



CHOKCHEY FINANCE
PLC

CHOKCHEY FINANCE

The Best Winning Solution



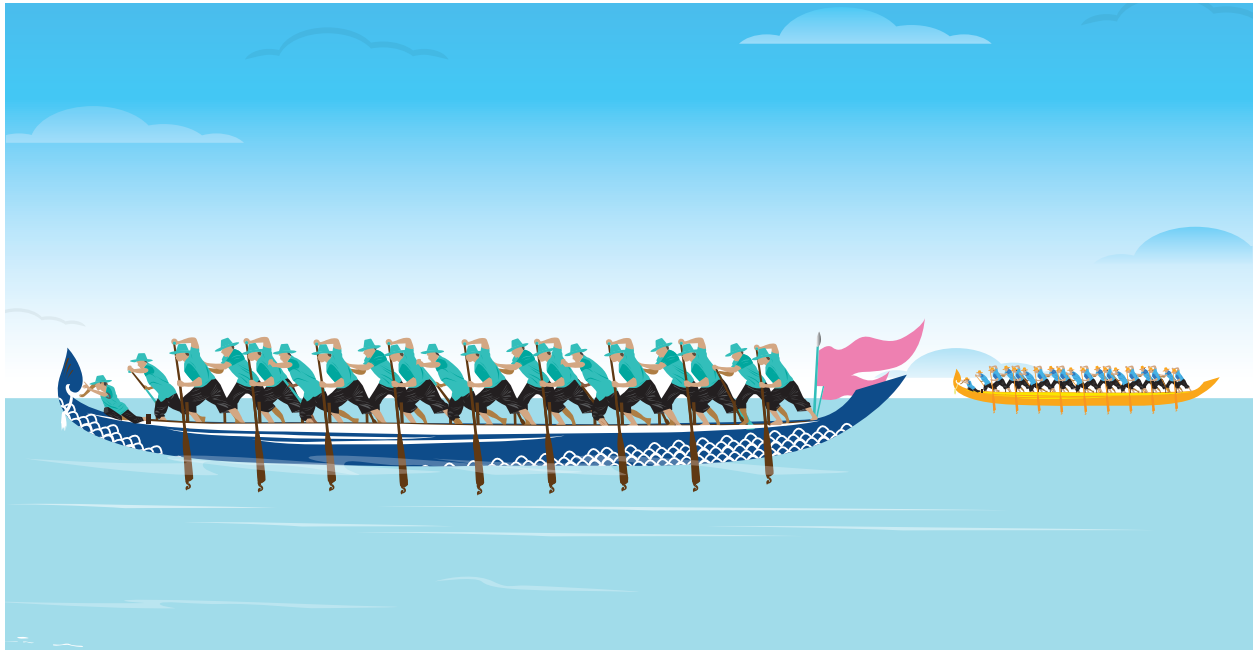
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Singapore

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CHOKCHEY FINANCE PLC

ANNUAL REPORT
2017

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VISION

We pursue to be a world class finance company, Beating the Banks in terms of profitability, Brand recognition (Trust, Convenience and Speed) and Workforce satisfaction.

MISSION

To gain lifetime loyalty from low-moderate income families, through lending and providing financial services to foster their sustainable business growth, and implanting our "Winning Habit Culture" to their daily lives.

CULTURE

We are the best people powerhouse, thinking big and global in pursuit of a world class company through our eternal winning habit and learning the positive changes. We all work for common growth and enjoy our lives. We are ChokChey Finance.

PERFORMANCE HIGHLIGHTS

| Key Operations | 2016 | 2017 |
|--|-----------|-----------|
| Operating Cities / Provinces | 2 | 7 |
| Operating Districts | 18 | 28 |
| Operating Communes | 64 | 104 |
| Operating Villages | 97 | 213 |
| Distribution network | 1 | 1 |
| Total Staff | 24 | 77 |
| Total Clients | 296 | 350 |
| Average Loans Portfolio per Credit Officer (USD) | 152,925 | 109,482 |
| Average Loans Portfolio per staff (USD) | 57,347 | 32,283 |
| Average Amount per Individual Loan (USD) | 4,650 | 7,195 |
| PAR 30+ | 2.7% | 5.34% |
| Loan Outstanding (USD) | 1,376,329 | 2,518,080 |
| Total Assets (USD) | 1,564,201 | 3,642,020 |

CAMBODIA KEY ECONOMIC INDICATORS IN 2017

| | 2012 | 2013 | 2014 | 2015 | 2016e | 2017f |
|--|---------|--------|----------|----------|-----------|-----------|
| 1. GDP | | | | | | |
| GDP % Change | 7.3 | 7.4 | 7.1 | 7.0 | 7.0 | 7.0 |
| Per Capita GDP (USD) | 973 | 1,043 | 1,138 | 1,215 | 1,300 | 1,422 |
| 2. Inflation | | | | | | |
| Inflation (Annual Average) | 2.9 | 3.0 | 3.9 | 1.2 | 2.8 | 3.7 |
| (End Year) | 2.5 | 4.6 | 1.1 | 2.6 | - | - |
| 3. Government Budget (percent of GDP) | | | | | | |
| Revenue | 16.9 | 18.4 | 17.5 | 18.9 | 17.9 | 18.2 |
| Expenditure | 20.7 | 20.5 | 21.55 | 20.9 | 22.8 | 23.1 |
| 4. Money and Credit (12 months percentage change) | | | | | | |
| M2 | 20.9 | 14.6 | 29.9 | 14.7 | 20.8 | - |
| Total Deposits in the Banking System | 24.9 | 13.8 | 30.1 | 16.4 | 20.0 | - |
| Total Outstanding Loans in the Banking System | 35.1 | 25.2 | 16.2 | 25.7 | 18.0 | - |
| Loan as % of Deposit | 86.8 | 98 | 94 | 102.6 | 101.7 | - |
| Private Sector Credit | 28.0 | 26.7 | 31.3 | 27.1 | 21.6 | - |
| Deposits to GDP | 47.3 | 49 | 53 | 61.9 | 67.8 | - |
| Loans to GDP | 41 | 49.8 | 50 | 63.5 | 69.0 | - |
| 5. Balance of Payments (USD million) | | | | | | |
| Exports | 6,015.7 | 6,530 | 7,408e | 8,208.8 | 9,017.7 | 9,936.7 |
| Imports | -8,426 | -9,744 | -10,991e | -10,542 | -11,449.6 | -12,559.3 |
| Trade Balance | -2,967 | -3,214 | -3,583e | -2,333.2 | -2,431.9 | -2,219.1 |
| Current Account (excluding official transfers) | -1,835 | -2,171 | -2,356e | -1,908.4 | -2,029.1 | -2,219.1 |
| Nominal GDP (USD Billion) | 14.1 | 15.35 | 16.91 | 18.08 | 20.09 | 22.21 |
| Exchange Rate (Riel per Dollar end period) | 4,033 | 4,027 | 4,038 | 4,060 | 4,050 | 4,050 |

Source: ABC, NBC, IMF, World Bank, and MoEF.



CHAIRMAN'S MESSAGE

In 2017, the ChokChey Finance Plc. took a remarkable new step in completing the transaction of 51% share acquisition by Hanshin Engineering and Construction Co., Ltd., which is one of the largest construction companies in South Korea, and 49% by Plus International Co., Ltd. Hanshin Engineering and Construction Co., Ltd., a world class company of great potential and prestige, was established since 1967, it has been expanding operations both locally and regionally such as Saudi Arabia, Kuwait, Mongolia, Laos, Cambodia, Myanmar, Vietnam and the Philippines. In Cambodia, Hanshin has contributed to the construction of main roads such as National Road N° 21, National Road N° 5 and Local Road at Battambang, under a very close cooperation with the Royal Government of Cambodia. In terms of Corporate Social Responsibility (CSR), by the year 2015, Hanshin has offered scholarships for more than 12,000 Vietnamese students to continue their study in South Korea. Plus International Co., Ltd. is an investment and development company focusing on real estate development, construction of residential and office buildings, etc. In addition,

Plus also established the “K-Beauty Academy” and high-end cosmetic shop in Hanoi, Vietnam and plans to step into Cambodia in very near future. Under the management of the new shareholders, ChokChey Finance Plc. has started to seize the opportunity to grow and stand firm in the microfinance industry, as well as a transition to a future deposit taking microfinance institution or a commercial bank.

In 2017, Cambodia's economy showed steady growth in a rate of about 7%. This growth is mainly attributed to the main economic activities such as construction, real estate and government expenditures. Meanwhile, tourism has also been a major contributor for the sake of the increasing national revenue.

At the end of 2017, the total number of microfinance institution is 76 with total asset 20,310.02 billion Riels, which equals 25% of Gross Domestic Product (GDP), a year-on-year growth of 30.5%, and credits have risen to 17,236.44 billion Riels. The growth of assets and credit reflects the support of the microfinance industry to the households' economy in the rural areas and the development of the national economy. The non-performing loan (NPL) ratio was 2.1% in 2017 and microfinance institutions have continued to abide by the prudential regulations by maintaining the solvency ratio and liquidity ratio as defined by the regulations of the National Bank of Cambodia. The interest rate cap by 18% per year regulated by the National Bank of Cambodia has spurred microfinance institutions to focus more on improving credit operation. This regulation will result in steady decline in the operating costs, and non-performing loan ratio. Despite some recent challenges, Cambodia's microfinance industry will continue to grow and gain the trust from the general public consistently.

OUTLOOK & STRATEGY FOR 2018

Through a steady growth rate of 7% of Cambodian economy originated from major industries such as government expenditure, textile exports, tourism and agricultural activities, positive outlooks and the trend of enhancing regional trade and investments are still expected. Some of the risks identified are, decline of US dollar exchange rate, the slowdown in global economic growth and uncertainty about Cambodia's upcoming national elections.

As a subsidiary of multinational construction company, ChokChey Finance Plc., has been fully supported by shareholders to formulate a strategic plan to secure strong financial growth in business operations. The change of shareholders is a great opportunity for ChokChey Finance to receive additional investment from various resources to strengthen our core activities including financial management, business operations, risk management, and auditing. In addition, ChokChey Finance shall introduce the innovative products, advanced information technology and human resources

management, which are indispensable factors for ChokChey to stay strong in Cambodian financial market.

ChokChey Finance will continue to expand its branch network along with strong management know-hows, we strongly believe that “leadership with common sense” of the shareholders will bring success to the entire institution.

On behalf of the Board of Directors, I would like to express my profound thanks to the Royal Government of Cambodia, the National Bank of Cambodia, our customers, the general public and all stakeholders for their continued support and trust in ChokChey Finance Plc. I would also like to express my appreciation to management and staffs at all levels for their commitment to the achievement of our plan, high level of customer service, and ultimate contribution to the sustainable growth of financial sectors in Cambodia.



Mr. MOON KYU CHOI
Chairman



CEO'S MESSAGE

To enhance fundamentals such as renewing policy, upgrading IT and creating innovative cultures has been top priority since National Bank of Cambodia has approved the share transfer.

As we stand at the starting point of micro finance sector, "Beat the Banks" is our mid-term vision to achieve in terms of brand image, culture and profitability. ChokChey is going forward to accomplish with confidence and trust among all people as a family. Passion and enthusiasm of the staff at all levels are our core competency.

Despite some major challenges, especially the interest rate cap by the National Bank of Cambodia,

ChokChey still well manage to keep growing. We did all our best to increase the loan portfolio effectively from USD 1.3 million as of December 2016 to USD 2.5 million with 350 clients as of December 2017. Meanwhile, total employees also increased by 320%, from 24 in 2016 to 77 in 2017. Loan assets amount is expected to be more than 10 million at the end of 2018.

Along with this steady growth, ChokChey Finance expanded the operation areas to Khan Russey Keo, Takhmau City and Thnal Totoeung area in Kompong Speu Province, 4 branches including head office branch, to meet clients' loan requirements as well as provide convenience to our customers who trust financial services of ChokChey. We will launch more branches in rural areas far away from Capital city in 2018 and 2019.

On behalf of the management, I would like to say a lot of thanks to all levels of staff who have been struggling to overcome all obstacles for the sake of the growth of the company from the first startup till today. Additionally, I am delighted with the loyalty, support and confidence, as well as good cooperation from all customers. I would also like to express my profound thanks to Mr. Chairman, the Board members and shareholders for their advices and support. I am committed to leading ChokChey in pursuit of excellence and prosperity to achieve our vision, "**Beat the Banks**".

Mr. CHEON GIL PARK
Chief Executive Officer

CHOKCHEY FINANCE OVERVIEW

ChokChey Finance Plc. was established in 11 July, 2015. It was registered with the Ministry of Commerce as a Public Limited Company under registered license No. 00002952, issued on the 2nd March, 2016 with its registered capital of USD 1 million. The institution received its countrywide microfinance approval from the National Bank of Cambodia, No. M.F-70 dated 27th April, 2016.

Achievements In 2017

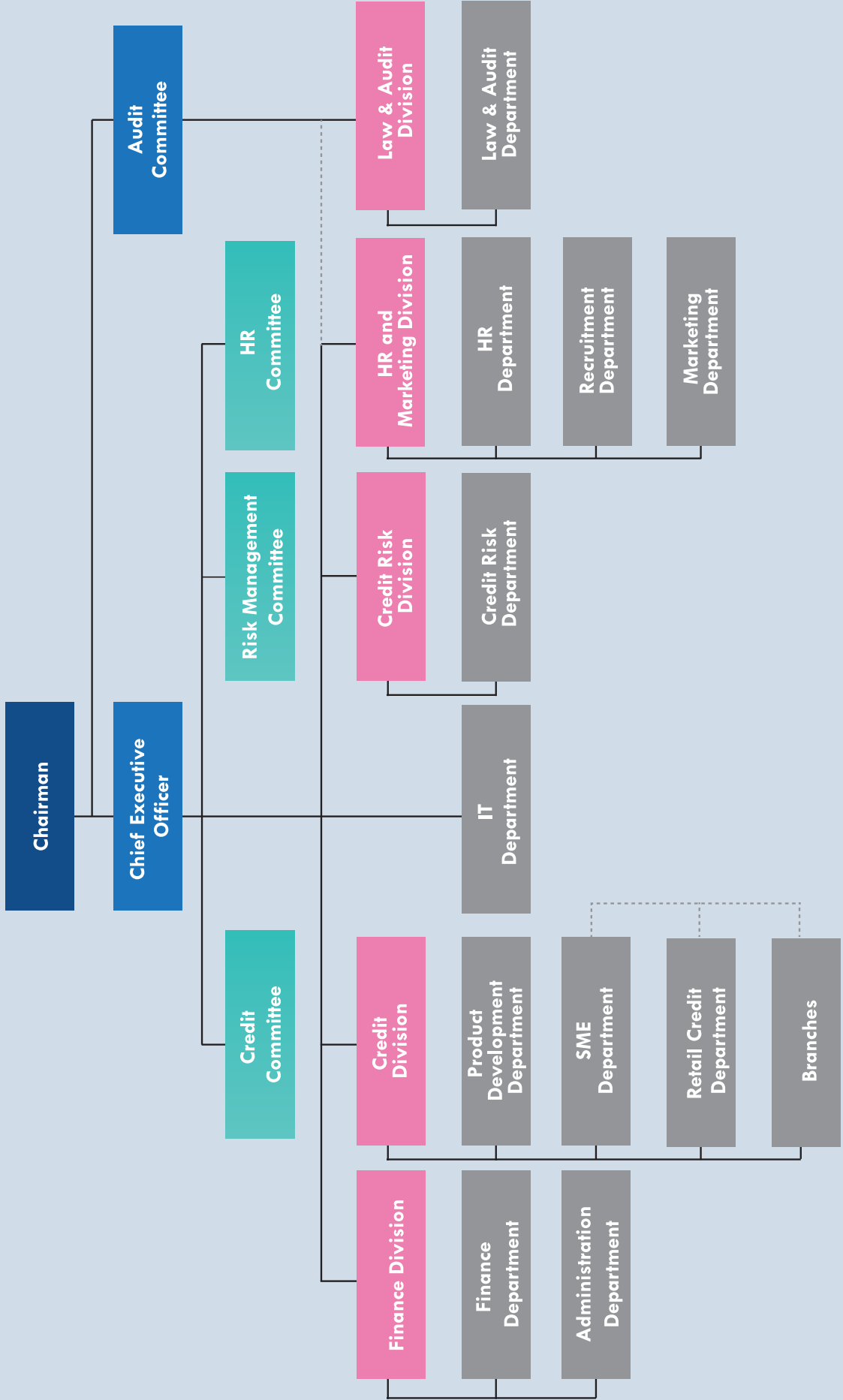
The great achievements that ChokChey made in the year 2017 are:

| | |
|--------------------------|--|
| August 21, 2017 | Approval letter from the National Bank of Cambodia on 100% share transfer, 51% of which was to Hanshin Engineering and Construction Co., Ltd. and 49% to Plus International Co., Ltd. |
| October 12, 2017 | Approval letter from the National Bank of Cambodia on the official recognition of Mr. Moon Kyu Choi as the Chairman; Mr. Jung Hoon Kim as the Independent Director and Mr. Cheon Gil Park as the Director and Chief Executive Officer of ChokChey Finance Plc. |
| February 26, 2018 | Approval letter from the National Bank of Cambodia on Capital Increase from USD 1,000,000 to USD 1,500,000. |
| March 14, 2018 | Approval letter from the National Bank of Cambodia on the amendment on the Memorandum and Articles of Association of ChokChey Finance Plc. |

Events In 2017

- Management Workshop on 28-29 October 2017 at Kompong Som City, Preah Sihanouk Province.
- Year-End Party attended by all staff on December 29, 2017 at Tonle Basac Restaurant.

ORGANIZATIONAL STRUCTURE OF CHOKCHEY FINANCE PLC.



SHAREHOLDERS



CORPORATE IDENTITY



The 42-story Hanshin 41, the 7th-tallest in its class, has become a landmark building and the center of the business and commerce. Because of the price, the location, space, and excellent service, it has become a great value hotel in Seoul.



Every building project that starts and finishes Hanshin's pursuit to construct and contribute positively. Great, working with with which a building, being a life, grows the hotel.



2. PLUS INTERNATIONAL CO., LTD.



BOARD OF DIRECTORS



Mr. Moon Kyu Choi | Chairman

- Current CEO of Hanshin Engineering and Construction Co., Ltd.
- MBA from Thunderbird School of Global Management, Arizona, USA
- Business from Sogang University, Seoul, Korea.
- Hyundai Merchant Marine
- Hyundai Motor Company



Mr. Jung Hoon Kim | Independent Director

- Current Head of Finance of Hanshin Engineering and Construction Co., Ltd.
- Graduated in Business from Sogang University, Seoul, Korea.
- Career in Hyundai Marine & Fire Insurance



Mr. Cheon Gil Park | Director

- MBA from Yonsei University, Seoul, Korea
- UC Berkeley Marketing Diploma, California, USA
- Business from Sogang University, Seoul, Korea
- CEO of Green Central Micro-Finance
- Samsung Card, Manager
- Hyundai Card, Team Leader
- CJ Hellovision, Head of Marketing Group

MANAGEMENT



Mr. Cheon Gil Park | CEO

- MBA from Yonsei University, Seoul, Korea
- UC Berkeley Marketing Diploma, California, USA
- Business from Sogang University, Seoul, Korea
- CEO of Green Central Micro-Finance
- Samsung Card, Manager
- Hyundai Card, Team Leader
- CJ Hellovision, Head of Marketing Group



Mr. Yiv Phanna | Head of Credit Division

- Worked for 11 years in Microfinance sector
- An Internal Auditor, Internal Audit Team Leader, Branch Manager, Regional Manager, Deputy Head of Credit and Acting Head of Credit at AMK
- Finished Master Degree in Auditing, participated in numerous practical programs conducted both locally and internationally in the Philippines and Indonesia.



Ms. Deth Socheath | Head of HR and Marketing Division

- Experienced a wide range of fields for 17 years in Microfinance & Non-Governmental Organization
- Responsible for Project Management, National and International Cooperation, and HR, Administration Compensation Management
- Worked for AMK as a Deputy Head of Department
- Participated in numerous practical programs and trainings overseas such Thailand, Philippines, India, Italy and Indonesia



Mr. Pheng Pheak | Head of Finance and Admin Division

- Has been working for over 11 years in AMK and Multinational Company
- An Accountant, Internal Auditor, Senior Accountant, Senior Management Account, Deposit Business Analysis Manager and Financial Controller
- Holding Master's Degree in Finance Management in 2011



Mr. Cheng Bunthoeun | Head of Credit Risk Division

- Experienced for 9 years in microfinance sector (Amret, Green Central MFI)
- Started from credit officer and moved up to Risk Management Officer, Deputy Lending Unit Manager, Risk Management Unit Manager and a Deputy Executive Director.
- Holds Bachelor's Degree in Economics of Development in 2007.



Mr. Pov Samrach | Head of Law and Audit Division

- Experienced for over 11 years in microfinance sector (Prasac)
- Developed himself from the post of Credit Officer to Internal Auditor, Senior Internal Auditor and Chief Regional Auditor
- Holding Master's Degree in Auditing in 2017.



Mr. Ly Sopichea | Head of SME Department

- Had been working over 9 years with Microfinance and Specialized Bank as a Credit Officer, Area Manager, Senior Loan Officer, Loan Manager and Deputy Branch Manager
- Earned his Master's Degree in Finance and Banking in 2014



Mr. Nem Manien | Head of Retail Credit Department

- Had been working over 8 years in Prasac MFI
- Had gone through various positions such as Credit Officer, Branch Manager, Senior Performance Management Officer, and Assistant Credit Department Manager
- Earned his Master's Degree in Business Administration (MBA) in 2015



Mr. Ny Sokea | Head of Product Development Department

- Experienced for over 10 years in Microfinance Sector
- Developed himself from a Credit Officer to Deputy Head of Credit Department
- Holding Master's Degree in MBA in 2011
- Joined a lot of training courses related to microfinance and banking locally



Mr. Chuon Samnang | Head of Recruitment Department

- Has been working over 5 years in HR field in Prasac MFI and Canadia Bank
- Worked in NGO as a Transformation Development Facilitator for 3 years
- Finished his Master's Degree of MBA in Human Resources Management in 2016



Ms. Mao Sotheary | Head of Finance Department

- Has been working for 7 years in the field of Finance
- Senior accountant at Woori MFI
- Senior accountant at Green Central Microfinance



Mr. Hong Keovmony | Head of IT Department

- Experienced over 6 years in the field of IT system management
- IT Officer at Green Central Microfinance
- IT Manager at Ohana Home Japan



CREDIT PRODUCTS

1. SPEED LOAN

This is a unique product with high speed service for those who want to improve living standards such as expanding micro-business, purchasing motorbike, home renovations, paying for school fee and other, etc.,

Feature

- Currency: KHR and USD
- Term: Up to 36 months
- Loan size: Up to USD 3,000
- Interest rate: Reasonable rates
- Payment method: Flexible

2. SALARY LOAN

For high income officer

In response to the growth of financial industry as well as the needs of microfinance support.

Feature

- Currency: KHR and USD
- Term: Up to 36 months
- Loan size: Up to USD 3,000
- Interest rate: Reasonable rates
- Payment method: Flexible

3. PERSONAL LOAN

Personal loan

Customers who want to purchase various belongings as personal or family use. Material and consumption should be included new or second-hand accessory that is not older than 5 years from its manufacturing date.

Feature

- Currency: KHR and USD
- Term: Up to 72 months
- Loan size: Up to USD 100,000
- Interest rate: Reasonable rates
- Payment method: Flexible

Home improvement loan

This loan is served for customers who aim to renovate or finish their residential construction. The customers can borrow up to USD 100,000 (or its equivalent in other currencies) with very reasonable interest rates based on the loan size and term.

Feature

- Currency: KHR and USD
- Term: Up to 72 months
- Loan size: Up to USD 100,000
- Interest rate: Reasonable rates
- Payment method: Flexible

4. BUSINESS LOAN AND SME LOAN

Business loan

This is best for business-minded people. This product is designed for clients who run a small business and requires capital to grow and expand their business. This product is designed for business start-up as well.

Features

- Currency: KHR, USD, and THB
- Term: Up to 72 months
- Loan size: Up to USD 100,000
- Interest rate: Reasonable rates
- Payment method: Flexible

SME Loan

If you are planning to start up business or expand your business activities, ChokChey offers you a small and medium loan for funding your business production/processing of various commodities, businesses and other services called SME loans.

Features

- Currency: KHR, USD, and THB
- Term: Up to 84 months
- Loan size: Up to USD 100,000
- Interest rate: Reasonable rates
- Payment method: Flexible

5. AGRICULTURE LOAN

For Farmers

Farmers who has improved their business and require loan agriculture business, they can apply for Agriculture Loans with ChokChey Finance. The loan is designed to be multipurpose, for use in small scale agriculture, crop growing, and animal raising.

Features

- Currency: KHR and USD
- Term: Up to 48 months
- Loan size: Up to USD 10,000
- Interest rate: Reasonable rates
- Payment method: Flexible

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting their report together with the audited financial statements of ChokChey Finance Plc. (“the Institution”) for the year ended 31 December 2017 (“the period” or “the financial period”).

Principal activity

The principal activity of the Institution is to provide the public with sustainable micro-finance services to small and medium enterprises, and low-income families in the Kingdom of Cambodia.

Financial results

The financial results of the Institution for the period were as follows:

| | For the year ended 31 December 2017 | | Period from 02 March 2016 (date of incorporation) to 31 December 2016 |
|--------------------------------|--|--------------------|--|
| | US\$ | KHR'000 | US\$ |
| Loss before income tax | (259,943) | (1,049,390) | (15,053) |
| Income tax expense | (3,253) | (13,132) | (1,457) |
| Net loss for the period | (263,196) | (1,062,522) | (16,510) |

Dividends

No dividend was declared or paid and the Directors do not recommend any dividend to be paid for the period under audit.

Share capital

On 28 February 2017, the existing shareholders entered into a Sale and Purchase agreement with Hanshin Engineering and Construction Co., Ltd and Plus International Co., Ltd to sell their 100% shares. The Institution obtained approval from the National Bank of Cambodia related to share transferred on 21 August 2017.

As at 31 December 2017, the Institution’s paid up share capital is US\$1,500,000 equivalent to KHR 6,000,000,000. The Institution obtained approval from the National Bank of Cambodia on 26 February 2018 related to the capital increase.

Bad and doubtful loans

Before the financial statements of the Institution were prepared, the Board of Directors took reasonable steps to ascertain that appropriate action had been taken in relation to the writing off of bad loans and making of allowance for doubtful loans, and satisfied themselves that all known bad loans had been written off and adequate allowance had been made for bad and doubtful loans.

During the financial year 2017, the Institution had written off loan with outstanding amount US\$7,882.

Current assets

Before the financial statements of the Institution were prepared, the Board of Directors took reasonable steps to ensure that any current assets, which were unlikely to be realized in the ordinary course of business

at their values as shown in the accounting records of the Institution had been written down to amounts which they might be expected to realize.

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

Valuation methods

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

Contingent and other liabilities

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

- (a) any charge on the assets of the Institution which has arisen since the end of the period which secures the liabilities of any other person; and
- (b) any contingent liability in respect of the Institution that has arisen since the end of the period other than in the ordinary course of its business operations.

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

Change of circumstances

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

Items of an unusual nature

The results of the operations of the Institution for the period were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

Events since the reporting date

On 13 March 2017, the NBC issued Prakas No. B7-017-109 to cap the interest rate to a maximum of 18% per annum for any maturity of loan. This Prakas is effective for any new loan contract including restructured loan and/or finger print from 1 April 2017.

There have been no other significant events occurring after the balance sheet date which would require adjustments or disclosures to be made in the financial statements.

The Board of Directors

The members of the Board of Directors holding office during the period and at the date of this report are:

- **Mr. Moon Kyu Choi** Chairman
- **Mr. Cheon Gil Park** Director and CEO
- **Mr. Jung Hoon Kim** Independent Director

Directors' benefits

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

During the financial period, no Director of the Institution has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments receivable by the Directors as disclosed in the financial statements) by reason of a contract made by the Institution or a related corporation with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in the financial statements.

Directors' responsibility in respect of the financial statements

The Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Institution as at 31 December 2017, and its financial performance and its cash flows for the year ended 31 December 2017. In preparing these financial statements, the Directors are required to:

- a) adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- b) comply with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of the financial statements or, if there have been any departures in the interest of fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- c) oversee the Institution's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- d) assess the Institution'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 or to cease operations, or has no realistic alternative but to do so; and
- e) control and direct the Institution effectively in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

Approval of the financial statements

We hereby approve the accompanying financial statements which, in our opinion, present fairly, in all material respects, the financial position of Chokchey Finance Plc. as at 31 December 2017, and its financial performance and its cash flows for the year ended 31 December 2017 in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.



Mr. Cheon Gil Park
Chief Executive Officer
Phnom Penh, Kingdom of Cambodia
13 April 2018

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders Chokchey Finance Plc.

Opinion

We have audited the financial statements of Chokchey Finance Plc. (“the Institution”), which comprise the balance sheet as at 31 December 2017, the income statement, the statements of changes in equity and cash flows for the year ended 31 December 2017, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institution as at 31 December 2017, and its financial performance and its cash flows for the year ended 31 December 2017 in accordance with Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements.

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 Institution 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.

Other Matter

The financial statements of the Institution as at and for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 28 April 2017.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditors’ report is the information included in the Report of the Board of Directors and the annual report which is expected to be made available to us after that date

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

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

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

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 Cambodian Accounting Standards and the guidelines of the National Bank of Cambodia relating to the preparation and presentation of financial statements, 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 Institution’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 Institution or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institution'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 misstatements, 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 Institution'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 Institution'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 Institution 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 HRDP & Associates Co., Ltd.



Peou Dara
Partner
Phnom Penh, Kingdom of Cambodia
13 April 2018

CHOKCHEY FINANCE PLC.

Balance Sheet As at 31 December 2017

| | | As at 31 December 2017 | As at 31 December 2016 |
|--|------------------|------------------------|------------------------|
| | US\$ | KHR'000 | US\$ |
| Assets | | | |
| Cash on hand | 2,520 | 10,173 | 1,418 |
| Deposits and placements with the National Bank of Cambodia | 552,256 | 2,229,457 | 52,031 |
| Deposits and placements with banks | 413,302 | 1,668,500 | 4,609 |
| Loans to customers, net | 2,467,753 | 9,962,319 | 1,368,660 |
| Other assets | 50,689 | 204,631 | 23,520 |
| Property and equipment | 135,949 | 548,826 | 92,369 |
| Intangible assets | 19,551 | 78,927 | 21,594 |
| Total Assets | 3,642,020 | 14,702,833 | 1,564,201 |
| Liabilities And Equity Liabilities | | | |
| Other liabilities | 33,283 | 134,362 | 3,977 |
| Current income tax liability | - | - | 251 |
| Advances from shareholders | 1,700,000 | 6,862,900 | 576,483 |
| Long term borrowing | 688,443 | 2,779,244 | - |
| TOTAL LIABILITIES | 2,421,726 | 9,776,506 | 580,711 |
| Equity | | | |
| Share capital | 1,000,000 | 4,037,000 | 1,000,000 |
| Capital injection during the period | 500,000 | 2,018,500 | - |
| Accumulated losses | (16,510) | (66,651) | - |
| (Loss)/profit for the year | (263,196) | (1,062,522) | (16,510) |
| TOTAL EQUITY | 1,220,294 | 4,926,327 | 983,490 |
| TOTAL LIABILITIES AND EQUITY | 3,642,020 | 14,702,833 | 1,564,201 |

CHOKCHEY FINANCE PLC.

Income statement for the year ended 31 December 2017

| | For the year ended 31 December 2017 | | Period from 2 March 2016 (date of incorporation) to 31 December 2016 |
|--------------------------------------|--|--------------------|---|
| | US\$ | KHR'000 | US\$ |
| Interest income | 269,070 | 1,086,236 | 130,092 |
| Interest expenses | (91,669) | (370,068) | (18,034) |
| Net interest income | 177,401 | 716,168 | 112,058 |
| Other operating income | 56,385 | 227,626 | 28,465 |
| General and administrative expenses | (443,320) | (1,789,683) | (147,907) |
| Allowance for bad and doubtful loans | (50,409) | (203,501) | (7,669) |
| Loss before income tax | (259,943) | (1,049,390) | (15,053) |
| Income tax expense | (3,253) | (13,132) | (1,457) |
| Net loss for the period | (263,196) | (1,062,522) | (16,510) |

CHOKCHEY FINANCE PLC.

Statement of changes in equity for the year ended 31 December 2017

| | Share capital | Accumulated losses | Total |
|--|------------------|--------------------|------------------|
| | US\$ | US\$ | US\$ |
| At 2 March 2016 (date of incorporation) | - | - | - |
| Issuance of share capital | 1,000,000 | - | 1,000,000 |
| Net loss for the period | - | (16,510) | (16,510) |
| At 31 December 2016 | 1,000,000 | (16,510) | 983,490 |
| Balance as at 01 January 2017 | 1,000,000 | (16,510) | 983,490 |
| Additional during the period | 500,000 | - | 500,000 |
| Net loss for the period | - | (263,196) | (263,196) |
| Balance as at 31 December 2017 | 1,500,000 | (279,706) | 1,220,294 |
| (KHR'000 equivalent) | 6,055,500 | (1,129,173) | 4,926,327 |

CHOKCHEY FINANCE PLC.

Statement of cash flows for the year ended 31 December 2017

| | For the year ended 31 December 2017 | | Period from 2 March 2016 (date of incorporation) to 31 December 2016 |
|---|--|------------------|---|
| | US\$ | KHR'000 | US\$ |
| Cash flows from operating activities | | | |
| Net cash used in operating activities | (1,340,721) | (5,412,491) | (1,395,266) |
| Cash flows from investing activities | | | |
| Purchase of property and equipment | (61,219) | (247,141) | (100,098) |
| Purchases of intangible assets | - | - | (23,061) |
| Capital guarantee deposit | - | - | (50,000) |
| Net cash used in investing activities | (61,219) | (247,141) | (173,159) |
| Cash flows from financing activities | | | |
| Advances from shareholders | 1,123,517 | 4,535,638 | 576,483 |
| Long term borrowing | 688,443 | 2,779,244 | - |
| Proceeds from issuance of share capital | - | - | 1,000,000 |
| Capital injection during the period | 500,000 | 2,018,500 | - |
| Net cash generated from financing activities | 2,311,960 | 9,333,382 | 1,576,483 |
| Net cash generated from financing activities | 910,020 | 3,673,750 | 8,058 |
| Cash and cash equivalents at the beginning of the period | 8,058 | 32,530 | - |
| Cash and cash equivalents at the end of the period | 918,078 | 3,706,280 | 8,058 |

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