



CHOKCHEY FINANCE

The Best Winning Solution



Annual Report 2021





CONTENTS

MESSAGE FROM CHAIRMAN.....	2
CEO'S MESSAGE.....	4
ABOUT CHOKCHEY	
• ChokChey at a Glance.....	7
• Shareholders.....	8
• Vision, Mission, Philosophy & Culture.....	10
• Organizational Structure	12
• Board of Director's Profile.....	14
• Management's Profile	15
• Funding and Business Partners.....	20
2021 BUSINESS HIGHLIGHTS	
• Performance Highlight	23
• Loan Products.....	25
• Branch Networks.....	30
• Cultural Activities in 2021.....	34
• Client Success Stories.....	40
FINANCIAL REPORT	
• Report of the Board of Directors.....	43
• Independent Auditor's Report.....	46
• Statement of Financial Position.....	51
• Statement of Comprehensive Income.....	53
• Statement of Changes in Equity.....	54
• Statement of Cash Flows.....	56

MESSAGE FROM CHAIRMAN



Mr. Choi, Moon Kyu
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 five 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.

2021 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 rebounded to an estimated 3% in 2021 after a sharp contraction of 3.1% in 2020, and through the government support and external environment, we believe that the economy will grow at 5.6% in 2022 according to the Ministry of Economy and Finance.

OUTLOOK & STRATEGY FOR 2022

Based on the positive analysis from Asian Development Outlook, Cambodia’s economy is forecasted to grow 5.3% in 2022 and 6.5% in 2023, thanks to strong merchandise exports and foreign direct investment inflows. Industry output is expected to grow by 8.1% in 2022 and 9.1% in 2023. This growth will also be buoyed by the implementation of the Garments, Footwear, and Travel Goods Development Strategy to raise competitiveness in this segment. Goods and services exports are forecast to grow in 2022 and 2023 on strong external demand for Cambodian products supported by a recovery in tourism services. The services sector is projected to rebound to 4.8% this year, rising to 6.8% in 2023.

To get ready to drive the economic growth in 2022, ChokChey determines 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. Choi, Moon Kyu
Chairman

CEO'S MESSAGE

The accomplishments for these robust 6 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 2021, ChokChey employed 249 highly potential human resources at Headquarter and 09 Operating Branches with a 43 million dollars loan outstanding with 5,206 clients.

Even though the Covid-19 outbreak has given some impacts in 2021, 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 21.2 percent to \$45.7 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.



Mr. Park, Cheol Gil
Chief Executive Officer

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 5.6% in 2022.

“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 2022, 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!

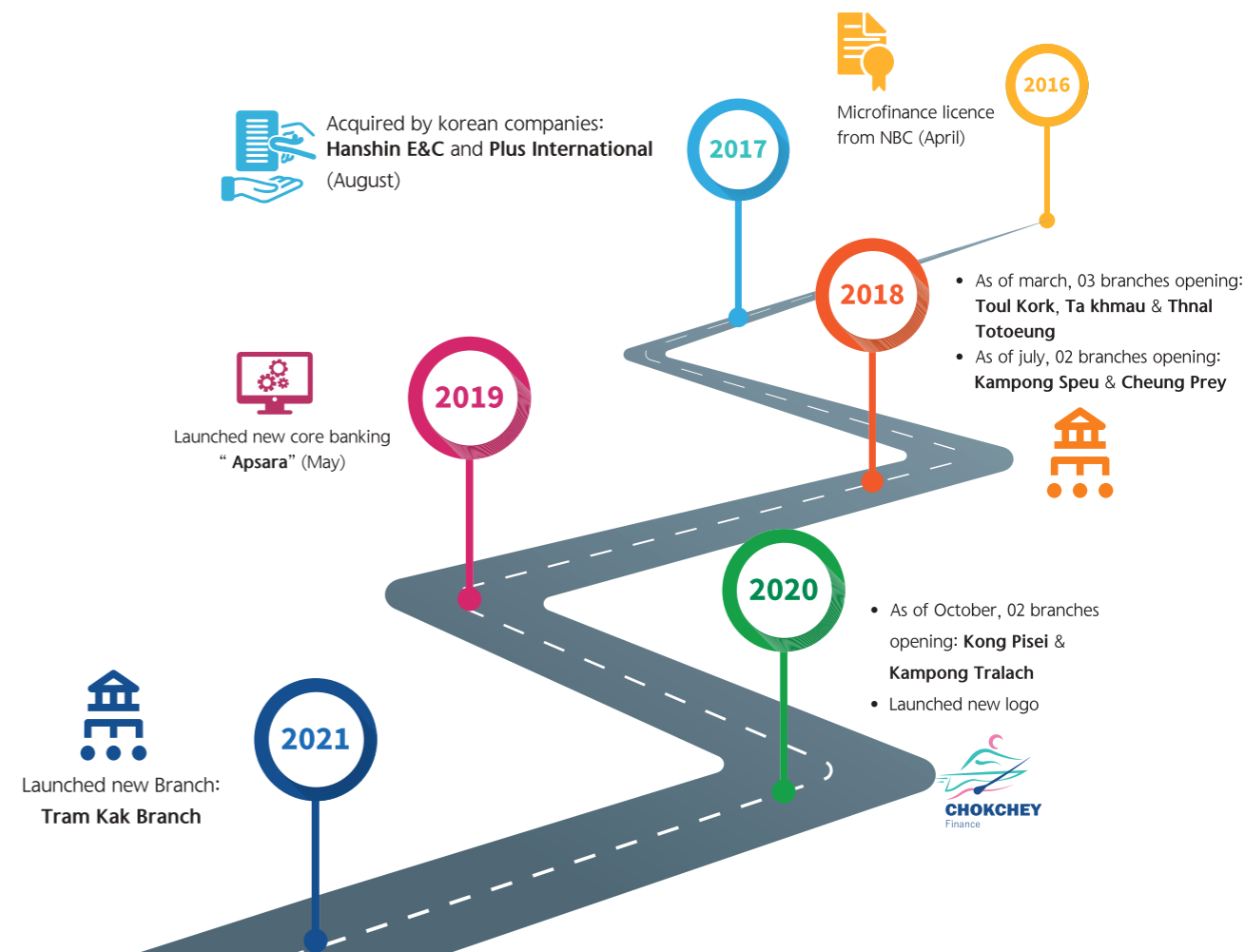
A handwritten signature in blue ink, appearing to be 'A. Park', written over a white background.

Mr. Park, Cheol Gil
Chief Executive Officer

ABOUT CHOKCHEY



CHOKCHEY AT A GLANCE



OUR SHAREHOLDERS



Hanshin E&C Co.,Ltd

51%



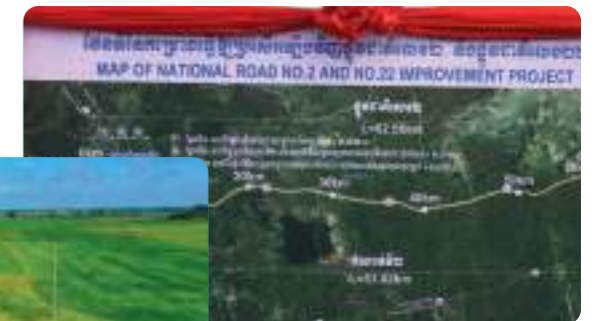
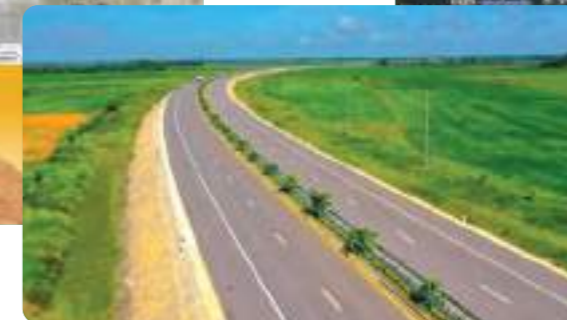
Plus International Co.,Ltd

49%

Mega Constructions of Hanshin E&C in 2021



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.

”

“

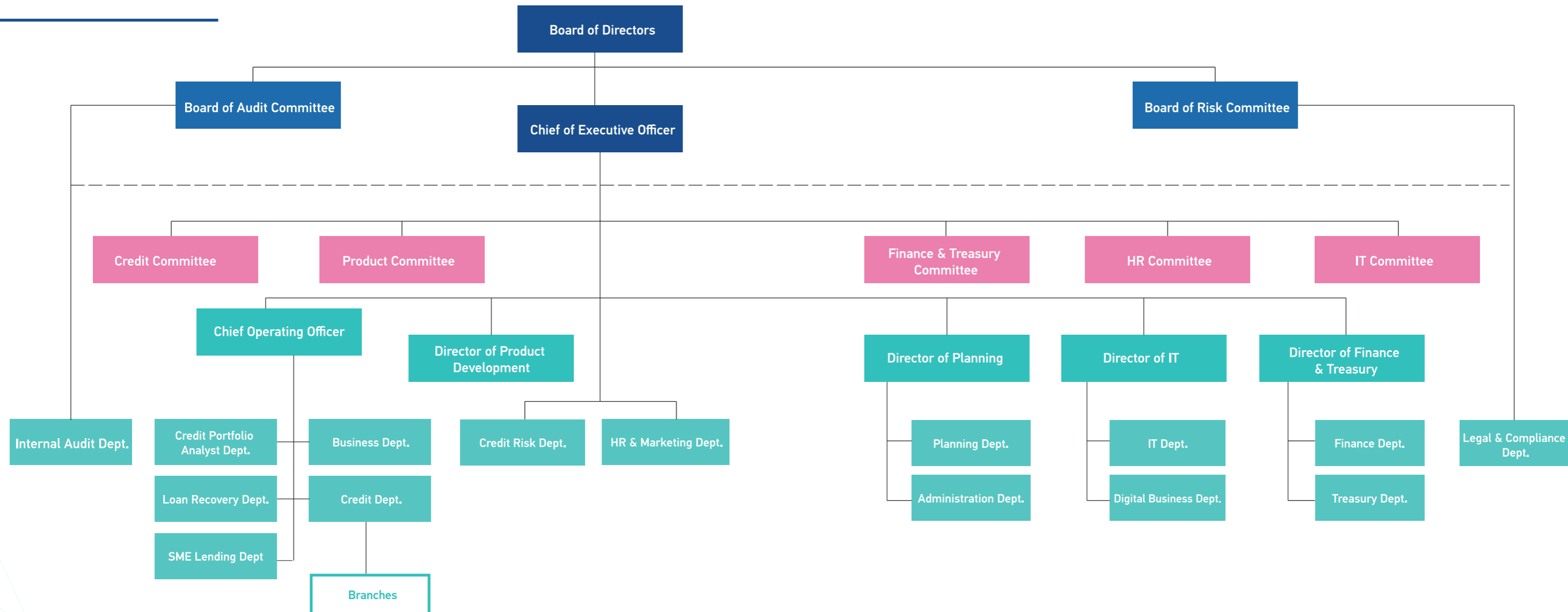


PHILOSOPHY

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



Mr. Kim, Jung Hoon
Independent Director

- Current Director of Finance of Hanshin E&C
- HYUNDAI Marine & Fire Insurance
- Graduated in Business from Sogang University, Seoul, Korea



Mr. Park, Cheon Gil
Director & CEO

- 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
- Business – Sogang University(1998), Seoul Korea
- UC Berkeley Extension Marketing(2004), California, USA
- MBA – YONSEI University(2011), Seoul Korea

MANAGEMENT'S PROFILE



Mr. Cheng Bunthoeun
Chief Operation Officer

- 13 years experienced in Financial Sector
- Started 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 Bachelor's Degree in Economics of Development in 2007 and Master's degree of Public Administration in 2016



Mr. Kim Keongu
Director of Planning

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



Mr. Ham Samnang
Director of IT and Product Development

- Joined Chokchey Finance Plc. in 2019 as Deputy Head of Information Technology
- 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 Rathanak

Head of Operation I Dept.

- 12 year experience in Credit Operators and Microfinance Institutions developing from a Credit Officer to Team Leader and Branch Manager, to Credit Risk Unit Manager at Chok Chey Finance
- Holds Bachelor's Degree majoring in Rural Development in 2011



Mr. On Seng Troeu

Head of Internal Audit Dept.

- Joined Chokchey Finance Plc in June 2019 as an Internal Audit Unit Manager
- 10 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 in 2016



Ms. Phay Chantha

Head of Legal and Compliance Dept.

- 10 years experiences in various field of law such as Legal Officer, Part-time lecturer in law, Senior Legal Advisor for Legal firm, Senior Legal Advisor for Banking, and Manager, Legal & Compliance for telecommunication company
- Hold Master Degree of Economics Cooperation Law from Jean Moulin- Lyon 3 University
- Bachelor's Degree of French Private Law from Lumiere Lyon 2 University and Cambodian Law from Royal University of Law and Economics



Mr. Phay Sokchea

Head of Credit Risk Management Dept.

- 13 years in Financial Sector
- Starting his career from Credit Officer, Internal Control Officer, Internal Audit Officer, Senior Internal Audit Officer, Internal Audit Supervisor, Deputy Head of Internal Audit to Head of Internal Audit
- Holds a Master's Degree in Finance in 2021



Mr. Mon Raksmeay

Head of Property Management Dept.

- 10 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 in 2019



Mr. Doung Satya

Head of Business and Operation II Dept.

- 12 years in Financial Sector
- 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
- Holding a Master's Degree in Business in 2013



Mrs. Pech Soriya
Head of Finance Dept.

- Joined Chokchey Finance Plc. in June 2018 as an Accounting Support Unit Manager
- 9 years in Microfinance Sector
- Starting her careers from Teller, Chief Accountant to Accounting Support Officer
- Holding a Bachelor's Degree in Accounting in 2012
- Pursuing Master's Degree in Finance



Mr. Noa Kimlay
Deputy Head of Planning

- Joined ChokChey Finance Plc in April 2020 as Treasury Unit Manager
- 11 years with Prasac MDI as Credit Officer for 4 years, Senior Financial Control for 4 years and Senior Regulatory Reporting for 2 years
- Doing ACCA at CamEd Business School
- Bachelor's Degree in Finance & Banking in 2010



Mr. Chhou Sokleap
Deputy Head of Loan Recovery Dept.

- 12 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
- Holds a Bachelor's Degree in Banking & Finance



Mr. Ret Horng
Deputy Head of Operation II

- 10 years in Financial Sector
- Starting career from Credit Officer, Chief Credit Officer, Branch Manager, Regional Manager, Deputy Head Operation
- Holds a Master's Degree in Business in 2019



Mr. Duong Miker
Deputy Head of Human Resource

- More than 7 years experience in HR Management and from various industries like IT solutions, Telecommunication, Retail and Real Estate
- Career starts from Assistant HR to HR Manager to handle on HR & Admin Department
- Holding a Bachelor's Degree in English of Arts for Teaching in 2013

FUNDING



WE'RE PROUD TO BE A MEMBER OF



BUSINESS PARTNERS



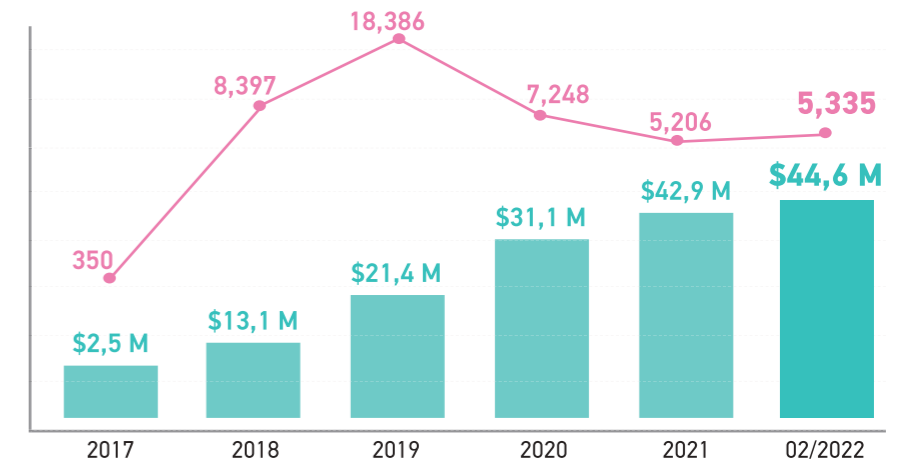
2021 BUSINESS HIGHLIGHTS

PERFORMANCE HIGHLIGHTS

 Active Loan Accounts

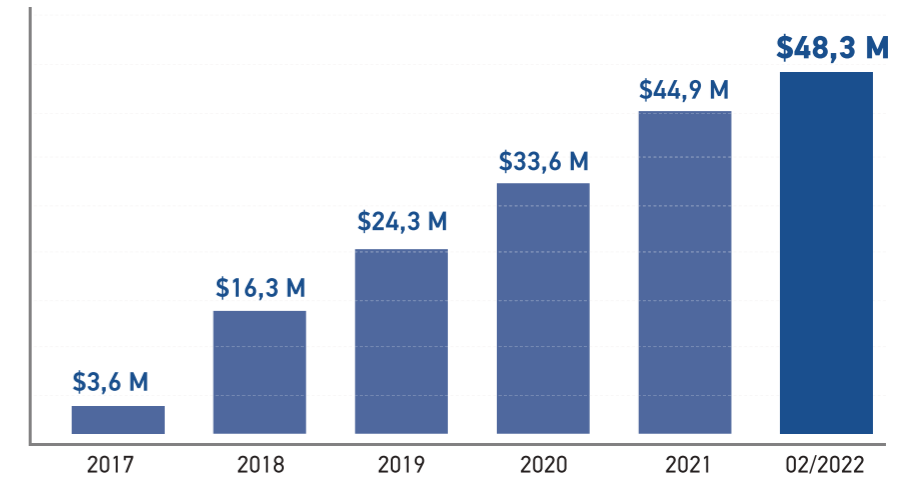
 Loan Outstanding
(USD)

(As of Feb 2022)



 Total Asset
(USD)

(As of Feb 2022)



“ ChokChey Finance has great pleasure and honor to receive the “Gold” type of Tax Compliance from the General Department of Taxation, which is effective for 02 fiscal years 2020 to 2021. ”



LOAN PRODUCTS

General Loan

This General Loan was designed to support the cash flow of any household expenses or any type of investment. It can be used for buying land, renovating a house, running or expanding a business, and mandatory expenses for beloved family.



Loan Size	Greater than 10,000 USD to 30,000 USD
Loan Term	Up to 72 months
Currency	KHR, USD
Repayment Method	Annuity, Declining, Negotiate, Semi-Balloon

Agriculture Loan

The purpose of this loan is to provide capital (loan) to clients to invest in seeds, plants, heavy agricultural equipment or buy land for any agricultural activity.

Loan Size	Up to 30,000 USD
Loan Term	Up to 72 months
Currency	KHR, USD
Repayment Method	Annuity, Declining, Semi-Balloon, Balloon



Speed Loan

This loan is 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 10,000 USD
Loan Term	Up to 60 months
Currency	KHR, USD
Repayment Method	Annuity, Declining



Auto Loan

This loan product was designed to bring a comfortable life for our citizen, this product is designed to help fund the purchase of vehicles that fit their lifestyle.



Loan Size	From 500 USD to 100,000 USD
Loan Term	Up to 84 months
Currency	KHR, USD
Repayment Method	Annuity

SME Loan

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

Loan Size	Greater than 30,000 USD to 150,000 USD
Loan Term	Up to 120 months based on repayment capacity and loan purpose of clients
Currency	KHR, USD
Repayment Method	Annuity, Declining, Negotiate



Group Loan

This community-based loan product is developed to target small business owners, garment factory workers, civil servants, regular income earners, and farmers with seasonal income.



Loan Size	Up to 8,000,000 KHR for 1 member
Loan Term	From 6 months to 36 months
Currency	KHR
Repayment Method	Balloon, Semi-Balloon, Declining

Vehicle ID Loan

This loan product is designed to provide loans to clients that can simply just pledge their vehicle ID as collateral for getting the loan.

Loan Size	From 250 USD to 30,000 USD
Loan Term	From 6 months to 60 months
Currency	KHR, USD
Repayment Method	Annuity



Mobile Device Loan

This loan product was designed to facilitate clients who financially lack to purchase a mobile phone to use.



Loan Size	Up to 1,000 USD or equivalent in currency
Loan Term	From 6 months to 24 months
Currency	KHR, USD
Repayment Method	Annuity

Emergency Loan

The loan is also designed to help clients who need money immediately or urgently to cover unexpected expenses in the event of emergency.

Loan Size	From 100 USD to 5,000 USD
Loan Term	From 6 months to 24 months
Currency	KHR, USD
Repayment Method	Annuity, Declining



Revolving Loan

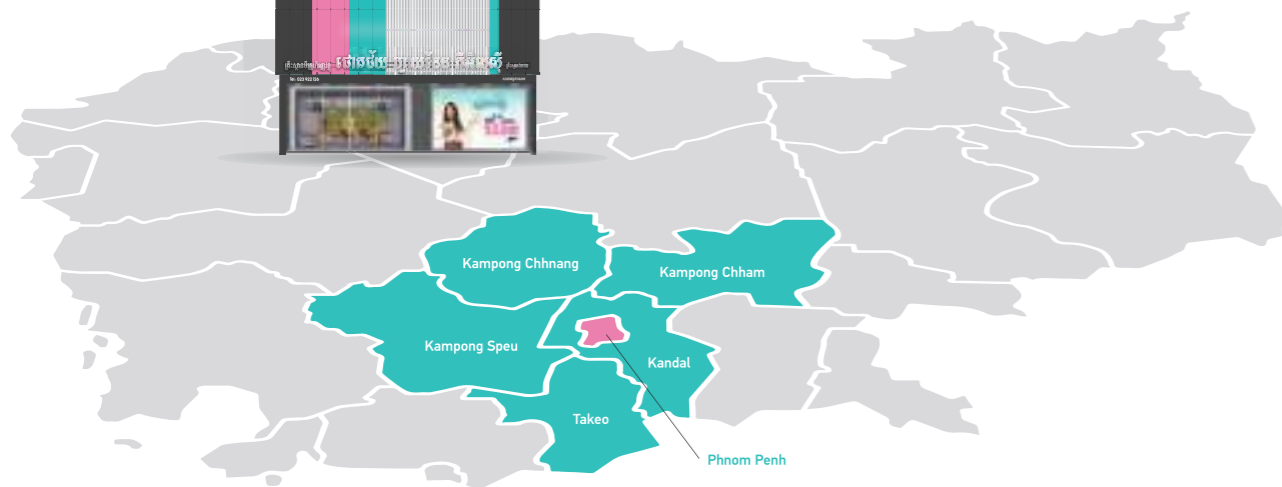
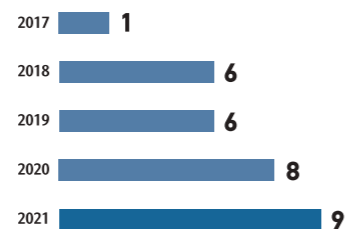
Revolving Loan is a type of loan product that clients can withdraw up to the limited amount and term specified in the loan agreement with the loan terms in a short period of time.



Loan Size	From 5,000 USD to 250,000 USD
Loan Term	Up to 60 months
Currency	KHR, USD
Repayment Method	Annuity, Semi-Balloon (Negotiate) Decline

BRANCH NETWORKS

Number of Branches



1. Head Quarter & Stueng Mean Chey Branch

N° 9-11, Veng Sreng Street, Damnak Thum 5 Village, Sangkat Stueng Mean Chey 3, Khan Mean Chey, Phnom Penh

Tel: 023 922 126 / 015 247 333



3. Saensokh Branch

N° P015, Phnom Penh-Hanoi Blvd. (1019), Phum Bayab, Sangkat Phnom Penh Thmei, Khan Saensokh Phnom Penh.

Tel: 023 922 126 / 015 458 333



2. Krong Ta Khmau Branch

St. N° 115, Prek Samraong 3 Village, Sangkat Ta Khmau, Krong Ta khmau City, Kandal Province.

Tel: 023 922 126 / 015 418 333



4. Thnal Totoeung Branch

National Road N° 4, Prey Kuy Village, Trapeang Korng Commune, Samraong Tong District, Kampong Speu Province.

Tel: 023 922 126 / 015 462 333



5. Kampong Speu Branch

Angk Serei Village, Sangkat Rokar Thum, Krong Chbar Mon, Kampong Speu Province
Tel: 023 922 126 / 015 496 333



7. Kong Pisei Branch

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



9. Tram Kak Branch

National Road N° 3, Angk Ta Saom Village, Angk Ta Saom Commune, Tram Kak District, Takeo Province.
Tel: 023 922 126 / 015 214 333



6. Cheung Prey Branch

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



8. Kampong Tralach Branch

National Road N° 5, Chrak Romiet Village, Chhuk Sa Commune, Kampong Tralach District, Kampong Chhnang Province.
Tel: 023 922 126 / 015 842 333

CULTURAL ACTIVITIES IN 2021



“ Grand Opening – TramKork Branch ”

“ ChokChey Finance Plc. partners with Boncafe (Cambodia) Ltd. ”





“ Workshop on Result-Based Performance in 2021 and Strategic Plan for 2022”

“ Management trip for congratulating on achieving \$40 million loan outstanding ”



“ Team Building – ChokChey Football Cup 2021 ”



“ Donation for our Hero and People at Sangkat Stueng Mean Chey 3 ”

CLIENT SUCCESS STORIES



Mr. SORN Reahou
(Tractor & Harvesting Machine Owner)

“In friendly and confident smile, Mr. SORN Rehou said, “Using ChokChey loan was such a life-changing decision, with this financial support I and my family could raise our living standard to the next level.”

With fair skin and decent height, Mr. Rehou, in his 36, told us his business success journey with ChokChey loan. Nowadays, He is living happily together with his wife and his little son, 7 months old, in Royeas commune, Chhean Loeung village, Samaki Meanchey district, Kampong Chhnang province.

Prior to his recent success, he was a tractor driver who could earn around 1 million riels a month. By seeing the good business opportunity from working for his employer with good consultation service from our ChokChey credit officer, he decided to borrow 50 thousand US dollars to start his own business with a tractor and a plot of land for selling some tractor spare parts.

With his dedication, hardworking, and local market demand, he has taken additional loan from ChokChey to expand his business by purchasing another harvesting machine which could bring in total around 5 thousand US dollars a month.

In the future, he plans to further expand his business with construction materials as well as buying another bulldozer. With reasonable terms and conditions, he does not hesitate to introduce ChokChey loans to his relatives and his neighbors who are in need.



Mrs. SONG Sreymom
(Tailor & Pig Farm Owner)

“A few years earlier, there were a group of ChokChey credit officers came to promote about their products in my village. At first, I didn’t decide to apply for a loan, however I took it after they came to promote for second time when I got the idea of expanding my tailor business as well as raising pigs. I had the right decision, my income keep increasing after that.” said Ms. SONG Sreymom with smile on her face.

Living in Tang Khley commune, Svay Chhuk village, Samaki Meanchey district, Kampong Chhnang province, Ms. Song Sreymom, 40 years old, with her husband and her two daughters, are having a busy and fruitful life with her tailor and pig farm business.

She has started her tailor business since 1990s, and before she decided to use the loan service, she could earn only around 1 to 2 million riels a month from her 2 tailor machines and a few pigs raising.

Initially in the first cycle, she applied for 40 million riels loan, however after seeing the potential of her investment for some times she has applied for another

loan in the amount of 100 million riels under 6 years loan term from ChokChey. Nowadays, she has 5 tailor machines with around 60 pigs in her farm which could generate 4 to 5 million riels income monthly.

In the coming years, she plans to not only scale up her pig farm business but also expanding her tailor business by purchasing a complete set of the machines to be used in order to efficiently fulfill the demands of her customers. Furthermore, she is willing to refer ChokChey to any of her connection when needed because of the friendliness and helpfulness of ChokChey staff.

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 2021 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 51 to 57.

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 2021 and for the year then ended have been audited by the accounting firm of 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 2021, 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 2021, 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 2022

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 2021, 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 2021, 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 finance 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 on 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 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.



Ng Yee Zent

Partner -Audit and assurance

Phnom Penh, Kingdom of Cambodia
30 April 2022

STATEMENT OF FINANCIAL POSITION

	31 December 2021		31 December 2020	
	USD	KHR'000	USD	KHR'000
Assets				
Cash on hand	73,577	299,753	55,616	224,967
Deposits and placements with the National Bank of Cambodia	277,552	1,130,747	178,047	720,200
Deposits and placements with other banks	698,694	2,846,479	1,360,229	5,502,126
Loans to customers	43,078,426	175,501,508	31,226,490	126,311,152
Other assets	179,802	732,513	128,971	521,688
Property and equipment	419,629	1,709,569	416,154	1,683,343
Intangible assets	216,845	883,427	243,861	986,418
Total assets	44,944,525	183,103,996	33,609,368	135,949,894

Equity				
Share capital	5,500,000	22,199,000	3,500,000	14,063,000
Regulatory reserves	487,464	1,974,481	249,734	1,007,395
Retained earnings	1,018,876	4,159,632	303,101	1,247,858
Cumulative translation reserves	-	210,718	-	75,465
Total equity	7,006,340	28,543,831	4,052,835	16,393,718
Liabilities				
Trade and other payables	485,490	1,977,886	283,926	1,148,481
Short-term borrowings	15,726,815	64,071,044	13,742,095	55,586,774
Long-term borrowings	21,519,146	87,669,001	15,500,000	62,697,500
Income tax payable	206,734	842,234	30,512	123,421
Total liabilities	37,938,185	154,560,165	29,556,533	119,556,176
Total equity and liabilities	44,944,525	183,103,996	33,609,368	135,949,894

STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000	USD	KHR'000
Interest income	6,165,862	25,082,727	4,259,480	17,365,900
Interest expense	(1,773,305)	(7,213,805)	(1,282,390)	(5,228,304)
Net interest income	4,392,557	17,868,922	2,977,090	12,137,596
Other operating income	88,879	361,560	66,891	272,715
General and administrative expenses	(3,250,580)	(13,223,359)	(2,473,764)	(10,085,536)
Provision of allowance for bad and doubtful loans - net	(13,109)	(53,327)	(69,505)	(283,372)
Profit before income tax	1,217,747	4,953,796	500,712	2,041,403
Income tax expense	(264,242)	(1,074,936)	(113,672)	(463,441)
Profit for the year	953,505	3,878,860	387,040	1,577,962
Other comprehensive income/(loss)- Currency translation differences	-	135,253	-	(122,360)
Total comprehensive income for the year	953,505	4,114,113	387,040	1,455,602

STATEMENT OF CHANGES IN EQUITY

	Share capital		Regulatory reserve		Retained earnings		Cumulative translation reserves	Total equity	
	USD	KHR'000	USD	KHR'000	USD	KHR'000	KHR'000	USD	KHR'000
As at 1 January 2021	3,500,000	14,063,000	249,734	1,007,395	303,101	1,247,858	75,465	4,052,835	16,393,718
Additional capital contribution	2,000,000	8,136,000	-	-	-	-	-	2,000,000	8,136,000
Profit for the year	-	-	-	-	953,505	3,878,860	-	953,505	3,878,860
Transfer to regulatory reserve	-	-	237,730	967,086	(237,730)	(967,086)	-	-	-
Currency translation differences	-	-	-	-	-	-	135,253	-	135,253
Balance as at 31 December 2021	5,500,000	22,199,000	487,464	1,974,481	1,018,876	4,159,632	210,718	7,006,340	28,543,831
As at 1 January 2020	3,500,000	14,063,000	388,574	1,573,446	(222,779)	(896,155)	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	249,734	1,007,395	303,101	1,247,858	75,465	4,052,835	16,393,718

STATEMENT OF CASH FLOWS

	For the year ended 31 December 2021		For the year ended 31 December 2020	
	USD	KHR'000	USD	KHR'000
Operating activities				
Profit before income tax	1,217,747	4,953,796	500,712	2,041,403
Adjustments for :				
Depreciation of property and equipment	159,106	647,243	143,707	585,893
Amortisation of the intangible assets	27,016	109,901	15,797	64,404
Provision for allowance for bad and doubtful loans – net	13,109	53,327	69,505	283,372
Property and equipment written off	335	1,363	-	-
Operating profit before working capital changes	1,417,313	5,765,630	729,721	2,975,072
Changes in :				
Capital guarantee deposit	(100,000)	(406,800)	-	-
Term deposit	-	-	1,400,000	5,707,800
Loans to customers	(11,865,045)	(48,267,003)	(9,758,504)	(39,785,421)
Other assets	(66,111)	(268,940)	(67,040)	(273,322)
Other liabilities	201,564	819,962	(117,309)	(478,269)
Cash used in operating activities	(10,412,279)	(42,357,151)	(7,813,132)	(31,854,140)
Income tax paid	(88,020)	(358,065)	(114,857)	(468,272)
Net cash used in operating activities	(10,500,299)	(42,715,216)	(7,927,989)	(32,322,412)

Investing activities

Purchase of property and equipment	(162,916)	(662,742)	(199,171)	(812,020)
Purchase of intangible assets	-	-	(157,080)	(640,415)
Net cash used in investing activities	(162,916)	(662,742)	(356,251)	(1,452,435)

Financing activities

Proceeds from borrowings	8,919,146	36,283,086	12,258,325	49,977,191
Additional capital contribution	1,100,000	4,474,800	-	-
Payments of borrowings	-	-	(3,250,000)	(13,250,250)
Net cash from financing activities	10,019,146	40,757,886	9,008,325	36,726,941

Net change in cash and cash equivalents	(644,069)	(2,620,072)	724,085	2,952,094
Cash and cash equivalents, 1 January	1,418,892	5,772,053	694,807	2,831,339
Currency translation differences	-	4,648	-	(44,015)
Cash and cash equivalents, 31 December	774,823	3,156,629	1,418,892	5,739,418

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