



CHOKCHEY
Finance

CHOKCHEY FINANCE

The Best Winning Solution

ANNUAL REPORT 2020

2020



Table of Contents

- MESSAGE FROM CHAIRMAN**..... 2
- CEO’S MESSAGE**..... 4
- ABOUT CHOKCHEY**
 - ChokChey at a Glance..... 7
 - Our Shareholders..... 8
 - Vision, Mission, Culture & Philosophy..... 10
 - Organizational Structure..... 12
 - Board of Director’s Profile..... 14
 - Management Team’s Profile..... 15
 - Funding and Business Partner..... 22
- 2020 BUSINESS HIGHLIGHTS**
 - Performance Highlights..... 24
 - Product Categories..... 28
 - Branch Networks..... 34
 - Culture Activities 36
 - Client Success Stories..... 43
- FINANCIAL REPORT**
 - Report of the Board of Directors..... 46
 - Independent Auditor’s Report..... 49
 - Statement of Financial Position..... 53
 - Statement of Comprehensive Income..... 55
 - Statement of Changes in Equity..... 56
 - Statement of Cash Flows..... 58

Message from Chairman



Rooting from the robust capital injection and exceptional management style in South Korea, ChokChey Finance Plc has demonstrated a notable presence as a financial subsidiary of Hanshin Engineering and Construction in the Kingdom of Cambodia. We are extensively amazed and delighted of the milestone and achievement which have been acknowledged by the regulators, namely National Bank of Cambodia (NBC), Cambodia Microfinance Association (CMA), partners and the public.

Extraordinary special, ChokChey Finance had a great pleasure to receive the “Gold” type of Tax Compliance from the General Department of Taxation, which is effective for 02 fiscal years 2020 to 2021. This remarkable achievement is due to the commitment and determination to ensure compliance with tax regulations.

For these subsequent four years, as a Chairman, I honestly praise how our management team has provided vivid directions to our staffs, even during the unpredicted situation of the Covid-19 pandemic. Through their leadership and guidance, our talents seem to know how to tackle well with the situation.

2020 provided a global assignment for everyone, no matter individual or a huge corporate business. We were blessed to have our proactive and thoughtful management who always think ahead of the problem and well-prepared for it. Another big step we have made is to adopt the use of a human resource management system for Head Quarter and all branches. Previously manual tasks now can be done with just one click away, ranging from attendance, leave, and employee status.

A summary of Cambodia’s recent economy has shown slightly negative growth in 2020, however; through the government support and external environment, we believe that it might bring the economy to grow at 4 percent in 2021.

Outlook & Strategy for 2021

Based on the positive analysis from Asian Development Outlook, growth in 2021 is forecasted to be strongest in East and South Asia, and more moderate in Central and Southeast Asia and the Pacific. Industrial production is expected to rise 7.1% in 2021 owing to a rebound in the garments, footwear, and travel goods sector, as well as growth in other light manufacturing such as electronics and vehicles while agriculture and service are expected to slowly grow by 1.3% and 3.3% in 2021, respectively.

To get ready for the recovering of the economic, ChokChey determine to be more efficient in terms of operation by soon releasing the Mobile App, maintain our promises as to the fastest service and enhance the emotional benefit through our slogan “The Best Winning Solution”.

Aiming to stay on top of the Microfinance industry in Cambodia in term of loan outstanding and brand image, we are always seeking for the most practical solution which can help to solve the pain-point or need of our local people. Our top consideration for product development will be to extend our service lines from individual to corporate (B2B) and possibly include digital and technology.

On a significant note, I would like to share my genuine gratitude to all insightful board members, Chief Executive Officer, top management, and all ChokChey staffs for joining vigorously to fill in the concrete of success in our company. Correspondingly, I would like to thank the regulatory authorities, stakeholders, customers, partners, and the local community for their ongoing support to bring ChokChey closer to our goal of building a world-class financial institution. Most important, we would like to pay respect and thank, The National Bank of Cambodia, and the Cambodia Microfinance Association, for their guidance and dynamic support even before the pandemic. To overcome the current situation, we are looking forward to having a strong and fruitful contribution from everyone.

Sincerely,

Mr. Moon Kyu Choi
Chairman

CEO's Message

The accomplishments for these robust 5 years have been very noticeable since the emerging of ChokChey Finance Plc by the local shareholder and officially granted the approval from the National Bank of Cambodia to transfer shares to Korean shareholders in August 2017. By December 2020, ChokChey employed 252 highly potential human resources at Headquarter and 08 Operating Branches with a 31 million dollars loan outstanding with 7,248 clients.

Even though the Covid-19 outbreak has given some impact since early 2020, we have continued to see the growth of outstanding loans in Cambodia's financial industry – a combination of banks and microfinance institutions (MFIs) – grew by 14.8 percent to \$37.3 billion by the end of the year.

ChokChey could be a part of this significant growth, owing to our highly competent human resources, potentially the insightful management, robust supporting team, and committed field staff. They are the ONES who contribute relentlessly toward achieving our company goals and staying competitive in the industry.



The secret behind our capable resources is that we are a house full of diverse skillsets and perspectives which always bring us to the table of fruitful ideas. Our practice is to maintain and attract highly motivated, innovative-thinker and proactive team player. Significantly, what makes us unique among the crowd is that we provide

the fastest services, offer earnest financial consultant and on-time demand so that our customers can make the best use of it to fulfill their dream and their loved ones.

Unprecedented challenges such as coronavirus disease and the partial suspension of preferential access to the EU market under the “Everything but Arms” initiative have brought quite a mere impact to Cambodia, especially the tourism, manufacturing exports, and construction industry. Fortunately, the royal government has taken strict preventive measures and spared a health crisis in advance to support the basic needs. Within the supportive government policies, social assistance, and financing support for small and medium-sized enterprises, we expect the GDP growth can be rebound to 5.9% in 2021.

“No matter how big the plan is, the first important thing is to take action”. We are pleasantly appreciative of our great move to adopt the human resource management system for our staff to engage during this social distancing period. In 2021, we are looking forward to having more initiative products, the official launch of our Mobile Application, and a great staff engagement program. On behalf of ChokChey

management leader, I would like to extend our sincere appreciation toward our customers and partners for their loyalty and perpetual support and collaboration.

Stay healthy and safe!

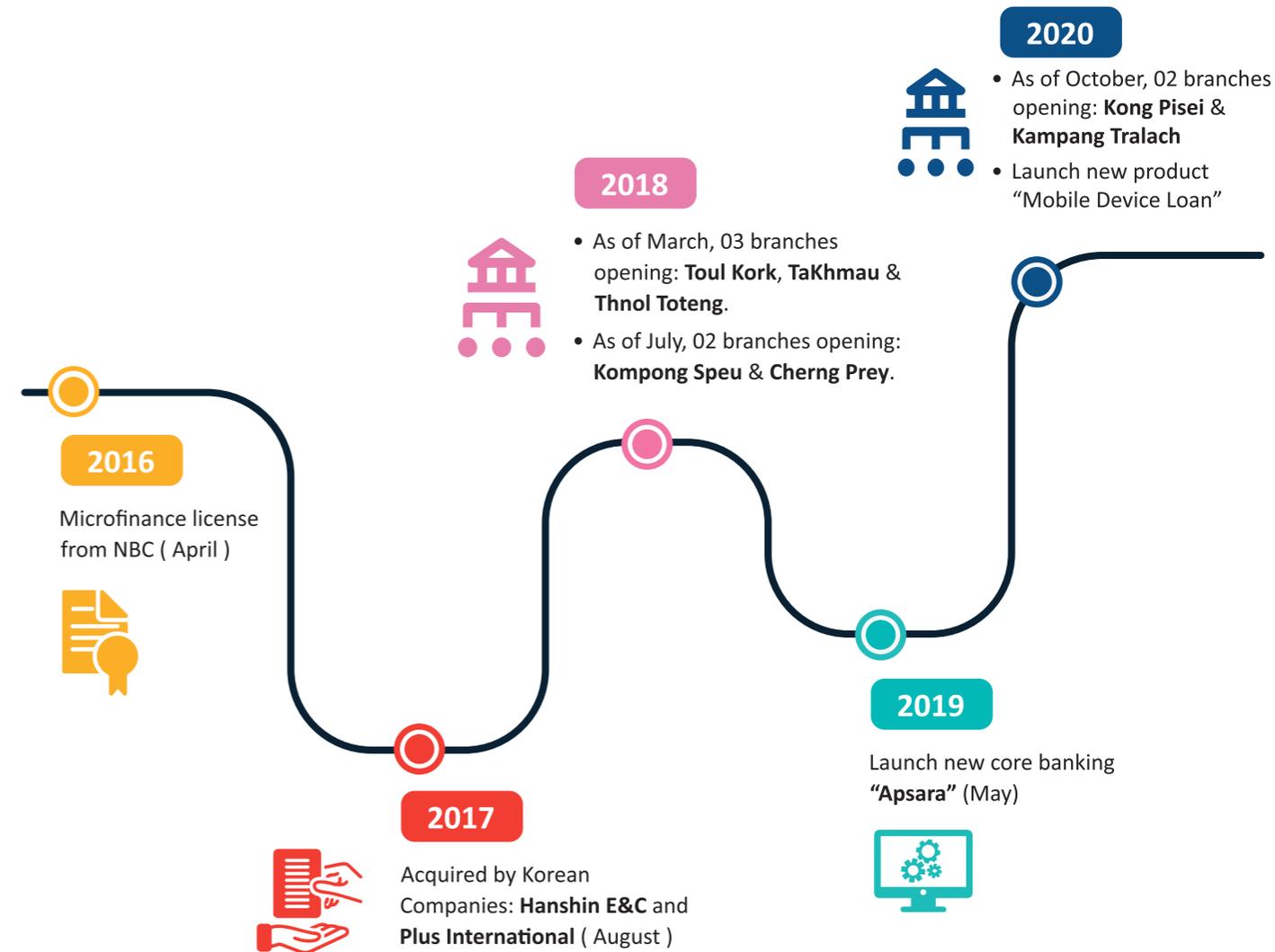
A handwritten signature in blue ink, appearing to be 'A. Park', written over a faint horizontal line.

Mr. Cheon Gil Park
Chief Executive Officer

About ChokChey



ChokChey at a Glance



Our Shareholders



Hanshin E&C Co.,Ltd



Plus International Co., Ltd

Mega Construction Projects of Hanshin E&C in 2020



National Road 5 & 2 Construction Projects in Cambodia





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.

”

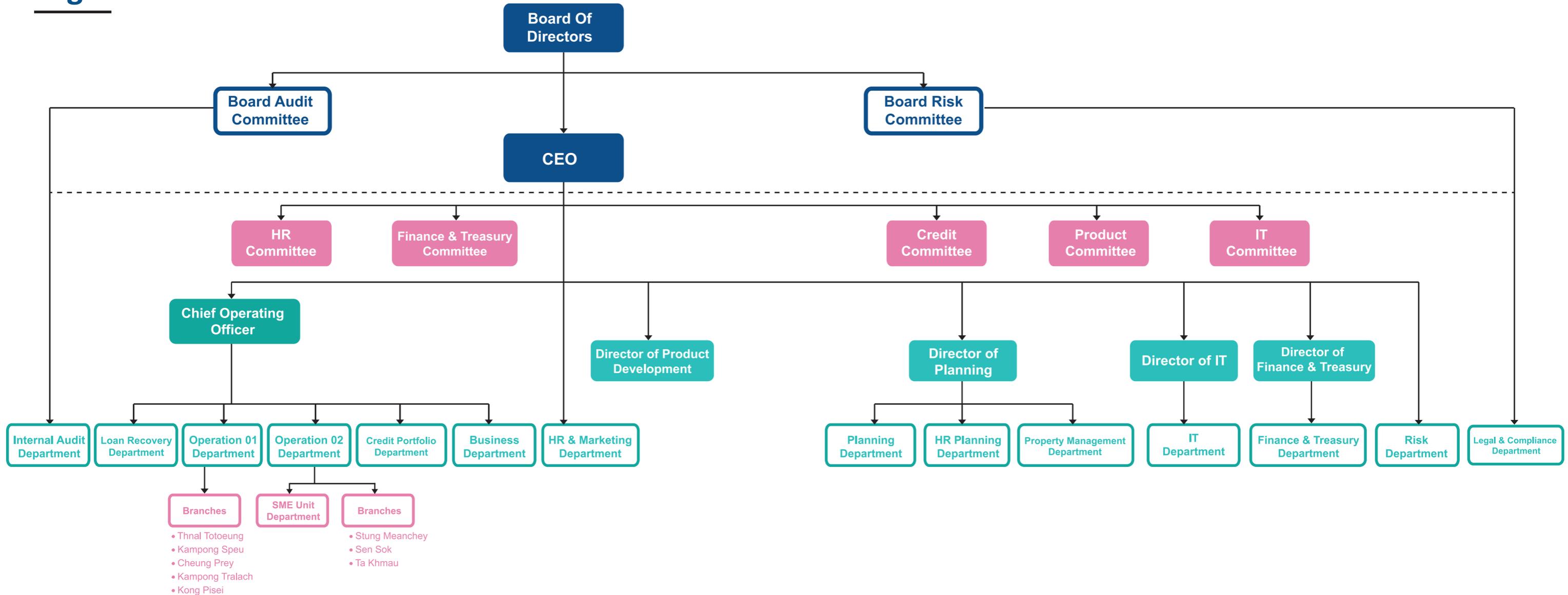
“

Philosophy

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

”

Organizational Structure



Board of Director's Profile



Mr. Choi, Moon Kyu
Chairman

- Current President & CEO of Hanshin E&C
- MBA from Thunderbird School of Global Management, Arizona, USA
- Business from Sogang University, Seoul, Korea
- HYUNDAI Merchant Marine
- HYUNDAI Motor Company



Mr. Kim, Jung Hoon
Independent Director

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



Mr. Park, Cheon Gil
Director & CEO

- MBA - YONSEI University(2011), Seoul Korea
- UC Berkeley Extension Marketing (2004), California USA
- Business - Sogang University(1998), Seoul Korea
- CEO, Green Central MFI, Phnom Penh, Cambodia
- SAMSUNG CARD, Manager, Seoul, Korea
- HYUNDAI CARD, Team Leader, Seoul, Korea
- CJ Hello, Head of Marketing, Seoul, Korea

Management Team's Profile



Mr. Cheng Bunthoeun
Chief Operating Officer

- 12 years in Microfinance Sector
- Starting his career from Credit Officer, Credit Control Officer, Deputy Lending Unit Manager, Risk Management Unit Manager, Deputy Executive Director, Head of Credit Risk Management, Head of Risk Management and Compliance, and Chief Operating Officer
- Holds a Bachelor's Degree in Economics of Development in 2007 and Master's Degree in Public Administration (2016)



Mr. Kim Keongu
Director of Planning

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



Mr. Mour Eng
Director of Product Development

- 12 years in Financial Sectors, Microfinance and Pawnshop
- Start from Credit Officer, Branch Manager, Training officer, Training and Development Supervisor, Product Development Officer, Business Development Officer, and Operation Manager
- Holds a Bachelor's Degree in Education Science and Micro-finance Management



Mr. Ouk Toraclide

Director of Finance & Treasury

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



Mr. Ham Samnang

Director of IT

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



Mr. Lim Ratanak

Head of Operation 01

- 11-year in Microfinance Sector
- Starting his careers from a Credit Officer to Team Leader and Branch Manager to Credit Risk Unit Manager
- Holds a Bachelor's Degree in Rural Development (2011)



Mr. Chhon Ravy

Head of Operation 02

- More than 9 years in Banking/MFI sector
- Experiences in many position such as Credit Manager, Manager SME Lending Support, Deputy Branch General Manager, Relationship Manager, Senior Relationship Officer and Loan Officer
- Holds a Bachelor's Degree in Accounting & Finance (2012)



Mr. Nem Manien

Head of Credit Risk Management

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



Mr. Doung Satya
Head of Business

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



Ms. Pech Soriya
Head of Finance

- 6 years in Microfinance Sector
- Starting her careers from Teller, Chief Accountant to Accounting Support Officer to Deputy Head of Finance
- Holds a Bachelor's Degree in Accounting (2014)



Mr. Han Chanchumnor
Head of Legal and Compliance

- Starting his career from Teacher, Senior Translator, Consecutive and Simultaneous Interpreter, Quality Assurance Manager and School Campus Director
- Holds a Bachelor's Business Administration majoring in Economics (2011) & Bachelor of Education (2012)



Mr. On SengTroeu
Deputy Head of Internal Audit

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



Mr. Chhou Sokleap
Deputy Head of Loan Recovery

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



Ms. Dara Rothtanakrasmey
Deputy Head of HR & Marketing

- 4 years of experiences with Micro-finance & Banking, 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. Mon Raksmeay
Deputy Head of Property
Management

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



Ms. Sorn Sreyleak
Acting Head of HR Planning

- 7 years with Maru-T Ohtsuka Factory and 4 years in Private sector
- Starting her careers from English Teacher to Account Assistant to HR and GA Manager
- Holds a Bachelor's Degree in Finance & Banking(2013)



Mr. Nhel Theavuth
Deputy Head of IT

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



Mr. Noa Kimlay
Deputy Head of Planning

- 10 years in Microfinance Sector
- Starting his careers from Credit Officer Senior Financial Senior Regulatory Reporting and Treasury Unit Manager
- Holds a Bachelor's Degree in Finance & Banking (2010) & Doing ACCA at CamEd Business School

Funding



KB Kookmin Bank



Industrial Bank of Korea



KDB Bank

Business Partners

true money



HYUNDAI

CAMKO
MOTOR COMPANY LTD
Hyundai Official Distrutor in Cambodia

We're proud to be a member of

EUROCHAM
CAMBODIA



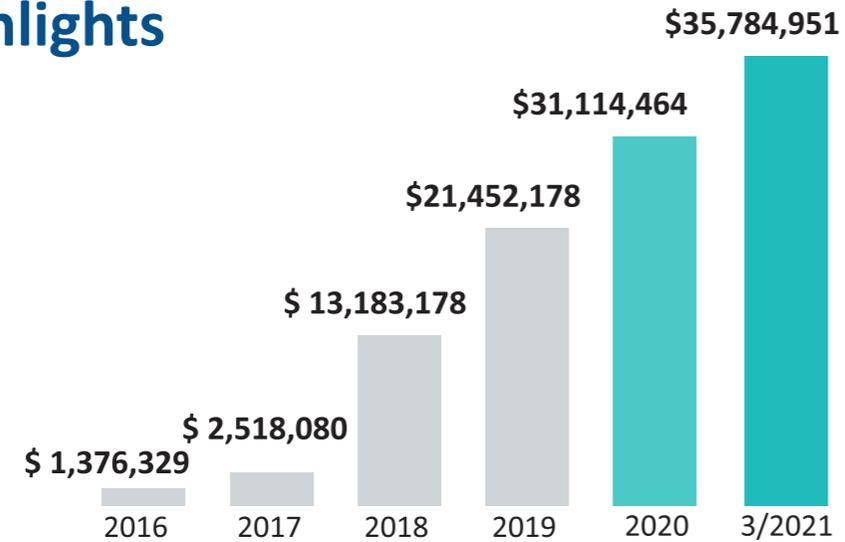
2020 Business Highlights



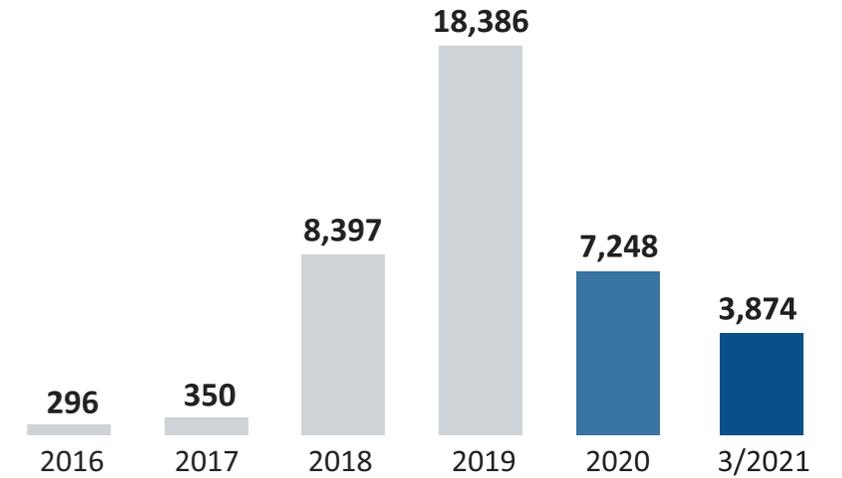
Performance Highlights



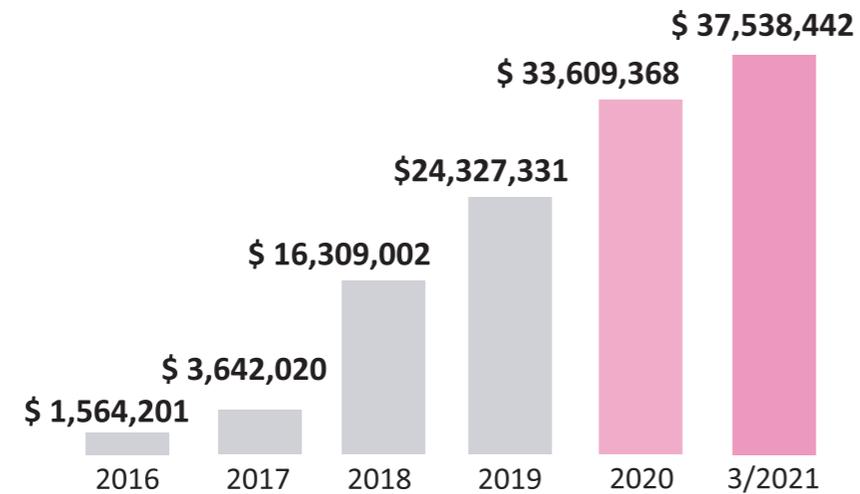
Loan Outstanding
(USD)



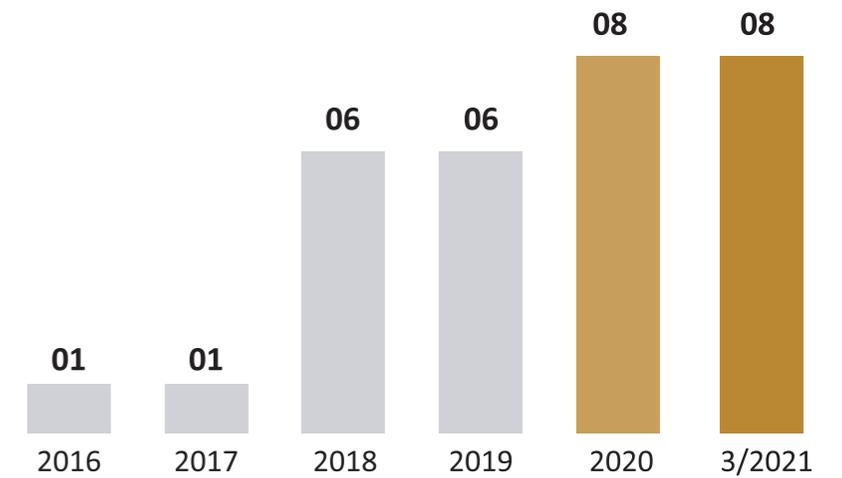
Number of Active Loan Accounts



Total Asset
(USD)



Number of Branches



Product Categories

កម្ចីចូរទៅ
 ផ្តល់លំហូរសាច់ប្រាក់ បត់បែនរហូតដល់

3 ម៉ូឌុល

- ចាប់ផ្តើមអាជីវកម្មថ្មី
- ពង្រីកអាជីវកម្ម
- ជួសជុលប្រាក់កម្ចី
- ជួសជុលប្រាក់បញ្ញើ
- ទិញដី
- ប្តូរគ្រួសារក្នុងគ្រួសារ

បង្កើនទិន្នផលខ្ពស់!!
ជាមួយកម្ចីកសិកម្ម

- ការចិញ្ចឹមសត្វ
- ទិញគ្រឿងចក្រកសិកម្ម
- ដំណាំដាំដុះផ្សេងៗ



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	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	Up to USD 15,000 or equivalent currencies
Loan term	Up to 60 months
Repayment Method	Declining, Annuity, Balloon, Semi-Balloon
Currency	KHR, USD

កម្មវិធីទាន់ចិត្ត

ត្រឹមតែ **2 ថ្ងៃ** ទទួលបានប្រាក់

\$ 10,000
ភ្លាមៗ



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 10,000 or equivalent currencies
Loan term	Up to 36 months
Repayment Method	Declining and Annuity
Currency	KHR, USD

មានយានយន្តផ្ទាល់ខ្លួន ជាកិត្តិស្រមៃ របស់អ្នកយូរហើយមែនទេ?

ស្នើសុំបង់រំលស់រហូតដល់ **90%** នៃតម្លៃយានយន្ត

កម្រិតការប្រាក់ 2 ថ្ងៃទីបញ្ចប់



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%.

Loan size	More than USD 1,500 to USD 50,000
Loan term	Up to 60 months
Repayment Method	Annuity
Currency	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 & loan purpose of clients
Repayment Method	Declining, Annuity, Balloon & Semi-Balloon
Currency	USD



Mobile Device Loan

To fulfil the thriving demand for mobile phone and electronic devices users, this product is launched with the collaboration between ChokChey and the mobile phone or electronics stores.

Loan size	Up to USD 500 or equivalent currencies
Loan term	From 06 to 12 months
Repayment Method	Annuity Method
Currency	KHR, USD

Branch Networks



1. Head Office & Stung MeanChey

#9-11 St.Veng sreng, Sangkat seung meanchey3
Khan meanchey, Phnom penh
Tel: 023 922 126 / 015 204 333

2. Sen Sok Branch

#P015, St. hanoi , Bayab Village, Sangkat Phnom Penh
Thmey, Khan Sen Sok, Phnom Penh
Tel: 023 922 126 / 015 367 333

3. Ta Khmau Branch

St.115, Prek Samrong 3 Village, Takhmao Commune,
Takhmao City, Kandal Province
Tel: 023 922 126 / 015 418 333

4. Thnal Totoeung Branch

National Road 4, Prey Kuy Village, Trapeangkong
Commune, Samrong Tong District, Kampong Speu
Province.
Tel: 023 922 126 / 015 462 333

5. Kampong Speu Branch

Ang Serei Village, Rokar Thom Commune, Chbar Morn
District, Kampong Speu Province.
Tel: 023 922 126 / 015 496 333

6. Cheung Prey Branch

Skun Village, Sotep Commune, Cheung Prey District,
Kampong Cham Province.
Tel: 023 922 126 / 015 329 333

7. Kong Pisei Branch

National Road 3, Krabei Tram Village, Chung Ruk
Commune, Kong Pisei District, Kampong Speu Province.
Tel: 023 922 126 / 015 209 333

8. Kampong Tralach Branch

Chrak Romiet Village, Chhouk Sor Commune, Kampong
Tralach District, Kampong Chhnang Province.
Tel: 023 922 126 / 015 842 333

Culture Activities



“ *Human Resource Workshop* ”



“ *Lady's Culture Day* ”



“ Top Management Workshop ”



“ Strategic Marketing and Creative Branding in Financial Institutions course ”



“ Business Plan 2021 Meeting ”



“ 2020 Cambodia Job Fair ”



“ **Donation for our Hero and People at Sangkat Stueng Meanchey 3** ”

Client Success Stories



Mrs. Y Chetra (Businessowner & Duck Farm Owner)

Mrs. Y Chetra said, “Choosing to use ChokChey loan services was one of my right decisions so far. The service is faster than expectation and the Credit Officer is very well-trained. Significantly, during this Covid-19 pandemic, the staff always visits me to provide financial advice which making me feel very warm about the service”.

In her smiling face, 29-year-old, Mrs. Chetra described the success of her business journey after receiving a loan. Having a caring husband, a son and a daughter, the family are currently living in Boeung Chroy village, Sotin commune, Boeung Chroy district, Kampong Cham province.

At the beginning stage of her business, she was just selling vegetable, fish, and meat at her home in Kampong Cham province, while her husband was a fisherman. By understanding more about local demand and market, Mrs. Chetra decided to borrow 16,000,000 Riels from Chok Chey to expand her business to open a duck farm.

With her hard work, the duck farm has now been growing big and raising about 1,300 ducks. On average, she can collect about 900 eggs per day.

For future goals, she plans to apply for additional loans to invest in electrical appliances and rice.



Mr. Mey Chhoeurn (Farmer)

“ It seems unplan, but when I was having a conversation with ChokChey’s staff I eventually wanted to buy more land for farming, so I decided to apply for a loan. As my wish, after expanding my farmland, my income keeps increasing ” said Mr. Mey Chhoeurn.

A beautiful house on the territory of Pdao Chum Lech village, Cheung Prey district, Kampong Cham province owned by Mr. Mey Chhoeurn, 49 years old, with his wife, 2 sons, and 4 daughters. Since the past twenty years, Mr. Chhoeurn and his wife have been making a living by cultivating dry and wet rice on 02 hectares of land.

Before he decided to use the loan service, he earned an average of about 15 million riel annually from dry and wet farming, which after paying the expenses can have the profit about half of the total income.

By seeing the increase in family expenses, the couple tried to figure out a way to increase their source of income, and at the same time received news that their neighbor was trying to sell 01 hectare of land and was introduced to ChokChey’s loan services. Consequently, they decided to borrow \$ 3,000 under 3 years loan term from ChokChey and use some of their savings to purchase that land.

After expanding his farm to 03 hectares, he noticed that his family’s income has been doubled, which improved his family’s livelihood, and he is able to continue to support his family under no circumstance.

In the upcoming years, Mr. Chhoeurn and his wife plan increase their income by raising the livestock and it should be noted that he and his family will continue to use and introduce ChokChey’s loan service to their siblings, especially his eldest son who wish to build a new house.

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 2020 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, 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 6 to 32.

The directors do not recommend the payment of any dividends during the year.

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 Appointment
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 31 December 2020 and for the year then ended 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, none of the directors have any Interest nor deemed interest in the shares of the Company during the year.

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, except those disclosed in the notes to the financial statements.

Board of Directors’ responsibility in respect of the financial statements

The Board of Directors is responsible for ensuring that the financial statements are properly drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020, 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 Standard for Small and Medium-sized Entities 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 statements of financial position, comprehensive income, changes in equity and cash flows, together with the notes thereto, have been properly drawn up and give a true and fair view of the financial position of the Company as at 31 December 2020, 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 and guidelines of the National Bank of Cambodia.

On behalf of the Board of Directors:



Mr. Cheon Gil Park

Director and Chief Executive Officer

Phnom Penh, Kingdom of Cambodia

30 April 2021

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 2020, 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 2020, 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.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together with 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 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 audit or otherwise appears to be materially misstated.

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

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

Responsibilities of the 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 CISA's 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 CISA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 (CAMBODIA) LIMITED



Certified Public Accountants
Registered Auditors



Ronald C. Almera
Partner -Audit and assurance

Phnom Penh, Kingdom of Cambodia
30 April 2021

Statement of Financial Position

	31 December 2020		31 December 2019	
	USD	KHR'000	USD	KHR'000
Assets				
Cash on hand	55,616	224,967	55,238	225,095
Deposits and placements with the National Bank of Cambodia	178,047	720,200	177,171	721,972
Deposits and placements with other banks	1,360,229	5,502,126	2,037,398	8,302,397
Loans to customers, net	31,226,490	126,311,152	21,537,491	87,765,276
Other assets	128,971	521,688	56,765	231,317
Property and equipment	416,154	1,683,343	360,690	1,469,812
Intangible assets	243,861	986,418	102,578	418,005
Total assets	33,609,368	135,949,894	24,327,331	99,133,874

Equity

Share capital	3,500,000	14,063,000	3,500,000	14,063,000
Retained earnings/(accumulated losses)	303,101	1,247,858	(222,779)	(896,155)
Regulatory reserves	249,734	1,007,395	388,574	1,573,446
Cumulative translation reserves	-	75,465	-	197,825
Total equity	4,052,835	16,393,718	3,665,795	14,938,116

Liabilities

Trade and other payables	283,926	1,148,481	387,459	1,578,895
Short-term borrowings	13,742,095	55,586,774	6,742,380	27,475,197
Long-term borrowings	15,500,000	62,697,500	13,500,000	55,012,500
Income tax payable	30,512	123,421	31,697	129,165
Total liabilities	29,556,533	119,556,176	20,661,536	84,195,757
Total equity and liabilities	33,609,368	135,949,894	24,327,331	99,133,874

Statement of Comprehensive Income

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
Interest income	4,259,480	17,365,900	3,439,979	13,938,794
Interest expense	(1,282,390)	(5,228,304)	(952,486)	(3,859,473)
Net interest income	2,977,090	12,137,596	2,487,493	10,079,321
Other operating income	66,891	272,715	55,878	226,418
General and administrative expenses	(2,473,764)	(10,085,536)	(1,869,939)	(7,576,993)
(Provision for)/reversal of allowance for bad and doubtful loans - net	(69,505)	(283,372)	23,438	94,971
Profit before income tax	500,712	2,041,403	696,870	2,823,717
Income tax expense	(113,672)	(463,441)	(67,296)	(272,683)
Profit for the year	387,040	1,577,962	629,574	2,551,034
Other comprehensive (loss)/income currency translation difference	-	(122,360)	-	187,547
Total comprehensive income for the year	387,040	1,455,602	629,574	2,738,581

Statement of Changes in Equity

	Share capital		Capital reserve		Retained earnings		Regulatory reserve		Cumulative translation reserves	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
As at 1 January 2020	3,500,000	14,063,000	-	-	(222,779)	(896,155)	388,574	1,573,446	197,825	3,665,795	14,938,116
Profit for the year	-	-	-	-	387,040	1,577,962	-	-	-	387,040	1,577,962
Transfer to regulatory reserve	-	-	-	-	138,840	566,051	(138,840)	(566,051)	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	(122,360)	-	(122,360)
Balance as at 31 December 2020	3,500,000	14,063,000	-	-	303,101	1,247,858	249,734	1,007,395	75,465	4,052,835	16,393,718

	Share capital		Capital reserve		Accumulated losses		Regulatory reserve		Cumulative translation reserves	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
As 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
Additional contribution during the year	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 to regulatory reserve	-	-	-	-	(237,733)	(963,294)	237,733	963,294	-	-	-
Currency translation differences	-	-	-	-	-	-	-	-	187,574	-	187,574
Balance as 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

Statement of Cash Flows

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	USD	KHR'000	USD	KHR'000
Operating activities				
Profit before income tax	500,712	2,041,403	696,870	2,823,717
Adjustments for :				
Depreciation of property and equipment	143,707	585,893	72,541	293,936
Amortization of the intangible assets	15,797	64,404	3,459	14,016
Reversal of/(provision for) allowance for bad and doubtful loans - net	69,505	283,372	(23,438)	(94,971)
Operating profit/(loss) before working capital changes	729,721	2,975,072	749,432	3,036,698
Changes in :				
Capital guarantee deposit	-	-	(100,000)	(405,200)
Term deposit	1,400,000	5,707,800	(1,400,000)	(5,672,800)
Loans to customers	(9,758,504)	(39,785,421)	(8,243,762)	(33,403,723)
Other assets	(67,040)	(273,322)	(40,517)	(164,175)
Other liabilities	(117,309)	(478,269)	114,678	464,675
Cash used in operating activities	(7,813,132)	(31,854,140)	(8,920,169)	(36,144,525)
Income tax paid	(114,857)	(468,272)	(35,599)	(144,247)
Net cash used in operating activities	(7,927,989)	(32,322,412)	(8,955,768)	(36,288,772)

Investing activities

Purchase of property and equipment	(199,171)	(812,020)	(252,674)	(1,023,835)
Purchase of intangible assets	(157,080)	(640,415)	(79,035)	(320,250)
Net cash used in investing activities	(356,251)	(1,452,435)	(331,709)	(1,344,085)

Financing activities

Proceeds from borrowings	12,258,325	49,977,191	8,247,546	33,419,056
Payments of borrowings	(3,250,000)	(13,250,250)	(1,000,000)	(4,052,000)
Net cash from financing activities	9,008,325	36,726,941	7,247,546	29,367,056

Net change in cash and cash equivalents

Cash and cash equivalents, 1 January	694,807	2,831,339	2,734,738	10,988,177
Currency translation differences	-	(44,015)	-	108,963
Cash and cash equivalents, 31 December	1,418,892	5,739,418	694,807	2,831,339

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