



လီ ဟာ့ လီဆိဇ် ဂီစီလီ  
LY HOUR LEASING PLC

The Leasing Center

# ANNUAL REPORT 2020



# Contents

Message From The Chairman	3
Message From The CEO	4
Executive Summary	5
Vision, Mission & Core Values	6
Financial Highlights	7
Corporate Governance	8
Risk Management	12
Corporate Social Responsibility	44

# Annual Report 2020



“ I am delighted that our great efforts of the management team and all employees is what we expected from the beginning of the year and as the result Ly Hour Leasing continues to go from strength to strength. ”

## MESSAGE FROM THE CHAIRMAN

Ly Hour Leasing is a successful company that grows in size and quality. The company is well managing, has a strong loan policy and a well-diversified client base, all of which we believe makes us well-positioned to take advantage of future business growth opportunities.

Ly Hour Leasing applies the highest ethical standards to the management of its business. Our principles are shaped by a series of codes and charters which form the ethical backbone of its management practices.

Ly Hour Leasing strives to be the best service provider nationwide through strong support from all of its relevant parties as well as its endeavor's. Helping to build thriving communities wherever we operate is a vital part of the way we work. We believe in developing the local economy by providing assistance to the ones who really need professional financial lease to improve their living standard and also for business support.

Ly Hour Leasing's achievements would of course not have been possible without the ongoing hard work, diligence and commitment of our excellent employees. We remain wholeheartedly committed to ongoing investment in training and developing our people so we ensure that they are clear in their roles, have structured career progression, and enjoy their work, offering industry-leading employment.

I take this opportunity to thank Mrs. SAN Somany , Chief Executive Officer, management team and all staff in Ly Hour Leasing Plc for their valued contributions during their tenures and wish them well in their future endeavors. I also thank our current Board of Directors for providing the vision and guidance that our organization needs to ensure continued success in our highly competitive industry.

Last, but not least, I thank our loyal shareholders and customers for their support and ongoing partnership with Ly Hour Leasing. 



**Oknha. Ly Sopheark**  
Chairman

“ We still believe that our continuous improvement on the loan quality is the best way to create value for our shareholders. ”



**MESSAGE FROM THE CEO**

In year 2020, we have executed our business strategies with the clear vision of creating a successful long term with the customers and all stakeholders of Ly Hour Leasing.

Credit quality management and company branding improvement are the key activities that we prioritize for this whole year in response to the National Bank of Cambodia's policy to contribute to the positive growth of Cambodia's economy as well as responding to market situation. As of the end of 2020, Ly Hour Leasing has only been in operation for nearly 5 years, but we have provided our customers with many good experiences in using our services and products, through our professional staff and transparency of all our products policy to customers.

In Ly Hour Leasing, we have the same prospective relate to the stable growth in a business that it depends on the satisfaction and meet the expectation from all our customer, staff and shareholders, they all must have the balance of the benefit from the company.

In this coming year, Ly Hour Leasing will remain committed and continue the next phase by effectively strengthening management and staff quality through the training course relate to their function and skill to ensure that staff are adequately responsive to the customer and competitive market, we also boost our branding and advertising to all customer nationwide so that all customers are able to see our information and have chance of receiving good service from us.

On behalf of the Board of Directors, I would like to thank the employees of Ly Hour Leasing for all their hard work, dedication and sacrifices in year 2020. I sincerely believe that we will be able to achieve better financial performance and a better work environment for the staff in Year 2021.



**Mrs. San Somany**  
Chief Executive Officer



**EXECUTIVE SUMMARY**

Ly Hour Leasing Plc. was established and registered with Ministry of Commerce as public limited company under registered license number N°. 00000694 issued on Sept 09th 2015 with Paid Capital of USD3 million.

The company received from NBC the official license on April 08th, 2016. Primary activities are to provide a financial leasing services to conduct leasing transaction services to all segments of communities but not limited to Cambodia.

The aim is to offer easiness and confidence to the public through financial leasing services to fulfill their living need, daily business and contribution to community development with sustainable manner through its Head Office in Phnom Penh.

The registered head office of the company is located at #243-244, Street 598, Group10, Phum Tuolkok, Sangkat Tuolsngke, Khan RusseyKeo, Phnom Penh, Kingdom of Cambodia. The company has 72 employees of December 31, 2020.

# VISION, MISSION & CORE VALUES

## VISION

Ly Hour Leasing Plc's Vision is to be a leading financial lease company providing leasing service throughout the Kingdom of Cambodia.

## MISSION

Our mission is to provide leasing service to both individual and company with the wherewithal to manage their financial resources efficiently and by doing so to improve the quality of their lives. To achieve these goals, we will ensure sustainable benefits to our shareholders, our staff and the community at large. We will at all times observe the highest principles of ethical behavior, respect for society, law and the environment.

## CORE VALUES



**Integrity:**  
Conduct Accurate and Honest



**Cooperation:**  
Joint Goal



**Leadership:**  
Leadership All



**Responsibility:**  
I Do Is I Take Responsibility



**Major Customer: Perfect Service**

# FINANCIAL HIGHLIGHTS

Consolidated Financial Results	Measure	2020	2019
Net Profit/(Loss)	US\$	703,835	257,926
Gross Lease Receivables	US\$	9,785,907	7,155,574
Total Assets	US\$	10,433,386	8,290,595
Share Capital	US\$	3,000,000	3,000,000
Net worth	US\$	3,491,322	2,788,895
Lease Receivable Grow Rate	%	36.76%	82.41%
Return on Assets (ROA)	%	7.52%	3.62%
Return on Equity (ROE)	%	22.41%	9.70%
Solvency Ratio (NBC >=15%)	%	33.94%	34.24%
Yield Ratio	%	25.93%	26.14%
Operating Expense Ratio	%	9.36%	13.36%
PAR>30days	%	2.75%	0.02%



## CORPORATE GOVERNANCE

Good corporate governance enhances the reputation of Ly Hour Leasing and makes it more attractive to customers, investors, suppliers and the community. Ly Hour Leasing strives to build a sound corporate governance culture and establish an effective internal audit function and strategic oversight committee that supported from Ly Hour Group.

### Profile of Directors



**Oknha. Ly Sopheark**  
Chairman

Oknha Ly Sopheark, Cambodian, born in 1978 from Kompong Cham Province. Oknha Ly Sopheark is a dynamic and charismatic businessman with more than 10 years of professional experiences in the Kingdom of Cambodia. He has been expanding his business through various kinds of investments in many different sectors significantly in the construction, Agriculture, Financial and Insurance.

He has been devoting substantial efforts in strengthening private sectors by enabling steady and sustainable growth of local investment in the Kingdom of Cambodia. Oknha Ly Sopheark has been appointed as Vice President of Ly Hour Group, a member of Board of Directors of Ly Hour Microfinance Institution Plc., since 2012 and also has served as the Chairman of Ly Hour Leasing Plc., since 2015.



**Ms. Liao Xi**  
Member

Ms. Liao Xi, born in 1977, is a Chinese successful businesswoman. In 2012, she joined Ly Hour Microfinance Institution Plc., as a shareholder and member of the Board of Directors.

Since 2012, she has invested in various kinds of businesses with Ly Hour Group particularly in the construction and financial sector and contributes to the success of Ly Hour Microfinance Institution Plc., as a well-known and top ten institution in Cambodia. As a potential investor, shareholder, and a long-term partner of Ly Hour Group, she is ready and confident to take part in any business need for development and growth of Ly Hour Microfinance Institution Plc.

In 2015, she became a Shareholder and member of the Board of Directors of Ly Hour Leasing Plc.



**Chumteav Oknha. Seang Lim**  
Member

Chumteav Oknha SEANG Lim Born in 1957 in Kompong Cham province, she has started her business life as seller in her hometown in early 1980s, four years later she marriage with Oknha Ly Hour in 1976 during Pol Pot regime. She together with her husband moved to Phnom Penh Capital to sell fabrics and clothes imported from Vietnam, the business was later changed to money exchange and gold trading in 1986.

She has an extensive experience in business administration over 30 years as Chief Executive Officer of Ly Hour Exchange Co., Ltd. She has also led high performing team with a network of 15 branches to professionally serve clients, which enabled the company to be a well-known and trustworthy currency exchange service provider in Cambodia.

## PROFILE OF MANAGEMENT



**Mrs. San Somany**  
Chief Executive Officer

Mrs. Somany graduated Master Degree of financial management from National University of Management in 2007. She has more than 25 years of working experience of credit and accounting management in microfinance institution. From 1996 to 1998, she worked as credit officer for EMT (Gret) and from 1998 to 2012, she had worked for Amret Microfinance Institution Plc., with different positions such as treasury officer, accountant, senior accountant, and senior cost controller. She joined Ly Hour Microfinance Institution Plc., as accounting manager in August 2012. With her hard work and achievement, in Jan 2014, she was officially promoted to be Head of Finance Department. She also had attended many training courses which are related to financial management with many different institutions especially the training course of Corporate Governance Action Planning Training for Financial Institution. On January 2019, she was officially promoted to Acting Chief Executive Officer for Ly Hour Leasing Plc. Also, in relation to her great commitments, efforts, and achievements, she has been promoted as Chief Executive Officer (CEO) for Ly Hour Leasing Plc. since December 2020 until now.

Miss. Phan Sonita joined Ly Hour Leasing Plc. in October 2015 as Sales Consultant. She was changed to Accountant in March 2016 and then on October 2016 she was promoted to be Head of Operation Department responsible for Car buying, garage management, showroom management, and Operation expenses. She has completed BBA in 2015, majoring in Public Administration at Royal University of Law and Economic. Before Joining in LHL, she used to work for New World Microfinance for 1 year as Sale Consultant by responsible for many works including stock, daily report, received payment, and customer service.



**Miss. Phan Sonita**  
Chief Operating Officer

Mr. Vibol holds master degree in management from National University of Management in 2016 and bachelor degree of business administration in Banking and Finance at Build Bright University in 2010 and Pedagogy of Takeo Center in Biology and Earth in 2002. He was a Teacher in Hight School from October 01, 2002 to January 31, 2007, He also has spent more than 11 years working in an outstanding microfinance in Cambodia which was promoted in various position such as General Credit Officer, Specialized Credit Officer, Deputy Branch Manager, Branch Manager and Senior Branch Manager. He has experience almost 11 years including Sale and managing the Credit, Financial service and Money Transfer Service and loan portfolio quality, practical leadership and he joins Ly Hour Leasing as Head of Sale and Marketing Department in September 17, 2018.



**Mr. Suong Vibol**  
Head of Sale and Marketing Department



**Mr. Me Morkot**  
Head of Finance Department

Mr. Morkot holds bachelor degree in field of financial and banking from Western University in 2011, Certified of Accounting Technician (CAT) at CamEd Business School in 2011, Certificated of Cambodia Tax Agent from National Tax School of general tax department in 2015. Presently he is continuing his ACCA program at Cam Ed Business School. He worked for accounting firm as Senior Tax and Finance Consultant from January 2014 to June 2015. He also has experience as Internal Audit Officer at Cam Capital Specialize Bank (DGB) from July 2015 to June 2016. He joined Ly Hour Leasing Plc. ("LHL") as Internal Audit Manager on February 2017 and then transfer to finance department as Finance Manager in August 2017. Furthermore, he has been promoted to be Head of Finance in December 2019.

Mr. Bunlong holds bachelor degree in finance & banking at Build Bright University in 2011. Bunlong has experience almost 06 years including planning and managing the credit/loan portfolio quality, addressing the overdue to maintain a healthy credit quality and quantity, practical leadership and management, managing the branch operations and member of credit committee. Before joining Ly Hour Leasing Plc., He worked for Chamroeun Microfinance Plc., as Credit Officer and Branch Manager and he joined with Ly Hour Leasing PLC. As the Credit Manager in May 2017. With his hard work and achievement in April 2019 he was promoted as Head of Credit Department.



**Mr. Chout Bunlong**  
Head of Credit Department

Mr. Visal holds bachelor degree in Computer Science at Norton University in 2011. He has completed successfully short courses such as: Computer Graphic Design in 2007, Secretary and Admin Skill in 2009, Effective General of Leadership in 2011, Time Management and Office Management skills in 2014, Cambodia Tax Awareness in 2014, Cambodian of Labor Law in 2014, Basic Training of Trainers in 2016, Microsoft Office 365 Training Course in 2016, Supervisory Skills Foundation in 2017 and Advanced HR Business Partnership in 2018, and General English Program "Advance" in 2018. Visal has 7 years working experiences in field of Human Resource in HR Department at Cambodia Airport based in Phnom Penh. He worked as HR Assistant "HRIS" for 2 years, HR Coordinator 1 year responsible for HR and Admin in Sihanouk International Airport, Resources and Planning Officer 2 years, HR and Planning Officer rank in Supervisory 2 years at Phnom Penh International Airport. Then he joined at Ly Hour Leasing Plc on 9th January 2020 as Human Resource and Admin Manager.



**Mr. An Visal**  
HR and Admin Manager



**Mr. Houy Sokly**  
Head of Loan Recovery Department

Mr. Sokly holds bachelor degree in business management at Build Bright University in 2005. Sokly has more than 20 years working in difference industry. He worked as sale man for 5 years at ANCO Brother Co.,Ltd from 1995 to 1999. He worked as General Manager at Ly Hour F&B Industrial Co.,Ltd from 2013 and also work as General Manager at City Link Transportation Co.,Ltd in 2015. Then he joined Ly Hour Leasing Plc at January 2016 in Credit Department as Credit Officer then promoted as Loan Recovery Manager in July 2017. With his hard work and achievement, In Jan 2019, He was promoted as Head of Loan Recovery.

Mr. Chhoeng Cheamchyvorn joined Ly Hour Leasing Plc. in November 2020 as Internal Audit Manager. He has completed BBA in 2013, majoring in General Management at Build Bright University. Currently He studying Master Degree at Cambodian University for Specialties. Before Joining in LHL, He used to work at Niron Microfinance more than 3year as Credit Officer Accountant Audit and Chef Credit Officer, He used to work at Lyhour Microfinance Plc more than 3years as Internal Audit Supervisor, He used to work at Delta Microfinance Plc 1 year as Internal Audit Manager and used to work at Lyhour Pay Pro Plc more than 1 year as Internal Audit Manager.



**Mr. Chhoeng Cheamchyvorn**  
Internal Audit Manager

### Management Team



## RISK MANAGEMENT

Even though Ly Hour Leasing Plc. is just starting its operation in April 2016 in a leasing industry, Boards and Management has put an attention to risk management. Of course, risk management plays a very significant part within Ly Hour Leasing Plc. that we are focusing and prioritizing on. It is a catalyst that helps bring the whole company towards success as well as maintain its long-term sustainability. To this regard, we have segregated a power into three critical parts as below:

**Business Function:** 1st level of risk control consists of auto-controls within the business hierarchy.

**Risk Function:** 2nd level of risk control via field inspection and risk analysts by Credit Department.

**Audit Function:** 3rd level is constituted by all-encompassing control mandate of the internal audit that Supported by audit team from Ly Hour Group.

The below herewith is a brief risk function which we have developed in order to be implemented:

- Safeguard/guardian of the company's balance sheet.
- Have clear policy and procedure for credit risk assessment.
- Ensure credit clients are acquired and well managed.
- Be proactive in managing and monitoring credit portfolio.
- Ensure compliance with both internal policies/procedures and also country's requirements.

Strategically, to ensure that there is an effective and efficient risk management in place, Ly Hour Leasing Plc. uses a key principle to early prevent any unexpected risk from happening.

In addition to this, a systematic approach with a clear process is also designed to manage risk and assist the senior management to find out proper solutions to tackle any issues in a timely manner. There are three critical processes that we have introduced as below detail:

**Identification:** In fact, the Credit Department plays a significant role in identifying the associated potential risks with employee performance and processes and procedures from other relevant departments.

**Assessment:** Once the risk has been identified, an assessment will be carried out to understand the potential opportunities and impacts of the risks.

**Management:** Obviously, all risks are recorded in risk management to do that.

## Financial Statements For the year ended 31 December 2020 and Report of the Independent Auditors

# Contents

Report of the Board of Director	15
Report of the Independent Auditor	18
Statement of Financial Position	21
Statement of Comprehensive Income	22
Statement of Changes in Equity	23
Statement of Cash Flows	25
Notes to the Financial Statements	26





## CORPORATE INFORMATION

Company	Ly Hour Leasing Plc	
Registration No.	00000694	
Registered office	#243-244, Street 598, Group10, Phum Tuolkok, Sangkat Tuolsngke, Khan RusseyKeo, Phnom Penh Kingdom of Cambodia	
Shareholders	Oknha Ly Sopheark Ms. Liao Xi	
Board of Directors	Oknha Ly Sopheark Chumteav Oknha Seang Lim Ms. Liao Xi	Chairman Director Director
Management team	Mrs. San Somany Miss. Phan Sonita Mr. Me Morkot Mr. Chout Bunlong Mr. Suong Vibol Mr. Houy Sokly	Chief Executive Officer Chief Operating Officer Head of Finance Department Head of Credit Department Head of Sale and Marketing Department Head of Loan Recovery Department
Principal bankers	Phillip Bank Plc. Advanced Bank of Asia.,Ltd.	
Auditors	KPMG Cambodia Ltd	

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors has pleasure in submitting its report together with the audited financial statements of Ly Hour Leasing Plc ("the Company") for the year ended 31 December 2020.

### Principal activities

The principal activities of the Company are to provide finance leases for vehicles in Cambodia.

### Financial performance

The financial performance of the Company for the year ended 31 December 2020 was as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Profit before income tax	886,650	324,068	3,614,872	1,313,124
Income tax expense	(182,815)	(66,142)	(745,337)	(268,007)
Net profit for the year	703,835	257,926	2,869,535	1,045,117

### Share capital

There was no change in the shareholding structure of the Company during the year.

### Dividends

No dividend was declared or paid and the Board of Directors did not recommend any dividend to be paid for the year.

### Reserves and provisions

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

### Bad and doubtful lease receivables

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

At the date of this report, the Board of Directors is not aware of any circumstances, which would render the amount written off for bad lease receivables, or the amount of allowance for doubtful lease receivables in the financial statements of the Company, inadequate to any material extent.

### Assets

Before the financial statements of the Company were prepared, the Board of Directors had taken reasonable steps to ensure that any assets, other than lease receivables, which had been unlikely to be realised in the ordinary course of business at their values as shown in the accounting records of the Company had been written down to the amounts which they might be expected to realise.

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

## Valuation methods

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

## Contingent and other liabilities

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

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

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

## Change of circumstances

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

## Items of an unusual nature

The results of the operations of the Company for the financial year were not, in the opinion of the Board of Directors, materially affected by any item, transaction or event of a material and unusual nature, except for the impact from Covid-19 as disclosed in Note 25.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Board of Directors, to affect materially the

## Events after the reporting date

At the date of this report, there have been no significant events occurring after the reporting date which would require adjustments or disclosures to be made in the financial statements, except for the matter disclosed in Note 26.

## The Board of Directors

The members of the Board of Directors during the year and at the date of this report are:

Oknha Ly Sopheark	Chairman
Chumteav Oknha Seang Lim	Director
Ms. Liao Xi	Director

## Board of Directors' interests

The director who held office at the end of the year and his interests in the Company were as follows:

	2020		2019	
	Holding %	Number of shares	Holding %	Number of shares
Ordinary shares of US\$ 1 each				
Oknha Ly Sopheark	51%	1,530,000	51%	1,530,000
Ms. Liao Xi	49%	1,470,000	49%	1,470,000

## Board of Directors' benefits

During and at the end of the financial year, no arrangements existed to which the Company was a party with the objective of enabling Directors of the Company to acquire benefits by means of share purchase option.

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

## Responsibilities of Directors in respect of the financial statements

The Board of Directors are responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors are required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with Cambodian International Financial Reporting Standards for Small and Mediumsized Entities ("CIFRS for SMEs") 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;
- oversee the Company's financial reporting process and maintain adequate accounting records and an effective system of internal controls;
- assess 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so; and
- control and direct effectively the Company in all material decisions affecting the operations and performance and ascertain that such have been properly reflected in the financial statements.

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

## Approval of the financial statements

I, on behalf of the Board of Directors, do hereby approve the accompanying financial statements together with the notes thereto as set out on pages 9 to 41 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the CIFRS for SMEs.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board, 



**Oknha Ly Sopheark**  
 Chairman  
 Phnom Penh, Kingdom of Cambodia  
 29 April 2021

## REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Ly Hour Leasing Plc

### Qualified Opinion

We have audited the financial statements of Ly Hour Leasing Plc ("the Company"), which comprise the statement of financial position as at 31 December 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information as set out on pages 9 to 41 (hereafter referred as "the financial statements").

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

### Basis for Qualified Opinion

The Auditors' opinion expressed on the financial statements of the Company as at and for the year ended 31 December 2019 was qualified due to we were unable to satisfy ourselves as to the completeness and accuracy of the Company's Value Added Taxes ("VAT") on the lease receivables from customers. Due to the tax system in Cambodia is relatively unclear and the tax regulations are often subject to different interpretation, it is impracticable for us to quantify the potential tax exposures of the open tax years from 2017 to 2019.

Our opinion expressed on the financial statements as at and for the year ended 31 December 2020 was also qualified due to the significance of the above mentioned VAT exposures as well as year 2020 VAT impact not being quantified.

Had the effect of the abovementioned VAT exposures been accounted for in the financial statements, adjustments would have been made to increase account payables, decrease the net profit and retained earnings/(accumulated losses).

We conducted our audit in accordance with the Cambodian International Standards on Auditing ("CISAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Cambodia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors as set out on pages 1 to 5. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the CIFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For KPMG Cambodia Ltd



**Guek Teav**  
Partner  
Phnom Penh, Kingdom of Cambodia  
29 April 2021

## STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

	Note	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>ASSETS</b>					
Cash and cash equivalents	6	458,236	859,460	1,853,565	3,502,300
Statutory deposit	7	150,000	150,000	606,750	611,250
Lease receivables from customers, net	8	9,632,521	7,056,520	38,963,547	28,755,319
Other assets	9	20,745	22,483	83,914	91,618
Property and equipment	10	133,531	160,612	540,133	654,494
Intangible assets	11	10,805	17,668	43,706	71,997
Deferred tax asset, net	14A	27,548	23,852	111,432	97,197
<b>TOTAL ASSETS</b>		<b>10,433,386</b>	<b>8,290,595</b>	<b>42,203,047</b>	<b>33,784,175</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>Liabilities</b>					
Borrowings	12	6,608,916	5,338,119	26,733,065	21,752,835
Other liabilities	13	122,485	96,910	495,452	394,908
Current income tax liability	14B	209,255	66,671	846,437	271,685
<b>Total liabilities</b>		<b>6,940,656</b>	<b>5,501,700</b>	<b>28,074,954</b>	<b>22,419,428</b>
<b>Shareholders' equity</b>					
Share capital	15	3,000,000	3,000,000	12,000,000	12,000,000
Regulatory reserves	16	126,913	62,570	515,589	253,263
Retained earnings/(Accumulated losses)		365,817	(273,675)	1,505,749	(1,101,460)
Currency translation reserves		-	-	106,755	212,944
<b>Total shareholders' equity</b>		<b>3,492,730</b>	<b>2,788,895</b>	<b>14,128,093</b>	<b>11,364,747</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>10,433,386</b>	<b>8,290,595</b>	<b>42,203,047</b>	<b>33,784,175</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Operating income</b>					
Interest income	17	2,196,490	1,448,115	8,955,090	5,867,762
Interest expense	12	(490,216)	(411,612)	(1,998,611)	(1,667,852)
Net interest income		1,706,274	1,036,503	6,956,479	4,199,910
Other income	18	39,441	39,473	160,801	159,945
<b>Net operating income</b>		<b>1,745,715</b>	<b>1,075,976</b>	<b>7,117,280</b>	<b>4,359,855</b>
Impairment losses on lease receivables	8	(65,961)	(12,137)	(268,923)	(49,179)
Personnel expenses	19	(503,637)	(442,424)	(2,053,328)	(1,792,702)
Depreciation and amortisation		(68,981)	(56,639)	(281,235)	(229,501)
Other operating expenses	20	(220,486)	(240,708)	(898,922)	(975,349)
<b>Profit before income tax</b>		<b>886,650</b>	<b>324,068</b>	<b>3,614,872</b>	<b>1,313,124</b>
Income tax expense	14C	(182,815)	(66,142)	(745,337)	(268,007)
<b>Net profit for the year</b>		<b>703,835</b>	<b>257,926</b>	<b>2,869,535</b>	<b>1,045,117</b>
<b>Other comprehensive (loss)/income</b>					
Currency translation difference		-	-	(106,189)	150,197
<b>Total comprehensive income for the year</b>		<b>703,835</b>	<b>257,926</b>	<b>2,763,346</b>	<b>1,195,314</b>

The accompanying notes form an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital		Regulatory reserves	
	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
At 1 January 2019	3,000,000	12,000,000	38,689	156,497
<b>Transactions recorded directly in equity</b>				
Transfer from accumulated losses to regulatory reserves (Note 16)	-	-	23,881	96,766
<b>Total comprehensive income</b>				
Net profit for the year	-	-	-	-
Currency translation difference	-	-	-	-
At 31 December 2019	3,000,000	12,000,000	62,570	253,263
At 1 January 2020	3,000,000	12,000,000	62,570	253,263
<b>Transactions recorded directly in equity</b>				
Transfer from retained earnings to regulatory reserves (Note 16)	-	-	64,343	262,326
<b>Total comprehensive income</b>				
Net profit for the year	-	-	-	-
Currency translation difference	-	-	-	-
At 31 December 2020	3,000,000	12,000,000	126,913	515,589

The accompanying notes form an integral part of these financial statements.

(Accumulated losses)/ Retained earnings		Currency translation reserves		Total	
US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)	US\$	KHR'000 (Note 5)
(507,720)	(2,049,811)	-	62,747	2,530,969	10,169,433
(23,881)	(96,766)	-	-	-	-
257,926	1,045,117	-	-	257,926	1,045,117
-	-	-	150,197	-	150,197
(273,675)	(1,101,460)	-	212,944	2,788,895	11,364,747
<b>(273,675)</b>	<b>(1,101,460)</b>	-	<b>212,944</b>	<b>2,788,895</b>	<b>11,364,747</b>
(64,343)	( 262,326)	-	-	-	-
703,835	2,869,535	-	-	703,835	2,869,535
-	-	-	(106,189)	-	(106,189)
<b>365,817</b>	<b>1,505,749</b>	-	<b>106,755</b>	<b>3,492,730</b>	<b>14,128,093</b>

## STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Cash flows from operating activities</b>				
Net profit for the year	703,835	257,926	2,869,535	1,045,117
Adjustments for:				
Income tax expense	182,815	66,142	745,337	268,007
Depreciation and amortisation	68,981	56,639	281,235	229,501
Property and equipment written off	159	603	648	2,443
Gain on disposal of property and equipment	(12,000)	-	(48,924)	-
Net interest income	(1,706,274)	(1,036,503)	(6,956,479)	(4,199,910)
Impairment losses on lease receivables	65,961	12,137	268,923	49,179
	(696,523)	(643,056)	(2,839,725)	(2,605,663)
Changes in:				
Lease receivables from customers	(2,638,187)	(3,271,521)	(10,755,888)	(13,256,203)
Other assets	1,738	1,766,846	7,086	7,159,260
Other liabilities	25,575	11,598	104,270	46,994
	(3,307,397)	(2,136,133)	(13,484,257)	(8,655,612)
Interest received	2,192,715	1,501,717	8,939,699	6,084,957
Interest paid	(471,111)	(433,918)	(1,920,720)	(1,758,236)
Income tax paid	(43,927)	(14,043)	(179,090)	(56,902)
Seniority indemnity payments paid	-	(17,053)	-	(69,098)
<b>Net cash used in operating activities</b>	<b>(1,629,720)</b>	<b>(1,099,430)</b>	<b>(6,644,368)</b>	<b>(4,454,891)</b>
<b>Cash flows from investing activities</b>				
Acquisitions of property and equipment	(35,196)	(87,654)	(143,494)	(355,174)
Proceed from disposal of property and equipment	12,000	-	48,924	-
<b>Net cash used in investing activities</b>	<b>(23,196)</b>	<b>(87,654)</b>	<b>(94,570)</b>	<b>(355,174)</b>
<b>Cash flows from financing activities</b>				
Repayments of borrowings	(2,648,308)	(2,050,795)	(10,797,152)	(8,309,821)
Proceeds from borrowings	3,900,000	4,081,595	15,900,300	16,538,623
<b>Net cash generated from financing activities</b>	<b>1,251,692</b>	<b>2,030,800</b>	<b>5,103,148</b>	<b>8,228,802</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(401,224)</b>	<b>843,716</b>	<b>(1,635,790)</b>	<b>3,418,737</b>
Cash and cash equivalents at 1 January	859,460	15,744	3,502,300	63,259
Currency translation difference	-	-	(12,945)	20,304
<b>Cash and cash equivalents at 31 December (Note 6)</b>	<b>458,236</b>	<b>859,460</b>	<b>1,853,565</b>	<b>3,502,300</b>

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. Reporting entity

Ly Hour Leasing Plc ("the Company") is a public limited company incorporated in Cambodia under the Registration N°. 00000694 dated 9 September 2015 from the Ministry of Commerce. The Company obtained its license from the National bank of Cambodia ("NBC") to operate as a finance leasing business on 8 April 2016.

The principal activities of the Company are to provide finance leases of vehicles in Cambodia. The address of its registered office is located at #243-244, Street 598, Group10, Phum Tuolkok, Sangkat Tuolsngke, Khan RusseyKeo, Phnom Penh, Kingdom of Cambodia.

As at 31 December 2020, the Company had 72 employees (31 December 2019: 52 employees).

## 2. Basis of accounting

The financial statements have been prepared in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities ("CIFRS for SMEs").

The financial statements of the Company were authorised for issue by the Board of Directors on 29 April 2021.

Details of the Company's accounting policies are included in Note 24.

## 3. Functional and presentation currency

The national currency of Cambodia is the Khmer riel ("KHR"). However, as the Company transacts its business and maintains its accounting records primarily in the United States dollar ("US\$"), management has determined the US\$ to be the Company's functional and presentation currency as it reflects the economic substance of the underlying events and circumstances of the Company.

These financial statements are presented in the US\$ which is the Company's functional currency. All amounts were rounded to the nearest dollar, unless otherwise indicated.

## 4. Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is set out below in relation to the impairment of financial instruments:

• Note 24G(vii) – Identification and measurement of impairment.

## 5. Translation of United States Dollars into Khmer Riel

The financial statements are expressed in the US\$. The translations of the US\$ amounts into the KHR are included solely for compliance with the Law on Accounting and Auditing.

Assets and liabilities are translated at the closing rate as at the reporting date and share capital is translated at historical rate. The statements of comprehensive income and cash flows are translated into the KHR using the average rate for the year. Exchange differences arising from the translation are recognised as "currency translation reserves" in the other comprehensive income.

The Company uses the following exchange rates:

	Closing rate	Average rate
31 December 2020	US\$1 = KHR 4,045	KHR 4,077
31 December 2019	US\$1 = KHR 4,075	KHR 4,052

These convenience translations should not be construed as representations that the US\$ amounts have been, could have been, or could in the future be, converted into the KHR at this or any other rate of exchange.

## 6. Cash and cash equivalents

	31 December		31 December	
	2020	2019	2020	2019
	US\$	US\$	KHR'000	KHR'000
			(Note 5)	(Note 5)
Cash on hand	4,075	3,936	16,483	16,039
Balances with banks (*)	454,161	855,524	1,837,082	3,486,261
	458,236	859,460	1,853,565	3,502,300

(\*) Balances with banks are all current accounts with local banks and financial institutions.

## 7. Statutory deposits

In compliance with Prakas B7-011-242 dated 27 December 2011 on the Licensing of Financial Leasing Businesses, the Company is required to maintain a minimum statutory capital deposit, bearing no interest, with the NBC of US\$150,000 (5% of registered capital). This deposit is refundable when the Company voluntarily liquidate.

## 8. Lease receivables from customers, net

	2020			2019		
	Gross amounts	Impairment losses allowance	Carrying amounts	Gross amounts	Impairment losses allowance	Carrying amounts
	US\$	US\$	US\$	US\$	US\$	US\$
Lease receivables from customers	9,785,907	(78,098)	9,707,809	7,155,574	(12,137)	7,143,437
Unearned interest income	(75,288)	-	(75,288)	(86,917)	-	(86,917)
Total	9,710,619	(78,098)	9,632,521	7,068,657	(12,137)	7,056,520
Total – KHR'000 (Note 5)	39,279,454	(315,906)	38,963,547	28,804,777	(49,458)	28,755,319

The movements in impairment losses allowance on lease receivables from customers are analysed as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Collective impairment				
At 1 January	12,137	-	49,458	-
Allowance for the year	65,961	12,137	268,923	49,179
Currency translation difference	-	-	(2,475)	279
<b>At 31 December</b>	<b>78,098</b>	<b>12,137</b>	<b>315,906</b>	<b>49,458</b>

Gross lease receivables from customers are analysed as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>A. By maturity:</b>				
Within 1 month	5,128	576	20,743	2,347
2 to 3 months	21,510	11,684	87,008	47,612
4 to 12 months	258,493	367,476	1,045,604	1,497,465
Over 12 months	9,500,776	6,775,838	38,430,639	27,611,540
	<b>9,785,907</b>	<b>7,155,574</b>	<b>39,583,994</b>	<b>29,158,964</b>
<b>B. By currency:</b>				
US dollar	9,785,907	7,155,574	39,583,994	29,158,964
<b>C. By economic sector:</b>				
Household/Family	9,785,907	7,155,574	39,583,994	29,158,964
<b>D. By relationship:</b>				
External customers	9,769,775	7,136,392	39,518,740	29,080,797
Related party (Note 21B(ii))	16,132	19,182	65,254	78,167
	<b>9,785,907</b>	<b>7,155,574</b>	<b>39,583,994</b>	<b>29,158,964</b>
<b>E. By past due day status:</b>				
Short-term lease receivables				
<15 days	9,713	252,579	39,289	1,029,259
More 15 days	1,605	-	6,492	-
	<b>11,318</b>	<b>252,579</b>	<b>45,781</b>	<b>1,029,259</b>
Long-term lease receivables				
<30 days	9,489,268	6,864,614	38,384,089	27,973,302
≥30 days – 89 days	147,760	20,567	597,689	83,811
≥90 days – 179 days	88,644	15,351	358,565	62,555
≥180 days – 359 days	48,917	2,463	197,870	10,037
	9,774,589	6,902,995	39,538,213	28,129,705
	<b>9,785,907</b>	<b>7,155,574</b>	<b>39,583,994</b>	<b>29,158,964</b>
<b>F. By interest rate (per annum):</b>				
US dollar	2020 13.20%-34.68%		2019 13.20%-34.68%	

## 9. Other assets

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Deposits and prepayments	14,547	7,775	58,843	31,683
Amounts due from a related party (Note 21B(ii))	93	5,029	376	20,493
Others	6,105	9,679	24,695	39,442
	<b>20,745</b>	<b>22,483</b>	<b>83,914</b>	<b>91,618</b>

## 10. Property and equipment Leasehold

	Leasehold improvements US\$	Furniture and fixtures US\$	Office equipment US\$	Computer equipment US\$
<b>2020</b>				
<b>Cost</b>				
At 1 January 2020	100,725	14,943	34,716	43,203
Additions	-	816	165	13,335
Written off	-	-	-	(966)
Disposal	-	-	-	-
Currency translation difference	-	-	-	-
<b>At 31 December 2020</b>	<b>100,725</b>	<b>15,759</b>	<b>34,881</b>	<b>55,572</b>
<b>Less: Accumulated depreciation</b>				
At 1 January 2020	23,531	7,854	20,337	34,269
Depreciation for the year	20,199	2,762	5,733	9,313
Written off	-	-	-	(807)
Disposal	-	-	-	-
Currency translation difference	-	-	-	-
<b>At 31 December 2020</b>	<b>43,730</b>	<b>10,616</b>	<b>26,070</b>	<b>42,775</b>
<b>Carrying amounts</b>				
<b>At 31 December 2020</b>	<b>56,995</b>	<b>5,143</b>	<b>8,811</b>	<b>12,797</b>
<b>2019</b>				
<b>Cost</b>				
At 1 January 2019	50,917	10,276	23,363	45,027
Additions	-	4,667	11,353	1,156
Transfers	49,808	-	-	-
Written off	-	-	-	(2,980)
Currency translation difference	-	-	-	-
<b>At 31 December 2019</b>	<b>100,725</b>	<b>14,943</b>	<b>34,716</b>	<b>43,203</b>
<b>Less: Accumulated depreciation</b>				
At 1 January 2019	13,367	5,263	13,869	26,381
Depreciation for the year	10,164	2,591	6,468	10,265
Written off	-	-	-	(2,377)
Currency translation difference	-	-	-	-
<b>At 31 December 2019</b>	<b>23,531</b>	<b>7,854</b>	<b>20,337</b>	<b>34,269</b>
<b>Carrying amounts</b>				
<b>At 31 December 2019</b>	<b>77,194</b>	<b>7,089</b>	<b>14,379</b>	<b>8,934</b>



Motor vehicles US\$	Other fixed Assets US\$	US\$	Total KHR'000 (Note 5)
94,649	13,793	302,029	1,230,768
20,880	-	35,196	143,494
-	-	(966)	(3,938)
(17,280)	-	(17,280)	(70,451)
-	-	-	(9,603)
<b>98,249</b>	<b>13,793</b>	<b>318,979</b>	<b>1,290,270</b>
48,535	6,891	141,417	576,274
20,656	3,455	62,118	253,255
-	-	(807)	(3,290)
(17,280)	-	(17,280)	(70,451)
-	-	-	(5,651)
51,911	10,346	185,448	750,137
<b>46,338</b>	<b>3,447</b>	<b>133,531</b>	<b>540,133</b>

Motor vehicles US\$	Other fixed Assets US\$	Construction in Progress US\$	US\$	Total KHR'000 (Note 5)
58,649	13,793	15,330	217,355	873,332
36,000	-	34,478	87,654	355,174
-	-	(49,808)	-	-
-	-	-	(2,980)	(12,075)
-	-	-	-	14,337
<b>94,649</b>	<b>13,793</b>	<b>-</b>	<b>302,029</b>	<b>1,230,768</b>
30,926	3,616	-	93,422	375,369
17,609	3,275	-	50,372	204,107
-	-	-	(2,377)	(9,632)
-	-	-	-	6,430
48,535	6,891	-	141,417	576,274
<b>46,114</b>	<b>6,902</b>	<b>-</b>	<b>160,612</b>	<b>654,494</b>

## 11. Intangible assets

	2020 US\$	2019 US\$	Computer software 2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Cost</b>				
At 1 January	34,223	34,223	139,459	137,508
Currency translation difference	-	-	(1,027)	1,951
At 31 December	34,223	34,223	138,432	139,459
<b>Less: Accumulated amortisation</b>				
At 1 January	16,555	10,288	67,462	41,337
Amortisation for the year	6,863	6,267	27,980	25,394
Currency translation difference	-	-	(716)	731
At 31 December	23,418	16,555	94,726	67,462
<b>Carrying amounts</b>				
At 31 December	10,805	17,668	43,706	71,997

## 12. Borrowings

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Related party (Note 21B(ii))	4,500,000	1,009,404	18,202,500	4,113,321
Non-related parties ( * )	2,108,916	4,328,715	8,530,565	17,639,514
	<b>6,608,916</b>	<b>5,338,119</b>	<b>26,733,065</b>	<b>21,752,835</b>

( \* ) The Company entered into loan agreements with various lenders, some of which are unsecured and one loan is guaranteed by a related party, SBI Ly Hour Bank Plc. The guarantee has been withdrawn in June 2020 as agreed by the lender.

The principal and interest repayments are made either on a semi-annual or quarterly basis based on the respective payment schedules in the loan agreements.

Movements of the borrowings during the year were as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
At 1 January	5,338,119	3,329,625	21,752,835	13,378,433
Additions	3,900,000	4,081,595	15,900,300	16,538,623
Repayments	(2,648,308)	(2,050,795)	(10,797,152)	(8,309,821)
Interest expense	490,216	411,612	1,998,611	1,667,852
Interest paid	(471,111)	(433,918)	(1,920,720)	(1,758,236)
Currency translation difference	-	-	(200,809)	235,984
At 31 December	<b>6,608,916</b>	<b>5,338,119</b>	<b>26,733,065</b>	<b>21,752,835</b>

Borrowings are analysed as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>A. By maturity:</b>				
1 to 3 months	1,166,667	368,426	4,719,168	1,501,336
3 to 12 months	3,500,000	1,512,966	14,157,500	6,165,336
1 to 5 years	1,942,249	2,898,303	7,856,397	11,810,585
Over 5 years	-	558,424	-	2,275,578
	<b>6,608,916</b>	<b>5,338,119</b>	<b>26,733,065</b>	<b>21,752,835</b>

## B. By interest rate (per annum):

	2020	2019
US dollar	6.5%-9.75%	6.5%-9.75%
Khmer riel	N/A	9.75%

## 13. Other liabilities

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Provision for seniority indemnity (*)	34,067	11,964	137,801	48,753
Other tax payables	4,659	4,871	18,846	19,849
Other payables	83,759	80,075	338,805	326,306
	<b>122,485</b>	<b>96,910</b>	<b>495,452</b>	<b>394,908</b>

(\*) This represents provision for seniority indemnity payments required by Prakas No. 443 issued by the Ministry of Labour and Vocational Training ("MoLVT") on 21 September 2018, and subsequently amended by the Instruction No. 042/19 dated 22 March 2019. It requires all employers to settle the seniority indemnity to their employee as follows:

- Current pay: starting from 2019 onwards at the amounts equal to 15 days of wages and other benefits per year.
- Retrospective (back-pay): starting from end of 2021 onwards at the amounts equal to 6 days of net wages per year. The provision of back-pay seniority indemnity payments is calculated at a maximum amount of 6 months net wages (depends on the length of service the employees served) to the employees who have seniority before 2019.

Payments will be made twice a year, in June and December respectively. An employee is not entitled to the remaining back-pay seniority indemnity which is not yet due, if he/she resigns from the Company.

On 2 June 2020, the MoLVT issued Prakas No.018/20 for the postponement of seniority indemnity back-pay for periods before 2019 and postponement of seniority indemnity current pay for 2020. Under this new measure, the payment for both the issuance of seniority indemnity back-pay and current pay has been delayed until 2021.

The Company chose to comply with this Prakas and as a result a portion of 2020 seniority indemnity have been made to staff in April 2021 and the remaining will be made in December 2021.

## 14. Income tax

### A. Deferred tax asset, net

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Deferred tax asset	27,548	23,852	111,432	97,197
Unearned income	15,058	17,383	60,910	70,836
Impairment losses allowance	15,620	2,427	63,183	9,890
Provision for seniority indemnity	6,813	2,393	27,559	9,751
Accelerated depreciation and amortisation	(9,943)	2,772	(40,220)	11,296
Unrealised exchange gains	-	(1,123)	-	(4,576)
	<b>27,548</b>	<b>23,852</b>	<b>111,432</b>	<b>97,197</b>

Movements of the net deferred tax asset were as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
At 1 January	23,852	10,180	97,197	40,903
Recognised in profit or loss	3,696	13,672	15,069	55,399
Currency translation difference	-	-	(834)	895
At 31 December	<b>27,548</b>	<b>23,852</b>	<b>111,432</b>	<b>97,197</b>

## B. Current income tax liability

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
At 1 January	66,671	900	271,685	3,616
Recognised in profit or loss	186,511	79,814	760,406	323,406
Income tax paid	(43,927)	(14,043)	(179,090)	(56,902)
Currency translation difference	-	-	(6,564)	1,565
At 31 December	<b>209,255</b>	<b>66,671</b>	<b>846,437</b>	<b>271,685</b>

## C. Income tax expense

In accordance with the Cambodian Law on Taxation, the Company has an obligation to pay corporate income tax of either the profit tax at the rate of 20% of taxable profit or the minimum tax at 1% of the annual turnover, whichever is higher.

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Current income tax expense	186,511	79,814	760,406	323,406
Deferred tax benefit	(3,696)	(13,672)	(15,069)	(55,399)
Income tax expense	<b>182,815</b>	<b>66,142</b>	<b>745,337</b>	<b>268,007</b>

The reconciliation of income tax expense computed at the statutory tax rate of 20% to the income tax expense shown in profit or loss is as follows:

	%	2020 US\$	KHR'000 (Note 5)	%	2019 US\$	KHR'000 (Note 5)
Profit before income tax		886,650	3,614,872		324,068	1,313,124
Income tax using statutory rate at 20%	20	177,330	722,974	20	64,814	262,626
Effect of non-deductible expenses	1	5,485	22,363	0	1,328	5,381
Income tax expense	<b>21</b>	<b>182,815</b>	<b>745,337</b>	<b>20</b>	<b>66,142</b>	<b>268,007</b>

The calculation of taxable income is subject to the final review and approval of the tax authorities.

## 15. Share capital

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Registered, issued and fully paid of 3 million ordinary shares at US\$1 each	3,000,000	3,000,000	12,000,000	12,000,000

The Company's shareholders and their respective interest are as follows:

	% of Ownership	2020/2019 Number of Shares	Amount US\$
Oknha Ly Sopheark	51%	1,530,000	1,530,000
Ms. Liao Xi	49%	1,470,000	1,470,000
	100%	3,000,000	3,000,000
KHR'000 (Note 5)			12,000,000

## 16. Regulatory reserves

Regulatory reserves represent the variance between impairment losses on lease receivables in accordance with the CIFRS for SMEs and regulatory provision in accordance with the National Bank of Cambodia (“NBC”).

## 17. Interest income

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Lease receivables from customers	2,196,454	1,448,091	8,954,943	5,867,665
Placements with banks	36	24	147	97
	<b>2,196,490</b>	<b>1,448,115</b>	<b>8,955,090</b>	<b>5,867,762</b>

## 18. Other income

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Penalty income	15,810	25,069	64,457	101,580
Other income	12,307	8,783	50,176	35,589
Foreign exchange gains	11,324	5,621	46,168	22,776
	<b>39,441</b>	<b>39,473</b>	<b>160,801</b>	<b>159,945</b>

## 19. Personnel expenses

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Salaries	464,239	397,692	1,892,702	1,611,448
Seniority indemnity expense	22,103	29,017	90,114	117,576
Others	17,295	15,715	70,512	63,678
	<b>503,637</b>	<b>442,424</b>	<b>2,053,328</b>	<b>1,792,702</b>

## 20. Other operating expenses

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Rental expenses (Note 21B(i))	40,000	40,000	163,080	162,080
Professional fees	21,000	54,000	85,617	218,808
Office supplies	17,932	16,987	73,109	68,831
Marketing and advertising	14,360	20,784	58,546	84,217
Securities and insurance services	13,717	13,300	55,924	53,892
License fees	11,953	10,223	48,732	41,424
Utilities	10,909	9,785	44,476	39,649
Repairs and maintenance	9,379	9,787	38,238	39,657
Travelling and entertainment	7,453	6,088	30,386	24,669
Communication expense	7,203	8,979	29,367	36,383
Others	66,580	50,775	271,447	205,739
	<b>220,486</b>	<b>240,708</b>	<b>898,922</b>	<b>975,349</b>

## 21. Related parties

### A. Identification of related parties

The related parties of and their relationship with the Company are as follows:

Relationship	Related party
Shareholders	Refer to Note 15
Key management personnel	All directors of the Company who make critical decisions in relation to the strategic direction of the Company and senior management staff (including their close family members)

### B. Signification transactions and balances with related parties

#### I. Significant transactions with related parties

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Key management personnel remunerations	121,848	109,334	496,774	443,021
Rental expenses – Neak Oknha Ly Hour (Note 20)	40,000	40,000	163,080	162,080
Insurance expense – Ly Hour insurance	7,445	3,620	30,353	14,668
Interest expense	185,269	11,064	755,342	44,831
Interest income	3,993	3,465	16,279	14,040
Proceeds from borrowings	3,500,000	1,000,000	14,157,500	4,075,000

#### II. Significant balance with related parties

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
<b>Amount due from a related party (Note 9)</b>				
Ly Hour Pay Pro Plc	93	5,029	376	20,493
Borrowings from shareholder – Oknha Ly Sopheark (Note 12)	4,500,000	1,009,404	18,202,500	4,113,321
Lease receivables – Ly Hour Insurance Plc. (Note 8D)	16,132	19,182	65,254	78,167

## 22. Commitments and contingencies

### A. Lease commitments

The Company has commitments for the lease of its office under an operating lease arrangement with the minimum future lease amounts due as follows:

	2020 US\$	2019 US\$	2020 KHR'000 (Note 5)	2019 KHR'000 (Note 5)
Within 1 year	40,000	40,000	163,080	162,080
1 to 5 years	40,000	80,000	163,080	324,160
	<b>80,000</b>	<b>120,000</b>	<b>326,160</b>	<b>486,240</b>

## B. Tax contingencies

Taxes are subject to review and investigation by a number of authorities, who are enabled by law to impose severe fines, penalties and interest charges. The application of tax laws and regulations to many types of transactions are susceptible to varying interpretations.

These facts may create tax risks in Cambodia materially more significant than in other countries. Management believes that it has adequately provided for tax liabilities based on its interpretation of tax legislation. However, the relevant authorities may have different interpretations and the effects could be significant.

As at 31 December 2020, the Company had two open tax audits from the GDT as follows:

- The comprehensive tax audit conducted by the General Department of Taxation (“GDT”) for the period from 1 January 2017 to 31 December 2017 has imposed additional taxes, penalties and interest to the Company on the VAT exposure on the lease receivables from customers. On 20 December 2019, the Company filed an administrative protest letter to the GDT to exempt the penalties and additional tax on the grounds that the Company has encountered some difficulties in the implementation of the existing Cambodian Law on Taxation. At the date of this report, the tax appeal process is still on going.
- On 13 May 2020, the Company received a notification letter from the GDT for limited tax audit for the period from 1 January 2019 to 30 April 2020. At the date of this report, the tax reassessment is still on going.

## 23. Fair values of financial assets and liabilities

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm’s length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Company’s financial assets and liabilities. Fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the management, the carrying amounts of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values.

## 24. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise stated.

### A. Basis of measurement

The financial statements have been prepared on a historical cost.

### B. Foreign currency transactions

Transactions in currencies other than the US\$ are translated into the US\$ at the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than the US\$ at the reporting date are translated into the US\$ at the exchange rate ruling at that date. Exchange differences arising on translation are recognised in profit or loss.

### C. Interest

Interest income from lease receivables and interest expense on borrowings are recognised in profit or loss using the effective interest method. The ‘effective interest rate’ is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Company estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

## D. Fees and commissions

Fee and commission income and expenses that are integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate.

Other fee and commission income are recognised as the related services are performed. If a lease receivable commitment is not expected to result in the drawdown of a lease receivable, then the related lease receivable commitment fees are recognised on a straight-line basis over the commitment period.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

## E. Leases

### I. As a lessor - Lease receivables

At its inception, a lease is classified as either a finance lease or an operating lease. Finance leases transfer substantially all the risks and rewards of ownership. All other leases are classified as operating leases.

Lease receivables are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method.

### II. As a lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

## F. Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

### I. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

### II. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

## G. Financial assets and financial liabilities

### I. Recognition

The Company initially recognises a financial asset or a financial liability when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issue.

### II. Classification

The Company classifies its financial assets and liabilities as basic financial instruments in accordance with Section 11 Basic Financial Instruments.

### III. Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or settled, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

### IV. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

### V. Amortised cost measurement

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

### VI. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e., the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Company recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### VII. Identification and measurement of impairment

#### Objective evidence of impairment

At each reporting date, the Company assesses whether there is objective evidence that financial assets that are measured at cost or amortised cost. A financial asset or a group of financial assets is impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets and that the loss event has an impact on the future cash flows of the assets that can be estimated reliably.

#### Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a lease receivable or advance by the Company on terms that the Company would not consider otherwise;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security; or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

#### Individual and collective assessment

All individually significant assets are individually assessed for impairment.

Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified.

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment, and found to be individually impaired, and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the management.

#### A collective component of the total allowance is established for:

- groups of homogeneous lease receivables that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired.

The collective allowance for groups of homogeneous lease receivables is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

In assessing the collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

## Measurement

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

## Reversal of impairment and write-offs

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the entity shall reverse the previously recognised impairment loss either directly or by adjusting an allowance account.

The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The entity shall recognise the amount of the reversal in profit or loss immediately.

The Company writes off a lease receivable, either partially or in full, and any related allowance for impairment losses, when the management determines that there is no realistic prospect of recovery.

## H. Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, demand deposits and short-term highly liquid investments with original maturities of three months or less when purchased, and that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value, and are used by the Company in the management of its short-term commitments

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

## I. Statutory deposit

The statutory deposit represent mandatory reserve deposits and cash maintained with the Licensing of Financial Lease Companies and are determined by defined percentages of minimum registered capital as required by the NBC. Statutory deposits are not available to finance the Company's day-to-day operations hence are not considered as part of cash and cash equivalents for the purpose of the statement of cash flows.

The statutory deposit is carried at cost in the statement of financial position.

## J. Other assets

Other assets are carried at amortised cost using the effective interest method in the statement of financial position.

## K. Property and equipment

(i) Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Depreciation of property and equipment is charged to profit or loss on straight-line basis over the estimated useful

lives of the individual assets as follows:

Leasehold improvements	5 years
Furniture and fixtures	2 years
Office equipment	2 – 5 years
Motor vehicles	4 years
Computer equipment and other fixed assets	2 – 5 years

(iii) Subsequent expenditure relating to an item of property and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

(iv) Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal.

(v) Fully depreciated items of property and equipment are retained in the financial statements until disposed of or written off.

## L. Intangible assets

Intangible assets comprise of software including costs incurred in acquiring and building software, which is not integral to the operation of hardware, and is carried at cost less accumulated amortisation and accumulated impairment losses, if any. Software costs are amortised on a straight-line basis over the expected useful lives of 5 years.

Costs incurred in planning or evaluating software proposals, or in maintaining systems after implementation, are not capitalised.

## M. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets (other than deferred tax assets) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

## N. Provisions

Provisions are recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## O. Borrowings and other liabilities

Borrowings and other liabilities are carried at amortised cost using the effective interest method in the statement of financial position.

## P. Employee benefits

### I. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### II. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of the benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

## Q. Share capital

Incremental costs that are directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

## R. Regulatory reserves

Regulatory reserves are set up for the variance of provision between loan impairment in accordance with the CIFRS for SMEs and regulatory provision in accordance with NBC's Prakas No. B7-017-344 dated 1 December 2017 and Circular No. B7-018-001 dated 16 February 2018 on credit risk classification and provision on impairment for banks and financial institutions.

Based on these NBC Guidelines, all lease receivables to customers are classified according to the repayment capacity of the counterparty and the number of days past due is taken into account as follows:

Classification	Number of days past due	Allowance
<b>Short-term lease receivables (less than or equal one year):</b>		
Normal/standard	<15 days	1%
Special mention	≥15 days – 30 days	3%
Substandard	≥31 days – 60 days	20%
Doubtful	≥61 days – 90 days	50%
Loss	More than 91 days	100%
<b>Long-term lease receivables (more than one year):</b>		
Normal/standard	<30 days	1%
Special mention	≥30 days – 89 days	3%
Substandard	≥90 days – 179 days	20%
Doubtful	≥180 days – 359 days	50%
Loss	More than 359 days	100%

In accordance with Article 73, the Company shall compare the provision calculated in accordance with above requirements, with the Company's record which is under CIFRS for SMEs:

(i) If the regulatory provision is lower, the Company shall record the provision calculated in accordance with the CIFRS for SMEs; and

(ii) If the regulatory provision is higher, the Company records the provision calculated in accordance with the CIFRS for SMEs and transfer the difference from retained earnings or accumulated losses into regulatory reserves in shareholders' equity.

## 25. Significant event during the year

### Impact of Covid-19 outbreak to the Company

The outbreak of Covid-19 has impact on the global business environment as well as Cambodia. Up to the reporting date, Covid-19 has not resulted in material impact to the Company. Pending on the development and spread of Covid-19 subsequent to the reporting date, further changes in economic conditions for the Company arising thereof may have impact on the financial results of the Company, the extent of which could not be estimated as at the reporting date. The Company will keep continuous attention on the situation of the Covid-19 and react actively to its impact on the financial position and operating results of the Company.

## 26. Subsequent event

On 21 February 2021, the Company has submitted a request letter to the NBC for approval on the increase in the Company's share capital from US\$3 million to US\$10 million through the transfer of borrowing from shareholder amounting to US\$5 million; and cash injection of US\$2 million. At the date of this report, no approval was obtained from the NBC yet.

# CORPORATE SOCIAL RESPONSIBILITY

## Ly Hour Leasing Plc Participated in social activities to Orphans Care and Training

### Organization

Phnom Penh, On September 06, 2020, Ly Hour Leasing Plc. Donated 1 million Riels and some study materials such as: 52 bags of rice, 10 boxes of fish, bags, pens, books, pencils, 75 sets of lines to the training and care organization for children. Orphans located in Phnom Sruoch district, Kampong Speu province.

This is a precious generous gift of Oknha Ly Sopheark, who always cares for the suffering of the people who are facing shortages in daily life and in situations where the whole world as well as Cambodia also suffering from Covid-19.

In addition to this blood donation program, Oknha Ly Sopheark has been involved in many humanitarian activities such as donating money to the CRC, donating money to the Kantha Bopha Hospital, donating money to victims of building collapse and other humanitarian activities.





# Contents

Message From The Chairman	3
Message From The CEO	4
Executive Summary	5
Vision, Mission & Core Values	6
Financial Highlights	7
Corporate Governance	8
Risk Management	12
Corporate Social Responsibility	44