are reviewed in details by the relevant authorities on a regular basis. Tax issues raised during the reviews may require judgments and interpretations by the relevant authority. Tax reviews may result in additional tax payments or refunds as necessary. Such additional payment or refund is recognised as income tax expenses in the year in which the reviews are completed.

2.11 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated, except for the provision for employee benefits as described in Note 2.12.

2.12 Employee benefits

According to the Lao Labor Law, when staff retire and meet the certain criteria as mentioned in Lao Labor Law. Therefore, the Company has obligation to pay to the staff for retirement expenses.

Provisions for employee benefits are not accrued in each year. The liability recognised in the statement of financial position and related expenses are recognised in the income statement based on actual amount due at the time of employees retire.

FINAL DRAFT

3. Significant events during the current year

The COVID-19 infections in Laos increased significantly during April 2021 leading to the lockdown of Vientiane Capital and all provinces of Laos. This significant increase of infections is described as the second wave where stricter measures taken by various governments to contain the virus have affected the economic activity.

Management reviewed the effect from those events to their business, according to Lao environment which number of inflections is limited and can be controlled then this issue has not affect to their business. Management considered that there is no significant effect from Covid-19.

Management will continue to monitor the ongoing development and regularly assess the financial impact in respect for the valuation of assets, provisions and contingent liabilities.

4. Cash and cash equivalents

	2021 Million LAK	2020 Million LAK
Cash on hand	79	18
Deposits held at call with financial institutions	97	70
	176	**88**

Cash on hand includes petty cash for day to day operation.

Deposits held at call with financial institutions represents cash deposited with reputable local banks in currencies, US dollars, Thai baht and Lao kip in current accounts with none interest.

5. Trade and other receivables, net

	2021 Million LAK	2020 Million LAK
Trade account receivables	314,994	312,270
Less: Allowance for doubtful debt	(297,010)	(304,903)
Trade accounts receivable, net (a)	17,984	7,367
Amount due from Phousy Group (Note 20) b)	76,682	68,987
Short-term loan to Phousy Group (Note 20) b)	55,941	61,260
Other receivable	2,442	403
	153,049	**138,017**

(a) The outstanding trade receivable balance as at 31 December is aged as follows:

FINAL DRAFT

5. Trade and other receivables, net (Continued)

	2021 Million LAK	2020 Million LAK
Not yet due	-	-
Overdue:		
0-3 months	7,479	2,912
3-6 months	-	-
6-12 months	7,085	544
Over 1 year	2,912	-
Over 2 years	508	-
Over 3 years	297,010	308,814
Trade and other receivables, net	314,994	312,270
Less Allowance for doubtful debts*	(297,010)	(304,903)
	17,984	**7,367**

*The Company has only one customer, Government of Laos (GoL), which will consider provision for doubtful account in some certain criteria. Although there was no default payment from GoL in the past however, management considered to set up allowance for doubtful account 100% for outstanding balance over 3 years for conservative. Except there is the agreement from GoL for payment.

6. Investment securities - held-to-maturity

	2021 Million LAK
Opening balance 1 January	-
Addition*	10,616
As at 31 December	**10,616**

*During the year the Company had received the bonds which were issued by the Ministry of Finance to either for settlement the receivable from construction projects. These bonds have term ranging from 3 years to 10 years with interest rates of 5.00 %-6.00% per annum.

7. Other current assets

	2021 Million LAK	2020 Million LAK
Interest receivable from related party*	12,493	10,411
Other receivable	359	-
Advances to supplier	205	206
Advances to staff	38	39
Prepayment	48	20
	13,143	**10,676**

* Interest receivable from related party – related from loan to Phousy Group in Note 5.

8. Property, plant and equipment, net

	Land Million LAK	Building Million LAK	Motor vehicles Million LAK	Furniture and fixture Million LAK	Computer and office equipment Million LAK	Total Million LAK
At 31 December 2020						
Cost	466,000	18	34,852	1,061	448	502,379
Less Accumulated depreciation	-	(12)	(29,234)	(1,033)	(435)	(30,714)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**466,000**	**6**	**4,319**	**28**	**13**	**470,366**
Opening net book amount	**466,000**	**6**	**4,319**	**28**	**13**	**470,366**
Depreciation charge (Note 16)	-	(2)	(3,103)	(18)	(10)	(3,133)
Write-off of assets	(19,104)	-	-	-	-	(19,104)
Closing net book amount	**446,896**	**4**	**1,216**	**10**	**3**	**448,129**
At 31 December 2021						
Cost	446,896	18	34,852	1,061	448	483,275
Less Accumulated depreciation	-	(14)	(32,337)	(1,051)	(445)	(33,847)
Provision for impairment	-	-	(1,299)	-	-	(1,299)
Net book amount	**446,896**	**4**	**1,216**	**10**	**3**	**448,129**

Land LAK 37,681 million are secured for the Company's borrowings (Note 10) and LAK 401,569 million are secured for the Phousy Group's borrowings.

FINAL DRAFT

9. Trade and other payables

	2021 Million LAK	2020 Million LAK
Trade payable - third party	14,358	12,851
Other payable - related party (Note 20) b)	44,458	35,122
	58,816	**47,973**

10. Borrowings, net

	2021 Million LAK	2020 Million LAK
Financial institution	38,422	38,422
Related parties (Note 20) b)	15,825	16,000
	54,247	**54,422**

	2021 Million LAK	2020 Million LAK
Current	54,247	46,422
Non-current	-	8,000
	54,247	**54,422**

The movement in borrowings can be analysed as follows:

	2021 Million LAK	2020 Million LAK
Opening balance 1 January	54,422	54,422
Additions during the year	3,600	3,200
Repayments of borrowings during the year	(3,775)	(3,200)
As at 31 December	**54,247**	**54,422**

Borrowing from financial institution and related parties.

The Company signed a borrowing agreement amount LAK 36,000 million and LAK 5,000 million with local financial institution for working capital for road construction with interest rate of 17 % and 13 % respectively per annum since year 2015. This borrowing is guaranteed by land of the Company (Note 8) and land of related parties. The Company is required to repay principal within 3 years after the first drawdown on annually and interest is payable on monthly.

As at reporting date, the new term loan in discussion with lender, therefore the Company recognise interest expense based on the condition as mention on above.

FINAL DRAFT

10. Borrowings, net (continued)

During the year 2021, the Company took additional borrowing amount LAK 3,600 million from related parties (Note 20) interest rate 10 % per annum.

The aging analysis of these borrowings is as follows:

	2021 Million LAK	2020 Million LAK
Less than one year	54,247	46,422
More than one year but not over 5 years	-	8,000
	54,247	**54,422**

11. Profit tax payable

According to the profit tax payment practice between tax authority and the Company, Profit tax is calculated by revenue from construction within a year multiplied with gross profit ratio and multiplied with profit tax rate. The profit tax will off-set when Government of Laos make payment to the Company.

As at 31 December 2021, profit tax payable presented profit tax payable from construction revenue during the year and before 2021.

12. Other current liabilities

	2021 Million LAK	2020 Million LAK
VAT payable	31,211	29,991
Interest payable from related parties	1,835	567
Interest payable from financial institutions	24,012	17,592
Dividend payable	1,863	1,863
Advance received from sub-contractor	754	875
Advance received from Government	893	893
Accrued salary	-	141
Others	1,093	912
	61,661	**52,834**

FINAL DRAFT

13. Share capital and premium on share capital

	Number of shares Million Shares	Ordinary shares Million LAK	Share Premium Million LAK	Total Million LAK
At 1 January 2020	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 December 2020	**582**	**582,000**	**12,540**	**594,540**
At 1 January 2021	582	582,000	12,540	594,540
Issued of shares	-	-	-	-
At 31 December 2021	**582**	**582,000**	**12,540**	**594,540**

As at 31 December 2021, the Company has share 582,000,000 shares with a par value of LAK 1,000 per share and issued shares were fully paid.

The Company incurred premium on share LAK 12,540 million when list in Lao Securities Exchange in 2017.

14. Legal reserve

	2021 Million LAK	2020 Million LAK
Opening balance	11,572	11,572
Addition during the year	-	-
	11,572	**11,572**

The legal reserve is set up in accordance with the requirement of the Enterprise Law of the Lao PDR, which requires that at least 10% of the annual net profit be set aside as a legal reserve until such reserve reaches 50% of the authorised share capital.

15. Dividend

2021:

At the Annual General Meeting of Shareholders, held on 28 April 2021, the shareholders approved no dividend payments for the year 2020 because of the business operating result loss.

2020:

At the Annual General Meeting of Shareholders, held on 29 May 2020, the shareholders approved no dividend payments for the year 2019 because of the business operating result loss.

FINAL DRAFT

16. Expenses by nature

	2021 Million LAK	2020 Million LAK
Allowance for doubtful account expenses (reversal)	(7,893)	40,754
Depreciation charge (Note 8)	3,133	4,164
Write-off of assets	16,717	-
Staff cost	1,803	2,014
Other expenses	1,491	912
Supplies	1,381	177
Consulting expenses	339	374
Travelling cost	138	169
Repairs and maintenance expenses	140	66
	17,249	**48,630**

17. Interest expenses

	2021 Million LAK	2020 Million LAK
Interest expenses from borrowing		
- financial institutions	5,892	6,455
- related parties (Note 20) a)	2,137	1,636
	8,029	**8,091**

18. Profit tax expense

According to the profit tax payment practice between tax authority and the Company as described in (Note 11), profit tax expense presented profit tax from construction revenue during the year but GoL do not make payment.

19. Basic earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2021	2020
Weighted average number of ordinary shares (million shares)	582	582
Net (Loss) for the year attributable to shareholders (million LAK)	(13,895)	(57,942)
Basic earnings (loss) per share (LAK)	**(23.87)**	**(99.56)**

FINAL DRAFT

20. Related party transactions

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As at 31 December 2021, the Company is controlled by the Phommachith family, who own 86% of the Company's shares (2020: 86%). The remaining 14% of the share are widely held. The Company's ultimate controlling party is Mr. Sithong Phommachith. He is management of Phousy Group Sole Company Limited (Phousy Group).

Significant related party transactions during the year can be summarised as follows:

a) Purchases of goods or services and others

	2021 Million LAK	2020 Million LAK
Interest income from Phousy Group	2,082	2,994
Interest expense (Note 17)	2,137	1,636
Fuel expenses	628	182
Rental	180	180

b) Outstanding balances with related parties

	2021 Million LAK	2020 Million LAK
Amounts due from related parties (Note 5) (1)	76,682	68,987
Short-term loan to Phousy Group (Note 5) (2)	55,941	61,260
Long-term loan to related party	861	861
Other payable - related parties (Note 9)	44,458	35,122
Long-term borrowings (Note 10) (3)	15,825	16,000

20. Related party transactions (Continued)

b) Outstanding balances with related parties (Continued)

(1) This is consisting of amounts due from Phousy Group Sole Company Limited, with no interest and call on demand.

(2) On 27 December 2017, the Company entered into short-term loan agreement LAK 86,531 million with Phousy Group for investment in development of new town project at Luang Prabang with interest rate 5% per annum, no collateral.

(3) Movement of borrowings can be analysis as below:

	2021 Million LAK	2020 Million LAK
Opening balance	16,000	16,000
Additions	3,600	3,200
Repayments	(3,775)	(3,200)
Ending balance	**15,825**	**16,000**

Borrowings from related parties with interest average 9.75% per annum to 11.13% per annum and using for operating in the Company. The repayment term is 1 to 4 years, on annual basis, start from 2017 to 2022.

Borrowings are denominated in Lao Kip (LAK) and aging analysis of these borrowings is as follows:

	2021 Million LAK	2020 Million LAK
Less than one year	15,825	8,000
More than one year but not over 5 years	-	8,000
	15,825	**16,000**

21. Commitments and significant agreements

	2021 Million LAK	2020 Million LAK
Office rental commitment (1)	705	1,080

(1) The Company leases land and offices under non-cancellable operating lease agreements. The lease term is 10 years, and the majority of lease agreements are renewable at the end of the lease period at an agreed date.

FINAL DRAFT

Attachment 4

CURRICULUM VITAE



Mr. Bounmy Manivong

Position: Vice Chairman/Independent Director

Phonsinuan Village, Sisattanak District, VTE

Tel: (856-20) 99949399

Date of Birth: 14 April 1954

Nationality: Lao

EDUCATION

1997-1998	Certificate in the field of Political and Public Administration from National Academy of Political and Public Administration, Vientiane, Laos.
1984	College Diploma from the national academy of political and public Administration, Vietnam
1977-1978	Certificate in the field of Customs-Tax from Luang Prabang College of Finance, Luangprabang Province, Laos.

WORK EXPERIENCE

2014	Deputy Minister of Ministry of Industry and Commerce
2009-2011	Permanent Secretary of permanent Secretary Office, Ministry of Industry and Commerce
2001-2009	Director General of Trade Promotion and Development Department, Ministry of Industry and Commerce
1998-2001	Member committee and Chief of Cabinet of Lao Nation Leading Committee Office for Rural Development and Poverty Eradication, Government Office
1993-1997	Vice Provincial Governor of Luangprabang Province
1982-1993	Chief of Financial Department, Luangprabang Province
1979-1982	Director General of Luangprabang College of Finance, Luangprabang Province
1975-1979	Chief of Customs-Tax Division, Finance Department, Luangprabang Province
1973-1975	Financial Officer at Vietnam-China Border of Finance Department, Luangprabang Province
1968-1972	Budget Planning Officer at Finance Department of Luangprabang Province

CURRICULUM VITAE



MR. NANTHALATH THILAKOUN

Position: Independent Director

Viengkham Village, Sikhottabong District, VTE

Tel: (856-20) 56110372

Date of Birth: 05 January 1970

Nationality: Lao

Email: thirakul@hotmail.com

EDUCATION

- Diploma of Business Administration, Fanshawe College, United Kingdom.

WORK EXPERIENCE

2016 – Present	Independent Director of Phousy Construction and Development Public Company
2011 – 2016	Director of Consultant – Accounting Company
2009 – 2011	Director of Petroff Communication
2001 – 2003	Manager of Canada Life Insurance

Attachment 5

PROXY

Written at.....

Date..... month..... year.....

(1) I/We..... Nationality....., date, month and year of birth..... ID card number or ID Passport Reside at.....Road.....Village.....
District..... Province ..... Nation .....

(2) Being a shareholder of Phousy Construction and development Public Company by Holding the ordinary shares in the total amount of..... shares, which are equivalent to the same voting right

(3) Hereby appoint (tick ✓ in the box)

☐ (3.1) Mr. /Ms. ..... Age..... years, ID card Or ID passport..... resides at.....Road.....
Village..... District..... Province..... Nation.....or

☐ (3.2) Mr. Bounmy Manivong, Age 68 years, Village Phonsinua
District Sisattanak Province Vientiane Nation Lao or

☐ (3.3) Mr. Nanthalath Thilakoun, Age 52 Village Viengkham
District Sikottabong Province Vientiane Nation Lao

Any one of them to be my/our proxy to attend and vote on my/our behalf at the Annual General Meeting of Shareholders for the year 2021 at 09:30 am, on 29 April 2022, at the 12th floor of Continental Plaza Hotel, Nongbuathong-tai Village, Sikhottabong District, Vientiane Capital, Lao PDR or any adjournment at any date, time and place there of

(4) I/We hereby authorize the proxy to vote on my/our behalf at this meeting as follows:

☐ To grant my/our proxy to consider and vote on my/our behalf as he/she may deem appropriate in all respects;

☐ To grant my/our proxy to votes as per my/our intention and consider and vote on my/our behalf in some agendas as he/she may deem appropriate in all respects;

☐ To grant my/our proxy to vote as per my/our intention.

Agenda 1: Considering and endorsing the Minutes of the Annual General Meeting of Shareholders for the year 2020

☐ Approve ☐ Disapprove

Agenda 2: Considering and endorsing the PCD's business performance report and the financial statements audited by auditing company for the year 2021

☐ Approve ☐ Disapprove

Agenda 3: Considering that there's no dividend payments for the year 2022

☐ Approve ☐ Disapprove

Agenda 4: Considering and endorsing the PCD's business plan for the year 2022

☐ Approve ☐ Disapprove

Agenda 5: Considering and endorsing the appointment of the external auditors for the year 2022

☐ Approve ☐ Disapprove

(5) Voting of the proxy in any agenda that is not as specified in this Proxy shall be considered as invalid and shall not be my/our voting as a shareholder.

(6) In case I/we have not specified my/our voting intention in any agenda or not clearly specified or in case the meeting considered and approved in any other exceptional points stated above including any amendments or additional facts, the proxy is able to play the right to consider and vote on my behalf in any suitable situations.

(7) Any business carried out by the proxy at the meeting, except in case that the proxy does not vote according to my/our intention (s) specified in the Proxy, shall be deemed as having been carried out by myself/ourselves in all respects.

Grantor

Signed……..

(……..……)

Proxy

Signed …….

(……)

Remark:

1. The shareholder appointing the proxy must authorize only one proxy to attend and vote at the meeting and may not split the number of shares to several proxies for splitting votes.

2. Pursuant to the Law on Notary (Amended) No. 11/NA, dated 26 November 2009, in order for the appointment by the shareholder to the proxy to have legal effect, this Proxy must be notarized with the court. In this regard, the Company will not take any responsibility in the case where the Proxy submitted to the Company has not been registered with the Notary Office, Ministry of Justice.
3. The proxy must present to the officers at registration desk his/her valid ID card, or family book or passport (in case of foreign investor) together With the copies of the Same documents of the shareholder, this Proxy, and the Invitation to the Meeting.

Attachment 6

Documents and Evidence required being Presented Prior to Attending the Meeting, Proxy, Registration and Voting at the Shareholders' Meeting

For your convenience for the registration process to attend the Annual General Meeting of shareholders for the year 2021 of Phousy Construction and Development Public Company, the shareholders or proxies who will attend the Meeting shall bring the invitation to the Meeting, registration form and proxy form for the registration.

The Company reserves the rights to allow only the Shareholders or the proxies who have proper and complete documents to attend the Meeting.

1. Valid documents and Evidence required to be presented by the shareholders or proxies to attending the Meeting

1.1. Shareholders who are natural Persons

1.1.1. Shareholders attending the Meeting themselves shall present valid documents issued by governmental authorities, e.g. the identification card or passport (foreign shareholders), including the evidence of name or last name change (if any).

1.1.2. Shareholders appointing a proxy to attend the Meeting. A proxy shall present the documents as follows:

(1) A proxy form as attached to the invitation to the Meeting, which has been duly completed and signed by the shareholders and proxy.

(2) A copy of valid document of the shareholder issued by governmental authorities as specified on Item 1.1.1 which has been certified true and correct by the shareholders.

(3) Valid document of the proxy issued by governmental authorities e.g. the identification card or passport (for foreign proxy), the evidence of name or last name change (if any).

1.2. Shareholders who are juristic persons

1.2.1. Representatives of shareholders (authorized directors) attending the meeting themselves, shall present the documents as follows:

- Valid Documents of the representatives of the shareholders (authorized directors) issued by governmental authorities, e.g. the identification card or passport for foreign representatives of the shareholder (authorized director), including the evidence of the name or last name (if any)
- Copies of Foreign Investment License (if any), the Enterprise Registration Certification (Affidavit), the Article of Association and the Tax certificate (of the last year) of the shareholder specifying that the representatives of the juristic person attending the Meeting are duly authorized to represent the shareholder, which have been certified true and correct by the representatives of the shareholder (authorized director)

1.2.2. Shareholders appoint a proxy to attend the Meeting. A proxy shall provide the documents as follows:

- A proxy form as attached to the invitation to the Meeting which has been duly complete and signed by the shareholder and the proxy (authorized directors)

- Copies of Foreign Investment License (if any), the Enterprise Registration Certification (Affidavit), the Article of Association and the Tax certificate (of the last year) of the shareholder specifying that the representatives of the juristic person are duly authorized to represent the shareholders, which have been certified true and correct by the representatives of the shareholder (authorized directors)
- Copies of Valid documents of the representatives of shareholder (authorized directors) issued by governmental authorities Item 1.2.1(1), which have been certified true and correct by the representatives of the shareholder (authorized directors)
- Valid document of the proxy issued by governmental authorities that not expire, e.g. the identification card or passport (for foreign proxy, including the evidence of the name or last name (if any)

1.2.3. In case of the Shareholders who are foreign juristic persons

(1) Please follow the instructions Item 1.2.1 or 1.2.2 as the case may be.

(2) Documents of foreign juristic persons shall be translated in to Lao or English and such translation shall be certified by the representatives (authorized directors) of such foreign juristic persons.

2. Proxy

Shareholders who are unable to attend the Meeting themselves, may appoint a proxy to attend the meeting on the shareholders' behalf by proceeding as follows:

2.1. Appoint any person or one of the directors of Company to attend and vote the Meeting on the shareholders' behalf by specifying the name and details the proxy or marking (✓) in the □ in front of the name of one of the directors as provided in the proxy form to be the proxy to attend the Meeting.

2.2. Return the duly complete proxy form to PCD, a company secretary and Please deliver to the company before 29 April 2022 or at least an hour before the Meeting starts for verification of documents.

In this regard, shareholders may not split shares to appoint several proxies to split votes in the Meeting. Each of the shall authorize the proxy to cast the votes equaling to the same number of shares held by such shareholder, and shall not appoint only parts of the shares held by such shareholders.

3. Registration

The Company will start the registration process for attending the Annual General Meeting of Shareholders for the Year 2021 of Phousy Construction and Development Public Company 2 hours before the meeting starts or from 09:00 a.m. on 29 April 2022, at the Meeting room on At the 12th floor of Continental Plaza Hotel, Nongbuathong-tai Village, Sikhottabong District, Vientiane Capital, Lao PDR Please refer to the map attached.

In each agenda, the company will temporarily suspend the registration process before voting or will re-open the registration again after the completion of vote counting.

4. Voting and Vote Counting Result

4.1. Voting regulation

(1) One share is entitled to one vote. Shareholders shall only cast the votes equaling to the same number of shares held

(2) The company will prepare ballots for every agenda which requires vote. In this regard, the company will distribute the ballots to the shareholders and proxies at the time of registration. **Except** for the case of proxy in which the voting has been clearly specified in the proxy form, the company will not distribute the ballots to the proxy who register after the meeting has commenced will receive only the ballots for the remaining agenda.

4.2. Vote Counting Result

In casting votes in each agenda, the Chairman will ask if anyone disapproves in order to save time of the shareholders and proxies as a whole. The shareholders and the proxies who approve shall not put a mark in the ballots, while the shareholders and the proxies who disapprove or abstained shall put a mark (✓) in the □ disapprove box or abstained box and sign the ballots and raise their hands to deliver the ballots to the company's staff members for vote counting. Except for case of proxy in which the voting has been clearly specified in the proxy form, the company will record such votes at the time of the registration.

In this regard, in the event that the shareholders and proxies submit their disapproval or abstained ballots after the Chairman has announced the voting result of each agenda to the Meeting, the Company will disregard such disapproval votes or abstained votes.

4.3. Vote Counting and Announcement of Voting Result

Prior to the commencement of the Meeting, Managing Director of the company shall explain the vote counting procedures to the Meeting. The Company will counting the votes and inform the voting result to the Meeting before each agenda is finished.

The company will deduct the disapproval votes or abstained votes from the total votes, the remaining votes will be deemed as approval votes.

Attachment 7

Map of the meeting place



Location: 12th floor of Continental Plaza Hotel,

Nongbouathong-tai village, Sikhottabong district, Vientiane Capital, Lao PDR

Tel: +856 (21) 265 394, Fax: +856 (21) 265394