



The Best Winning Solution

**ANNUAL
REPORT | 2019**



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MESSAGE FROM CHAIRMAN

Enriching the powerful and dynamic business tertiary from South Korea, ChokChey Finance Plc has demonstrated a vital role as a financial subsidiary of Hanshin Engineering and Construction in Cambodia. We are abundantly proud and excited of how far ChokChey has come through, as our accomplishments have been highlighted and noticed by the local regulators, particularly the National Bank of Cambodia (NBC) and the Cambodia Microfinance Association (CMA) as the highest loan portfolio outstanding among MFIs compared to the number of branches.

As a Chairman of ChokChey for three consecutive years, I truly appreciate the leadership and commitment of our management team who are undoubtedly capable of guiding our staff and leading by example to bring the triumph. Under their supervision and innovative ideas, the team seems to understand clearly about client's pain points and design the most suitable product to fulfill the market demand.

2019 was an amazing bumpy ride and plenty of accomplishments. "ChokChey Style" culture have settled down, "Working with the best people with never ending changes".



We have successfully launched the new global standard core banking system to enhance our operations and new product and services.

An overview of financial health for the banking and microfinance industry illustrated as sound and stable growth in terms of liquidity, profits, assets and funding.

Outlook & Strategy for 2020

Even though growth in Cambodia's economy is expected to slow dramatically to 2.3% in 2020, we still see the room for opportunities in some major industries such as food, logistics, online business and SME. We will be continuously designing and providing the best services to support our prospective customers and their beloved family living in comfort with a stable life.

Foreseeing ourselves as one of the prestigious and well-recognized microfinances in the upcoming future, we aim to apply technology in all means of our business operation to stay ahead of the game. ChokChey remains firm in our believe to the slogan "Beating the Banks", as we have a huge supportive system from our shareholders, a multinational construction company and a real estate company, who always input the best strategic tools, practical solutions and secure funds to sustain our growth.

We will soon be opening our new branches this year, installing our human resource management software, and proudly using our own Apsara core-banking system. Regarding our five years business plan, we will also step up to become a technology-based financial institution.

Just as importantly, I would like to express my sincere gratitude to all the board colleagues, our

CEO, top managements, and all ChokChey people for productively taking part in building this dynamic company. Also, I would like to take this chance to thank our customers, stakeholders, regulatory authorities, business partners and the peaceful community for their loyalty and perpetual cooperation in fostering our perspective and commitment to be the world class financial institution. Significantly, I would like to extend my gratitude to the National Bank of Cambodia, for the tremendous ongoing support. To maintain the growth in 2020, we are looking forward to receiving constant support from each stakeholder.

Sincerely,

Mr. MOON KYU CHOI
Chairman

CEO'S MESSAGE

What a wonderful milestone & achievements we have since the establishing of ChokChey Finance Plc in mid-2016 by the local shareholder, which was later officiated by the National Bank of Cambodia about the transfer of ownership to Korean shareholders in August 2017.

As of December 2019, ChokChey employed 183 potential human resources at Headquarter and 06 Operating Branches, with \$21.4 million dollars loan outstanding and 18,388 clients. Simultaneously, the overall growth of Cambodia's banking sector has been uplifting with credit raising around 25% on average in the past 5 years now reaching 103% of GDP in the second quarter of 2019.

I am genuinely amazed by our intelligent people, significantly the management team and field workers, who contribute relentlessly to support the company growth. The journey at where we are now, owing tremendously to the attainable goals, the best strategic plans and our capable resources.

The secret to our successful business derives from the culture we create at workplace.



We welcome all talented professionals from diverse backgrounds to join us through the belief that “working with the best people” “be fair” “never ending changes” and “honesty is the best policy” to ensure the company sustainability. What differentiates us from the crowd is that we provide the fastest services within the low interest rate to secure on-time demand

for our customers and how we take care of our people so that we substantially grow together.

Exposing to all global uncertainties, staying close to innovation and adopting technology are still our top priorities. We have been investing our resources, physically and financially, to IT infrastructures ecosystem, potentially developing our own core-banking system and hardware IT platforms. We begin to utilize the digital platform, namely social media, to recruit staffs and understand more about customer needs.

The future outcome is the reflection of current actions. I believe in the motive that “we think ahead, we take action, and we hold responsibility” is the key to move us forward. 2020 will be the year of high-end technology, the better solutions and the prosperous community. We, ChokChey's resources, are committed to

providing the digital products, contribute back to our mother earth through initiative campaign, and strengthen Cambodia economic system. Essentially important, we would like to extend our wholehearted appreciation to customers for their loyalty and partners for their dynamic support and collaboration.

Thank you,

Mr. CHEON GIL PARK
Chief Executive Officer



ABOUT CHOKCHEY

ChokChey At The Glance

2016

Microfinance license from NBC
(April)

2017

Acquired by Korean Companies:
Hanshin E&C and **Plus International**
(August)

2018

- As of March, 03 branches opening: Toul Kork, Ta Khmau & Thnol Toteng.
- As of July, 02 branches opening: Kompong Speu & Cherg Prey.

2019

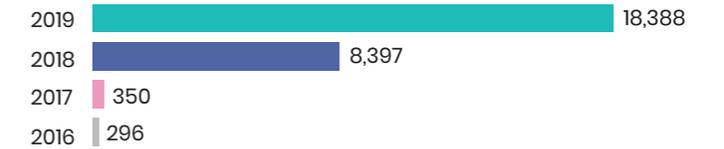
Launch new core banking "Apsara"
(May)

Performance Highlights

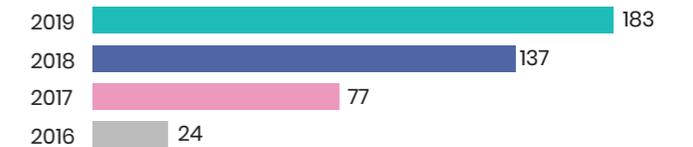
Loan Outstanding (USD)



Clients



Employees



Branch Networks





Our logo was inspired by
“Khmer Boat Racing”

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 & business.

CULTURE

We are the best people **powerhouse**, **thinking big and global** in pursuit of 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.

PHILOSOPHY

- » People, People and People
- » Honesty is the Best Policy
- » Open Opportunities
- » Performance-driven Compensation
- » Fairness

SHAREHOLDERS

Hanshin Engineering
And Construction
Co., Ltd.



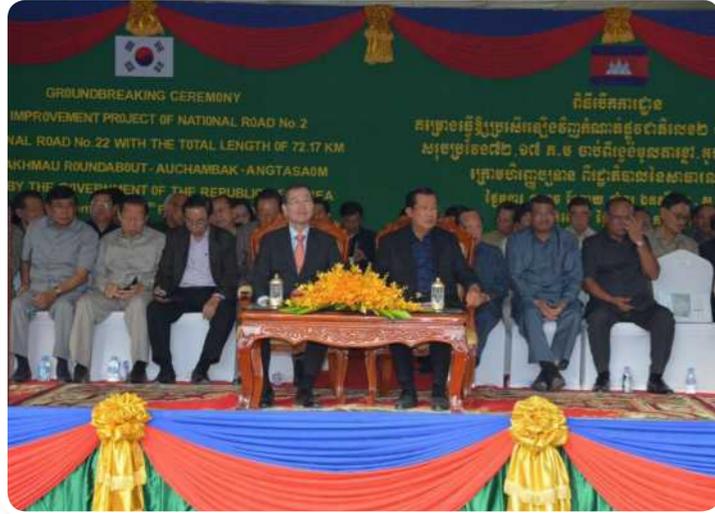
Plus International
Co., Ltd.



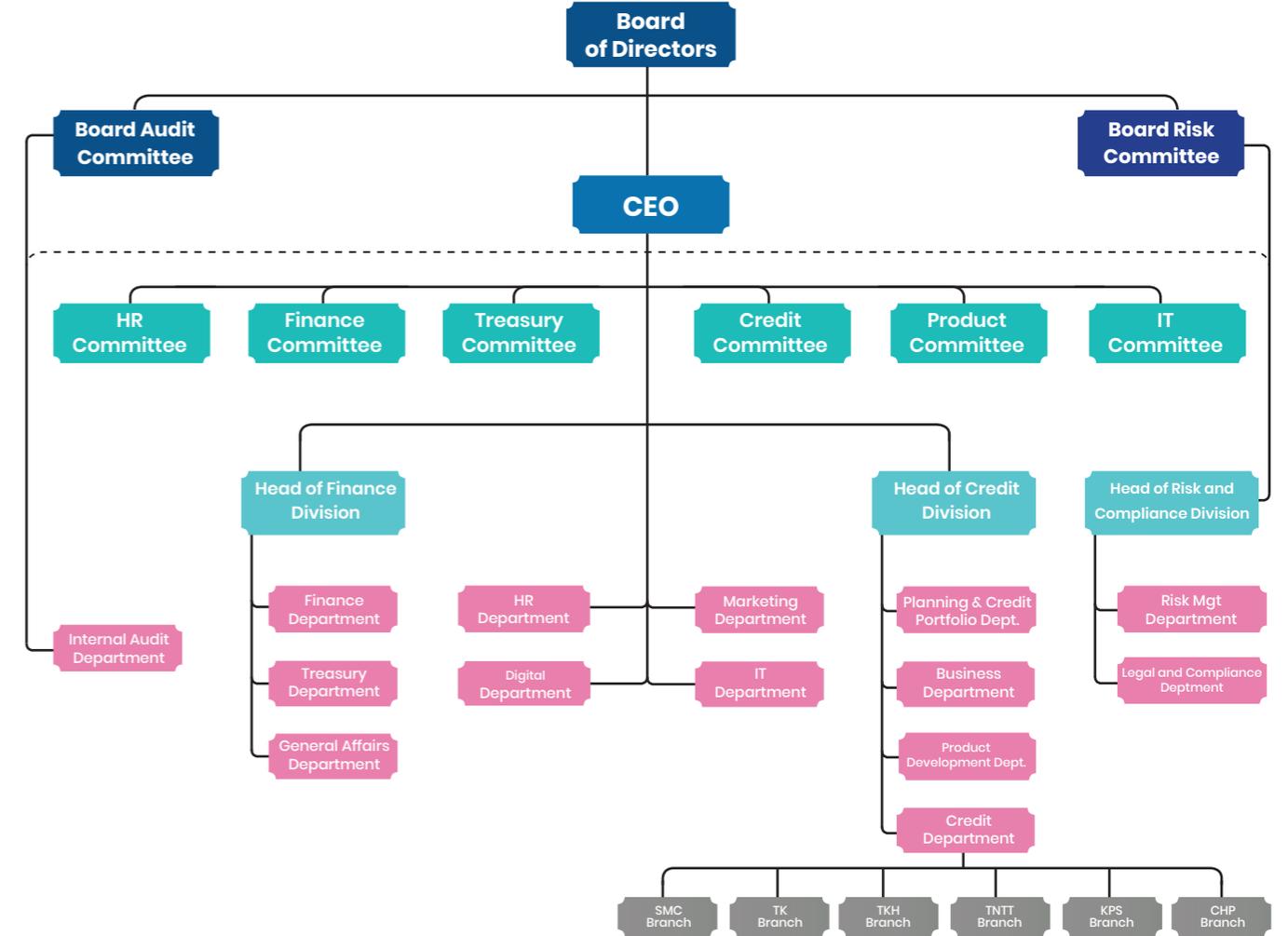
Mega construction projects of Hanshin E&C in 2019



Road No. 2 & No.5 Construction Projects in Cambodia



ORGANIZATIONAL STRUCTURE



BOARD OF DIRECTOR'S PROFILE



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 Director of Success Promise Co., Ltd.
- Graduated in Business from Sogang University, Seoul Korea.
- Career in Hyundai Marine & Fire Insurance



Mr. CHEON GIL PARK
Director & CEO

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

MANAGEMENT TEAM'S PROFILE



Mr. KEONGU KIM
Head of Finance Division

- Experienced for 13 years in Account Sector (South Korea, Southeast Asia & Middle East)
- Finance Manager of Hanshin Engineering and Construction Co., Ltd.
- Holding a Bachelor's Degree in Account and Information System in 2007



Mr. CHENG BUNTHOEUN
Head of Risk Mgt. Division

- 9 years in Microfinance Sector (Amret & Green Central)
- Starting his career from Credit Officer, Risk Management Officer, Deputy Lending Unit Manager, Risk management Unit Manager to Deputy Executive Director
- Holding a Bachelor's Degree in Economics of Development (2007)



Mr. SEN KAMSAN
Head of Credit Division

- 12 years in Microfinance Sector (Prasac, LOLC & Ly Hour MFI)
- 4 years in Money Transfer Sector (Ly Hour PayPro & Asia Cash Express Plc)
- Starting his career from Credit Officer, Branch Manager, Senior Branch Manager, Digital Financial Services Manager to Head of Service Quality
- Holding a Master's Degree in Finance & Banking (2010)



Mr. OUK TORACLIDE
Head of Finance Dept.

- 5 years in External Audit Firm, KPMG (Cambodia), in charge directly with different industry such as Financial Institutions (Banks and MFIs), Commercials, Hotels, NGOs, and Government Projects and a Finance Manager at BSP Finance Plc
- Holding a Bachelor's Degree in Accounting (2012) & Doing ACCA at CamEd Business School



Mr. LIM RATANAK
Head of Credit Dept.

- 11 years in Microfinance Sector
- Starting his careers from Credit Operator, Credit Team Leader, Branch Manager to Credit Risk Unit Manager
- Holding a Bachelor's Degree in Rural Development (2011)



Mr. NEM MANIEN
Head of Credit Risk Management Dept.

- 8 years in Microfinance Sector
- Experiences in various positions ranking from Credit Officer, Branch Manager, Senior Performance Management Officer to Assistant Credit Department Manager
- Holding a Master's Degree of Business Administration (2015)



Mr. IM PHANNA
Head of HR Dept.

- 15 years of experiences with Microfinance, Banking and Real Estate Sector
- Starting his careers from Admin Officer, Trainer, HR Officer, Supervisor to Manager
- Certificate in People Management and Leadership
- Holding a Bachelor's Degree & Master's Degree in General Management



Mr. DOUNG SATYA
Head of Business

- 11 years in Financial Sectors
- Starting his careers from Credit Officer, Loan Recovery Officer, Senior Branch Manager, Training Officer, Deputy Provincial Branch Manager, Credit and Recovery Manager to Regional Manager
- Holding a Master's Degree in Business (2013)



Mr. HAM SAMNANG
Head of IT Dept.

- 5 years in Microfinance sector and 6 years in Private company
- Starting his careers from IT Programmer, Senior Software Developer, Customer Support Manger, MIS Manager to Deputy head of IT
- Holding a Bachelor's Degree in Computer Science



Ms. CHANN DANY
Head of Treasury Dept.

- 12 years in Microfinance Sector
- Starting her careers from Teller, Head Teller, Customer Service Support Officer, Sale and Customer Service Officer, Treasury Officer to Senior Treasury Officer at KREDIT MFI



Mr. HAN CHANCHUMNOR
Head of Legal and Compliance Dept.

- Starting his careers from Teacher, Senior Translator, Consecutive and Simultaneous Interpreter, Quality Assurance Manager to School Campus Director
- Holding a Bachelor's Business Administration majoring in Economics & Bachelor of Education (2011)



Mr. MON RAKSMEY
Head of General Affair

- 8 years in Microfinance Sector
- Experiences in various positions ranking from Credit Officer, Admin Officer, Senior Admin Officer to Admin Unit Manager
- Holding a Master's Degree in Business Administration (2019)



Ms. PECH SORIYA
Deputy Head of Finance

- 6 years in Microfinance Sector
- Starting her careers from Teller, Chief Accountant to Accounting Support Officer
- Holding a Bachelor's Degree in Accounting (2012)



Mr. ON SENGTROEU
Deputy Head of Internal Audit Dept.

- 9 years in Microfinance Sector (ChokChey & Amret)
- Starting his careers from Credit Officer, Senior Credit Officer, Internal Audit Officer, Senior Internal Audit Officer to Supervisor Internal Audit
- Holding a Master's Degree in Finance and Banking (2016)



Mr. CHHOU SOKLEAP
Deputy Head of Loan Recovery Dept.

- 11 years in Microfinance Sector (Green, Welcome Finance & ChokChey)
- Starting his careers from Customer Relation Officer, Credit Officer, Chief Credit Officer, Branch Manager to Internal Audit Unit Manager
- Holding a Bachelor's Degree in Banking & Finance



Mr. NHEL THEAVUTH
Deputy Head of IT Dept.

- More than 7 years working experiences on developing core-banking system, hospital management system and HRMS
- Holding a Bachelor's Degree in Management Information System (2013)



Ms. DARA ROTHANAKRAXMEY
Deputy Head of HR and Marketing

- 4years of experiences in Financial Services, Training Center & E-commerce
- Bachelor of Business Administration (2015) & Bachelor of Arts in English (2017)
- Global MBA – University of the Thai Chamber of Commerce, Bangkok (2019)



Mr. ALEXANDER JAMES EVISON
Deputy Head of Digital Business

- 4 years in Financial Services
- Experience in the Hospitality, Insurance and Fintech industry
- Studied at various institutions in UK and Netherlands
- Information systems at Heriot-Watt University, Edinburgh

Funding



Business Partner



We're a proud member of EuroCham Cambodia.





2019 BUSINESS HIGHLIGHTS

PRODUCT CATEGORIES

General Loan



A type of loan to support the cash flow of household expense or any types of investment. It can be used for purchasing land, repairing or buying a house, running or expanding their business and any mandatory expenses for their beloved family.

Loan size	More than USD 3,000 to USD 30,000 or equivalent currencies
Loan term	Up to 72 months
Repayment Method	Declining, Annuity, Semi-Balloon, Declining-Negotiate, Balloon
Currency	KHR & USD

Agriculture Loan



The purpose is to provide loan for clients to invest on their plant's seeds, heavy agriculture equipment or buying land for the agriculture cultivation activities.

Loan size	<ul style="list-style-type: none"> Up to USD 5,000 or equivalent currencies for agriculture cultivation purpose Up to USD 15,000 or equivalent currencies heavy agriculture equipment or buy land for agriculture cultivation
Loan term	Up to 60 months
Repayment Method	Declining, Annuity, Balloon, Semi-Balloon
Currency	KHR & USD

Speed Loan



A special loan for immediate need for personal or family's general consumption. This product will provide the quick liquidity cash flow to client's hands.

Loan size	Up to USD 3,000 or equivalent currencies
Loan term	Up to 36 months
Repayment Method	Declining and Annuity
Currency	KHR & USD

SME Loan



This product is targeted for customers who are looking for starting their own business including products, services, handicraft, construction, and many others.

Loan size	More than USD 30,000 to USD 100,000
Loan term	From 12 to 120 months based on repayment capacity and loan purpose of clients
Repayment Method	Declining, Annuity, Balloon, Semi-Balloon
Currency	USD

Auto Loan



To bring a comfortable life for our beloved citizen, this product is designed to provide the capital needs to purchase any automobile that suit their lifestyle with minimum down payment of 10 percent.

Loan size	More than USD 1,500 to USD 50,000
Loan term	Up to 60 months
Repayment Method	Annuity
Currency	USD

BRANCH NETWORKS

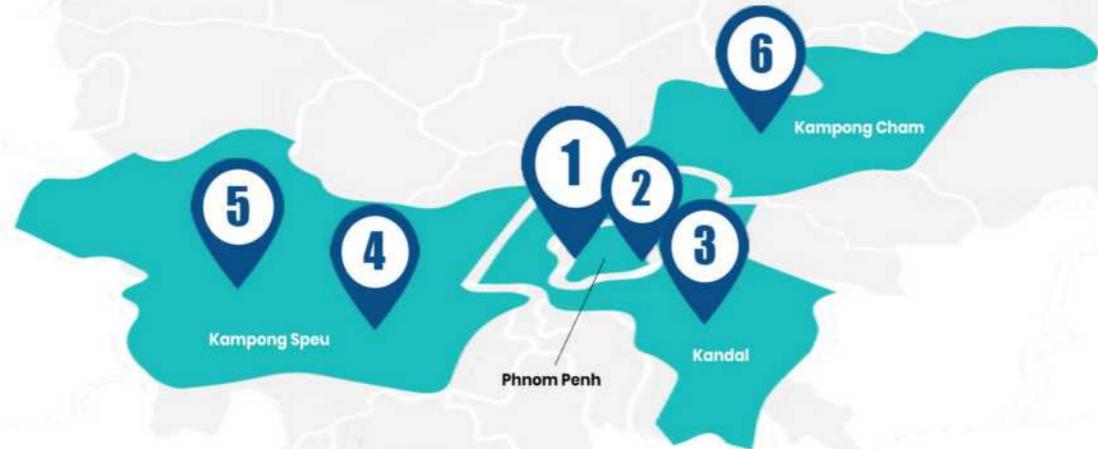


ទីតាំងសាខា

ទាំង

6

របស់ ខោតឈីយ ហ្វាយនែន



• **Phnom Penh**

1. Stung Meanchey Branch(SMC)

#9-11, St Vengsreng, Sangkat Stung Meanchey 3, Khan Mean Chey, Phnom Penh, Cambodia

Tel: (855) 23 922 126 / 015 204 333

Website: www.chokchey.com.kh

2. Toul Kork Branch (TK)

St. Mong Rithy, Kongkea Phos Village, Sangkat Toul Sangkae 2 Khan Russey Keo, Phnom Penh, Cambodia

Tel: (855) 23 922 126 / 015 367 333

• **Kandal Province**

3. Ta Khmau Branch(TKH)

St. 115, Prek Samrong 3 Village, Sangkat Ta Khmau, Krong Ta Khmau, Kandal Province, Cambodia

Tel: (855) 23 922 126 / 015 418 333

• **Kompong Speu Province**

4. Thnal Totoeung Branch (TNTT)

Road No.4 , Prey kuy Village, Trapeang Kong Commune, Samrong Tong District Kampong Speu Province, Cambodia

Tel: (855) 23 922 126 / 015 462 333

5. Kampong Speu Branch (KPS)

Ang Serei Village, Sangkat Rokar Thum, Krong Char Mom, Kampong Speu Province Cambodia

Tel: (855) 23 922 126 / 015 496 333

• **Kompong Cham Province**

6. Cheung Prey Branch (CHP)

Skun Village, Soutib Commune,Cheung Prey District, Kampong Cham Province, Cambodia

Tel: (855) 23 922 126 / 015 329 333

CULTURE ACTIVITIES AND BUSINESS TRIP IN 2019

Singapore FinTech Festival (Nov)



Seoul Trip of Management (May)



Training For Future Manager



Insight Trip of Credit & Branch



Annual Workshop



HR Fair



Annual Party



Lady's Culture Day



CLIENT SUCCESS STORY



SENG Nath, 34
Pharmacist & General Practitioner

“What a wonderful miracle I have, my business keeps growing and becoming successful, same as ChokChey whom I am gratefully introduced to” said Mr. SENG Nath.

Residing 43Km from Phnom Penh, Mr. Nath lives in a high traffic business town, #112B, National Road 3 Tramkna village, Sophy commune, Bati district, Takeo province. He has a warm family of two children with his wife, who is a Nurse in the same town.

Before taking a loan from ChokChey, Mr. Nath and his wife were opening a clinic together. By seeing the potential of demand from factory

workers and the villagers, he was thinking of expanding his clinic, but he lacked capital.

Shortly after that, a credit officer from ChokChey Finance visited and provided him some financial advice, after which, he requested to apply for a SME loan for 120,000 USD.

Clinging to his plan, Mr Nath decides to operate the second clinic with the money he received from ChokChey and spare some to invest in land. Currently, even though some business were infected by the corona pandemic, he still generates stable income from the two clinics and even manage to save for his children future needs.

Lastly, he mentioned that thanks to ChokChey for help transforming his plan into real. He would like to open a saving account for his children with ChokChey if we accept the deposit in the upcoming future.



BOUN Chanthoeun, 39
Motobike Spare Parts Dealer

“I remember someday there were 2-3 MFIs trying to convince me to use their services, but I still choose ChokChey because the service is fast and they keep their promise” said Mr. Chanthoeun.

Chanthoeun is a diligent dad and husband to a family of five living in #50, street 01, Prey Cherngprom village, sangkat Veal Sbov, Khan Chba Ompov, Phnom Penh city.

Before starting his own business, he was once a seller at a big spare parts company. With his motivation and determination to be an independent businessman, he quit his job and

started his own shop with little savings. Day by day, customers walked-in with different demand and brand choices which he did not have.

Thus, he decided to take up a loan from ChokChey with \$45,000 to store varieties of products and brands for customer needs.

Presently, his spare parts business has brought sufficient cash flow for his family and even an opportunity to invest more on his wife's Salon business which also operate under the same building.

At last, Mr. Chanthoeun said that through his observation he sees a great chance for expanding his business to car and motorbike spare parts as no one within his business area has started it yet. Therefore, he is looking forward to more cooperation with ChokChey once the economy is getting stable.

FINANCIAL REPORT

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors submits this report together with the financial statements of Chokchey Finance Plc (“the Company”) as at 31 December 2019 and for the year then ended.

The Company

Chokchey Finance Plc. (“the Company”) is a public limited company incorporated in the Kingdom of Cambodia and registered with the Ministry of Commerce under Registration Number 00002952 on 2 March 2016. The Company obtained its license from the National Bank of Cambodia to operate as a micro-finance institution on 26 April 2016.

The registered and business address of the Company is located at No. 9-11, Street Vengsreng, Sangkat Stung Meanchey 3, Khan Meanchey, Phnom Penh, Kingdom of Cambodia

Principal activities

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

Results of operations

The results of the Company’s operations for the year, and the state of its affairs as at that date are set out in the financial statements on pages 10 to 32.

The Board of Directors does not recommend the payment of any dividends in respect of the year.

The Board of Directors

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

Name	Position	Date of
Mr. Moon Kyu Choi	Chairman	12 October 2017
Mr. Cheon Gil Park	Director and CEO	12 October 2017
Mr. Jung Hoon Kim	Independent Director	12 October 2017

Auditor

The financial statements as at for the year ended 31 December 2019 have been audited by Grant Thornton (Cambodia) Limited.

Director's interest in the Company

According to the Memorandum and Articles of Association of the Company, there's no interest and deemed interest in the shares of the Company who is a director for the year ended.

Post-reporting date events

There were no significant subsequent events in the period from the reporting date to the date of approval of these financial statements.

Board of Directors' responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended. When preparing the financial statements,

the Board of Directors is required to:

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

The Board of Directors is also responsible for safeguarding the assets of the Company and

hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing the accompanying financial statements.

Statement by the Board of Directors

In the opinion of the Board of Directors, the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities.

On behalf of the Board of Directors,



Mr. Cheon Gil Park

Director and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

14 August 2020

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Chokchey Finance Plc.

Opinion

We have audited the financial statements of Chokchey Finance Plc (“the Company”), which comprise the statement of financial position as at 31 December 2019, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to financial statements, including a summary of 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 Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended, in accordance with Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”)

and guidelines of the National Bank of Cambodia (“the NBC”).

Basis for opinion

We conducted our audit in accordance with Cambodian International Standards on Auditing [“CISAs”]. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of financial statements in the Kingdom of Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

The financial statements of the Company as at and for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 22 April 2019.

Other Information

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

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

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

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

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

Responsibilities of the Board of Directors for the financial statements

The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with CIFRS for SMEs, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements

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

As part of an audit in accordance with CISAs, we exercise professional 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 detect-

ing 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.

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

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

Grant Thornton

GRANT THORNTON (CAMBODIA) LIMITED

Certified Public Accountants

Registered Auditors



Ronald C. Almera

Partner - Audit and assurance

Phnom Penh, Kingdom of Cambodia

14 August 2020

Statement of Financial Position

	Note	31 December 2019		31 December 2018	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) Restated
Assets					
Cash on hand	5	55,238	225,095	45,402	182,425
Deposits and placements with the National Bank of Cambodia ("NBC")	6	177,171	721,972	2,075,500	8,339,359
Deposits and placements with other banks	7	2,037,398	8,302,397	688,836	2,767,743
Loans to customers, net	8	21,537,491	87,765,276	13,264,083	53,295,085
Other assets	9	61,931	252,369	27,622	110,985
Property and equipment	10	360,690	1,469,812	180,557	725,478
Intangible assets	11	102,578	418,005	27,002	108,494
Total assets		24,332,497	99,154,926	16,309,002	65,529,569

Equity

Share capital	12	3,500,000	14,063,000	1,500,000	6,027,000
Capital reserves		-	-	2,000,000	8,036,000
Regulatory reserves		388,574	1,573,446	150,841	610,152
Accumulated losses		(222,779)	(896,155)	(614,620)	(2,483,895)
Cumulative difference on translation		-	197,825	-	10,278
Total equity		3,665,795	14,938,116	3,036,221	12,199,535
Liabilities					
Trade and other payables	13	387,459	1,578,895	272,781	1,096,034
Short-term borrowings	14	6,747,546	27,496,250	-	-
Long-term borrowings	20	13,500,000	55,012,500	13,000,000	52,234,000
Income tax payable		31,697	129,165	-	-
Total liabilities		20,666,702	84,216,810	13,272,781	53,330,034
Total equity and liabilities		24,332,497	99,154,926	16,309,002	65,529,569

Statement of Comprehensive Income

		For the year ended 31 December 2019		For the year ended 31 December 2018	
	Note	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) Restated
Interest income	15	3,047,479	12,348,384	1,463,103	5,918,252
Interest expense		(944,152)	(3,825,704)	(438,999)	(1,775,751)
Net interest income		2,103,327	8,522,680	1,024,104	4,142,501
Other operating income	16	448,377	1,816,824	137,887	557,753
General and administrative expenses	17	(1,878,272)	(7,610,758)	(1,294,295)	(5,245,285)
Reversal of/(provision for) allowance for bad and doubtful loans - net		23,438	94,971	(21,695)	(77,895)
Profit/(loss) before income tax		696,870	2,823,717	(153,999)	(622,926)
Income tax expense	18	(67,296)	(272,683)	(15,431)	(62,418)
Profit/(loss) for the year		629,574	2,551,034	(169,430)	(685,344)
Other comprehensive income currency translation difference		-	187,547	-	10,278
Total comprehensive income/(loss)		629,574	2,738,581	(169,430)	(675,066)

Statement of Changes in Equity

	Note	Share capital		Capital reserve		Accumulated losses		Regulatory reserve		Cumulative difference in translation	Total equity	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
At 1 January 2019		1,500,000	6,027,000	2,000,000	8,036,000	(614,620)	(2,483,895)	150,841	610,152	10,278	3,036,221	12,199,535
Transfer from capital reserve to share capital	12	2,000,000	8,036,000	(2,000,000)	(8,036,000)	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	629,574	2,551,034	-	-	-	629,574	2,551,034
Transfer from accumulated losses to regulatory reserve		-	-	-	-	(237,733)	(963,294)	237,733	963,294	-	-	-
Currency translation difference		-	-	-	-	-	-	-	-	187,547	-	187,547
Balance at 31 December 2019		3,500,000	14,063,000	-	-	(222,779)	(896,155)	388,574	1,573,446	197,825	3,665,795	14,938,116

	Note	Share capital		Capital reserve		Accumulated losses		Regulatory reserve		Cumulative difference in translation	Total equity	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2)
At 1 January 2018		1,500,000	6,027,000	-	-	(279,706)	(1,129,173)	-	-	-	1,220,294	4,897,827
Adjustment on initial application of CIFRS for SMEs (note 23)		-	-	-	-	(43,848)	(177,360)	29,205	118,134	-	(14,643)	(59,226)
At 1 January 2018, restated		1,500,000	6,027,000	-	-	(323,554)	(1,306,533)	29,205	118,134	-	1,205,651	4,838,601
Additional contribution during the year	12	-	-	2,000,000	8,036,000	-	-	-	-	-	2,000,000	8,036,000
Loss for the year		-	-	-	-	(169,430)	(685,344)	-	-	-	(169,430)	(685,344)
Transfer to regulatory reserve		-	-	-	-	(121,636)	(492,018)	121,636	492,018	-	-	-
Currency translation difference		-	-	-	-	-	-	-	-	10,278	-	10,278
Balance at 31 December 2018		1,500,000	6,027,000	2,000,000	8,036,000	(614,620)	(2,483,895)	150,841	610,152	10,278	3,036,221	12,199,535

Statement of Cash Flows

	Note	For the year ended 31 December 2019		For the year ended 31 December 2018	
		USD	KHR'000 (Note 3.2)	USD	KHR'000 (Note 3.2) Restated
Operating activities					
Profit/(loss) before income tax		696,870	2,823,717	(153,999)	(622,926)
Adjustments for :					
Depreciation of property and equipment	10	72,541	293,936	42,085	170,234
Amortization of the intangible assets	11	3,459	14,016	2,899	11,726
Reversal of/(provision for) allowance for bad and doubtful loans - net		(23,438)	(94,967)	21,695	87,756
Operating profit/(loss) before working capital changes		749,432	3,036,702	(87,320)	(353,210)
Changes in :					
Capital guarantee deposit		(100,000)	(405,200)	(25,000)	(101,125)
Term deposit		(1,400,000)	(5,672,800)	-	-
Loans to customers		(8,243,762)	(33,403,727)	(10,817,818)	(43,758,073)
Other assets		(40,517)	(164,175)	8,217	33,238
Other liabilities		114,678	464,675	239,498	968,769
Cash used in operating activities		(8,920,169)	(36,144,525)	(10,682,423)	(43,210,401)
Income tax paid		(35,599)	(144,247)	(15,431)	(62,418)
Net cash used in operating activities		(8,955,768)	(36,288,772)	(10,697,854)	(43,272,819)

Investing activities

Purchase of property and equipment	(252,674)	(1,023,835)	(86,693)	(350,673)
Purchase of intangible assets	(79,035)	(320,250)	(10,350)	(41,866)
Net cash used in investing activities	(331,709)	(1,344,085)	(97,043)	(392,539)

Financing activities

Proceeds from borrowings	8,247,546	33,419,056	10,611,557	42,923,748
Payments of borrowings	(1,000,000)	(4,052,000)	-	-
Additional capital injection during the year	-	-	2,000,000	8,090,000
Net cash from financing activities	7,247,546	29,367,056	12,611,557	51,013,748
Net change in cash and cash equivalents	(2,039,931)	(8,265,801)	1,816,660	7,348,390
Translation difference	-	108,963	-	(49,050)
Cash and cash equivalents, beginning of year	2,734,738	10,988,177	918,078	3,688,837
Cash and cash equivalents, end of year	694,807	2,831,339	2,734,738	10,988,177

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