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LY HOUR LEASING PLC

The Leasing Center

ANNUAL REPORT 2021

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ANNUAL REPORT 2021



EXECUTIVE SUMMARY

Ly Hour Leasing Plc. was established and registered with Ministry of Commerce as public limited company under registered license number Co. 00000694 issued on Sept 9th 2015 with Paid Capital of USD3 million up to USD10 million in June 2nd 2021.

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 building No.243-244, Street 598, Phum Tuol Thgan, Sangkat Tuol Sangkae 2, Khan Russey Keo, Phnom Penh, Kingdom of Camdodia. The company has 85 employees of December 31, 2021.



VISION MISSION & CORE VALUES

VISION, MISSION & CORE VALUES

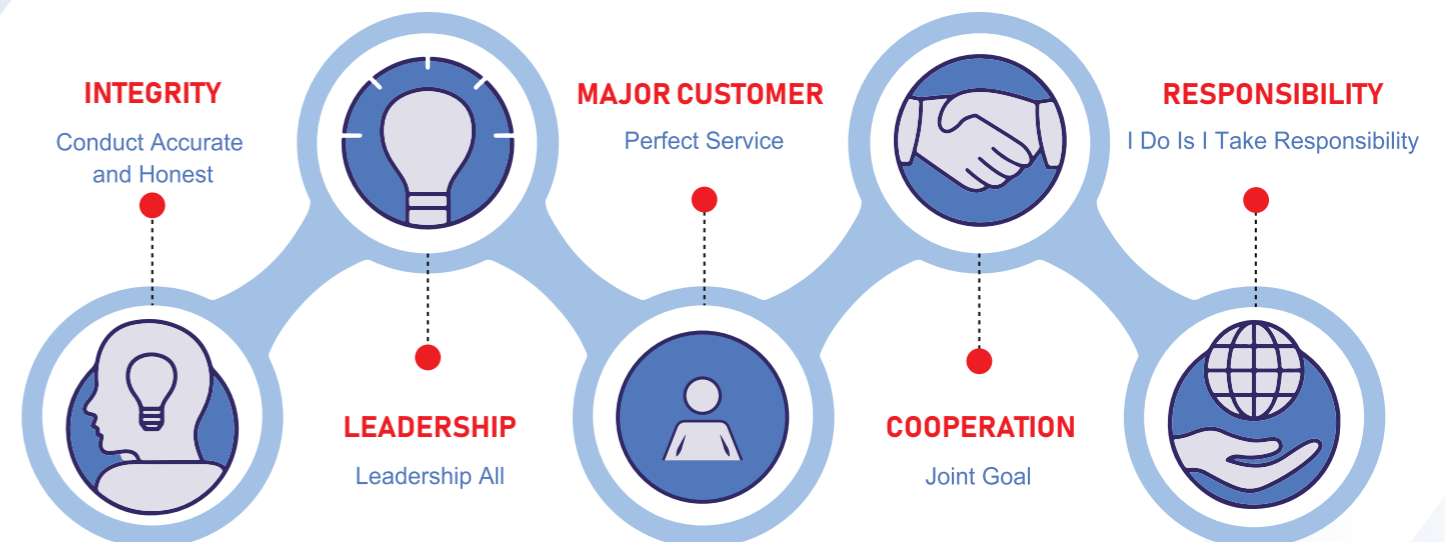
VISION

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 behaviour, respect for society, law and the environment.

CORE VALUES





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 it relevant parties as well as its endeavours. 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 , Acting 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 endeavours. I also thank our current Board of Directors for providing the vision and guidance that our organisation 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



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 CEO

In year 2021, 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 2021, Ly Hour Leasing has only been in operation for nearly 6 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 2021. I sincerely believe that we will be able to achieve better financial performance and a better work environment for the staff in Year 2022.



Mrs. San Somany
Chief Executive Officer



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





MESSAGE FROM THE COO

2021 was a unique and challenging year for our clients and the communities we serve. The Covid-outbreak had a profound impact on their livelihoods, health, and well-being.

Early this year when the crisis hit, we put in place all possible solutions to support our clients affected by the global pandemic. Our Covid-19 crisis management teams crafted the crisis policies, rules, and actions to protect, prevent, and keep us and our clients safe from the virus and ensure business continuity.

Our highest priority throughout this period was to ensure the safety of our clients and staff. In a year of unexpected challenges, under the guidance of its Board and shareholder, Ly Hour Leasing Plc. Remained strong with our values and key principle becoming even more relevant in the context of crisis.



Customer Centricity has always been one of our core values and we are more than ever committed to supporting our clients, helping them to keep running their businesses, and to maintain their livelihoods in these difficult times.



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.



PROFILE OF DIRECTORS

OKNHA. LY SOPHEARK CHAIRMAN

OKHNA 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.



PROFILE OF DIRECTORS

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.



PROFILE OF DIRECTORS

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.

TOP MANAGERMENTS



PROFILE OF MANAGEMENTS



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. In 2019 Miss. Phan Sonita has become Chief Operating Officer. 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 1year as Sale Consultant by responsible for many works including stock, daily report, received payment, and customer service.

MISS. PHAN SONITA
CHIEF OPERATING OFFICER



MR. ME MORKOT
CHIEF FINANCE OFFICER

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 was transfer to finance department as Finance Manager in August 2017. Furthermore, he has been promotted to be head of Finance in December 2019. In 2021, He was promoted as Chief Finance 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. An Visal has promoted to Deputy Head of Human Resource and Admin in January 2021. He has been working for Ly Hour Leasing Plc since January 2020. He initially joined Ly Hour Leasing as Human Resource and Admin manager and pursued various roles as acting Head of HR and Admin Department. He holds a bachelor degree in Computer Science at Norton University in 2011. He has completed successfully short courses such as: Secretary and Admin Skill in 2009, Effective General of Leadership in 2011, Cambodian Labor Law in 2014, Training of Trainers in 2016, Supervisory Skills Foundation in 2017, Advanced HR Business Partner-ship in 2018, General English program "Advance" in 2018, and Leadership and Problem-Solving skill in 2021. Prior to joining Ly Hour Leasing Plc, he worked as Human Resource and Planning officer "Supervisory" in 2019 at Phnom Penh International Airport, and he has more than 8 years working experiences in field of Human Resource Management.



MR. AN VISAL
DEPUTY HEAD OF HR AND ADMIN DEPARTMENT



MR. CHOUT BUNLONG
HEAD OF CREDIT DEPARTMENT

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 Ly Hour Leasing PLC. as the Head of Credit Department in May 2017.



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 1year as Internal Audit Manager and used to work at Lyhour Pay Pro Plc more than 1year as Internal Audit Manager.



MR. CHHOENG CHEAMCHYVORN
INTERNAL AUDIT MANAGER



MANAGEMENT TEAM



MR. KEN SINHAUR
RISK AND COMPLIANCE MANAGER

Mr. Sinhaur graduated master degree of Finance at National University of Management in 2018, bachelor degree of Finance and Banking at National University of Management in 2016, bachelor degree of English in Education at Phnom Penh International University in 2016 and Pedagogy & Methodology Training for General Education at National Institute of Education in 2019.

Mr. Sinhaur has more than 5 years working in the Banking Industry. From 2016 until April 2020, He worked as Finance and admin officer and Senior compliance officer at Canadia Bank. In 2020 joined Hong Leong Bank, as Assistant Compliance Manager and worked at the bank till end of March 2021.

In March 2021, Sinhaur joined Ly Hour Leasing Plc as Risk and Compliance Manager.



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 & COMPLIANCE:

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.

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.

CORPORATE INFORMATION

Company	Ly Hour Leasing Plc	
Registration No.	00000694	
Registered office	#No.243-244, Street 598, Phum Tuol Thgan, Sangkat Tuol Sangkae 2, Khan Russey Keo, Phnom Penh.	
Shareholders	Oknha Ly Sopheark Ms. Liao Xi	
Board of Directors	Oknha Ly Sopheark	Chairman
	Chumteav Oknha Seang Lim	Director
	Ms. Liao Xi	Director
Management team	Ms. San Somany	Chief Executive Officer
	Ms. Phan Sonita	Chief Operating Officer
	Mr. Me Morkot	Chief Finance Officer
	Mr. Chout Bunlong	Head of Credit Department
	Mr. Suong Vibol	Head of Sale and Marketing Department
	Mr. Houy Sokly	Head of Loan Recovery Department
Principal bankers	Phillip Bank Plc. Advanced Bank of Asia Limited	
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 2021.

PRINCIPAL ACTIVITIES

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

FINANCIAL PERFORMANCE

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

	2021 US\$	2020 US\$	2021 KHR'000 (NOTE 5)	2020 KHR'000 (NOTE 5)
Profit before income tax	1,156,731	886,650	4,705,581	3,614,872
Income tax expense	(215,928)	(182,815)	(878,395)	(745,337)
Net profit for the year	940,803	703,835	3,827,186	2,869,535

SHARE CAPITAL

On 10 February 2021, the Company requested to the National Bank of Cambodia (“NBC”) to increase the share capital from US\$3,000,000 to US\$10,000,000. On 2 June 2021, the Company obtained approval from the NBC on the above request. The amendment to the Memorandum and Articles of Association was endorsed by the Ministry of Commerce (“MOC”) on 22 December 2021.

DIVIDEND

No dividend was declared or paid and the Board of Directors did not recommend any dividend to be paid for the financial 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 were 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 Board of Directors is not aware of any circumstances which have arisen which would render adherence to the existing methods 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 Board of Directors, will or may materially affect the ability of the Company to meet its obligations as and when they fall due.

CHANGES IN CIRCUMSTANCES

At the date of this report, the Board of Directors is 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 results of the operations of the Company for the current financial year in which this report is made.

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.

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

DIRECTORS' INTERESTS

The Directors who held office at the end of the financial year and their interests in the Company were as follows:

	2021		2020	
	HOLDING %	NUMBER OF SHARES	HOLDING %	NUMBER OF SHARES
Ordinary shares of US\$1 each				
Oknha Ly Sopheark	51%	5,100,000	51%	1,530,000
Ms. Liao Xi	49%	4,900,000	49%	1,470,000

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 the 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.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Board of Directors is responsible for ascertaining that the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended. In preparing these financial statements, the Board of Directors is required to:

- adopt appropriate accounting policies which are supported by reasonable and prudent judgments and estimates and then apply them consistently;
- comply with the Cambodian International Financial Reporting Standard for Small and Medium-sized 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 8 to 41 which, in our opinion, present fairly, in all material respects, the financial position of the Company as at 31 December 2021, 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 2022

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 2021, 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 8 to 41 (hereafter referred to 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 2021, 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 years ended 31 December 2019 and 2020 were 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 2020.

Our opinion expressed on the financial statements as at and for the year ended 31 December 2021 was also qualified due to the significance of the abovementioned VAT exposures as well as year 2021 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.

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 4. 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 2022

FINANCIAL HIGHLIGHTS

Consolidated Financial Results	Measure	2021	2020
Net Profit/(Loss)	US\$	940,803	703,835
Gross Lease Receivables	US\$	13,640,377	9,785,907
Total Assets	US\$	14,141,606	10,433,386
Share Capital	US\$	10,000,000	3,000,000
Net worth	US\$	11,141,567	3,491,322
Lease Receivable Grow Rate	%	39.39%	36.76%
Return on Assets (ROA)	%	7.66%	7.52%
Return on Equity (ROE)	%	12.86%	22.41%
Solvency Ratio (NBC >=15%)	%	82.99%	33.94%
Yield Ratio	%	23.89%	25.93%
Operating Expense Ratio	%	8.67%	9.18%
PAR>30days	%	2.77%	2.75%

STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	NOTE	2021 US\$	2020 US\$	2021 KHR'000 (NOTE 5)	2020 KHR'000 (NOTE 5)
ASSETS					
Cash and cash equivalents	6	215,707	458,236	878,790	1,853,565
Statutory deposit	7	500,000	150,000	2,037,000	606,750
Lease receivables from customers	8	13,132,625	9,632,521	53,502,314	38,963,547
Other assets	9	25,245	20,745	102,848	83,914
Property and equipment	10	149,168	133,531	607,710	540,133
Intangible assets	11	3,962	10,805	16,142	43,706
Deferred tax assets, net	14A	114,899	27,548	468,099	111,432
TOTAL ASSETS		14,141,606	10,433,386	57,612,903	42,203,047
LIABILITIES AND SHAREHOLDERS' EQUITY					
Liabilities					
Borrowings	12	2,223,346	6,608,916	9,057,912	26,733,065
Other liabilities	13	155,792	122,485	634,697	495,452
Current income tax liability	14B	328,935	209,255	1,340,081	846,437
Total liabilities		2,708,073	6,940,656	11,032,690	28,074,954
Shareholders' equity					
Share capital	15	10,000,000	3,000,000	40,420,000	12,000,000
Regulatory reserves	16	291,966	126,913	1,187,025	515,589
Retained earnings		1,141,567	365,817	4,661,499	1,505,749
Currency translation reserves		-	-	311,689	106,755
Total shareholders' equity		11,433,533	3,492,730	46,580,213	14,128,093
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,141,606	10,433,386	57,612,903	42,203,047

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2021

	NOTE	2021 US\$	2020 US\$	2021 KHR'000 (NOTE 5)	2020 KHR'000 (NOTE 5)
OPERATING INCOME					
Interest income	17	2,798,559	2,196,490	11,384,538	8,955,090
Interest expense	12	(195,629)	(490,216)	(795,819)	(1,998,611)
Net interest income		2,602,930	1,706,274	10,588,719	6,956,479
Other income	18	14,290	39,441	58,132	160,801
NET OPERATING INCOME		2,617,220	1,745,715	10,646,851	7,117,280
Impairment losses on lease receivables	8	(348,316)	(65,961)	(1,416,949)	(268,923)
Net losses on derecognition of lease receivables		(96,699)	(15,184)	(393,372)	(61,906)
Personnel expenses	19	(680,615)	(503,637)	(2,768,742)	(2,053,328)
Depreciation and amortisation		(73,660)	(68,981)	(299,649)	(281,235)
Other operating expenses	20	(261,199)	(205,302)	(1,062,558)	(837,016)
Profit before income tax		1,156,731	886,650	4,705,581	3,614,872
Income tax expense	14C	(215,928)	(182,815)	(878,395)	(745,337)
Net profit for the year		940,803	703,835	3,827,186	2,869,535
Other comprehensive income/(loss)					
Currency translation difference		-	-	204,934	(106,189)
Total comprehensive income for the year		940,803	703,835	4,032,120	2,763,346

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	SHARE CAPITAL US\$	KHR'000 (NOTE 5)	REGULATORY RESERVES US\$	KHR'000 (NOTE 5)
At 1 January 2020	3,000,000	12,000,000	62,570	253,263
Transactions recorded directly in equity				
Transfer from retained earnings to regulatory reserves (Note 16)	-	-	64,343	262,326
Total comprehensive income	-	-	-	-
Net profit for the year	-	-	-	-
Currency translation difference	-	-	-	-
At 31 December 2020	3,000,000	12,000,000	126,913	515,589
At 1 January 2021	3,000,000	12,000,000	126,913	515,589
Transactions recorded directly in equity				
Transfer from retained earnings to regulatory reserves (Note 16)	-	-	165,053	671,436
Transaction directly with shareholders	7,000,000	28,420,000	-	-
Share capital issuance	-	-	-	-
Total comprehensive income	-	-	-	-
Net profit for the year	-	-	-	-
Currency translation difference	-	-	-	-
At 31 December 2021	10,000,000	40,420,000	291,966	1,187,025

STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

(ACCUMULATED LOSSES) / RETAINED EARNINGS	CURRENCY TRANSLATION RESERVES		TOTAL		
	US\$	KHR'000 (NOTE 5)		US\$	KHR'000 (NOTE 5)
(273,675)	(1,101,460)	-	212,944	2,788,895	11,364,747
(64,343)	(262,326)	-	-	-	-
703,835	2,869,535	-	-	703,835	2,869,535
-	-	-	(106,189)	-	(106,189)
703,835	2,869,535	-	(106,189)	703,835	2,763,346
365,817	1,505,749	-	106,755	3,492,730	14,128,093
365,817	1,505,749	-	106,755	3,492,730	14,128,093
(165,053)	(671,436)	-	-	-	-
-	-	-	-	7,000,000	28,420,000
940,803	3,827,186	-	-	940,803	3,827,186
-	-	-	204,934	-	204,934
940,803	3,827,186	-	204,934	940,803	4,032,120
1,141,567	4,661,499	-	311,689	11,433,533	46,580,213

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

CASH FLOWS FROM OPERATING ACTIVITIES

	2021 US\$	2020 US\$	2021 KHR'000 (NOTE 5)	2020 KHR'000 (NOTE 5)
Net profit for the year	940,803	703,835	3,827,186	2,869,535
Adjustments for:				
Income tax expense	215,928	182,815	878,395	745,337
Depreciation and amortisation	73,660	68,981	299,649	281,235
Property and equipment written off	-	159	-	648
Gain on disposal of property and equipment	-	(12,000)	-	(48,924)
Net interest income	(2,602,930)	(1,706,274)	(10,588,719)	(6,956,479)
Impairment losses on lease receivables	348,316	65,961	1,416,949	268,923
Seniority indemnity	26,138	22,103	106,329	90,114
	(998,085)	(674,420)	(4,060,211)	(2,749,611)
Changes in:				
Lease receivables from customers	(3,786,761)	(2,638,187)	(15,404,544)	(10,755,888)
Other assets	(4,500)	1,738	(18,306)	7,086
Other liabilities	60,682	3,472	246,854	14,155
	(4,728,664)	(3,307,397)	(19,236,207)	(13,484,258)
Interest received	2,736,900	2,192,715	11,133,709	8,939,699
Interest paid	(198,286)	(471,111)	(806,627)	(1,920,720)
Income tax paid	(183,599)	(43,927)	(746,881)	(179,090)
Seniority indemnity paid	(53,513)	-	(217,691)	-
Net cash used in operating activities	(2,427,162)	(1,629,720)	(9,873,697)	(6,644,369)

OUR CUSTOMER



MR. LUONH CHIYNIAW

OWNER OF DOCTOR PHONE & WILLIAM AUTO

I am living in Phnom Penh city since 2010. During 2019, I started opening Doctor Phone as my business with many branch. That's when I started to lease a car (Model Lexus RX400h) for daily operation by leasing from LY HOUR LEASING PLC. Until 2020, I intent to started my new business with car rental. At that time, I started to lease a car (Model ALPHAD 2018) for rent to company in Phnom Penh. My business continue to grow until the beginning of 2021. By seeing the potential and use of car in Cambodia, So I start a new business by opening the car repair shop name William Auto. To provide car repair service to all customer. Thanks to LY HOUR LEASING PLC, for providing coordination and financial leasing services with a focus with client needs, and helping to process my goal.

	2021 US\$	2020 US\$	2021 KHR'000 (NOTE 5)	2020 KHR'000 (NOTE 5)
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisitions of property and equipment	(82,454)	(35,196)	(335,423)	(143,494)
Additional statutory deposit	(350,000)	-	(1,423,800)	-
Proceed from disposal of property and equipment	-	12,000	-	48,924
Net cash used in investing activities	(432,454)	(23,196)	(1,759,223)	(94,570)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayments of borrowings	(665,913)	(2,648,308)	(2,708,934)	(10,797,152)
Proceeds from borrowings	1,283,000	3,900,000	5,219,244	15,900,300
Capital injection	2,000,000	-	8,136,000	-
Net cash generated from financing activities	2,617,087	1,251,692	10,646,310	5,103,148
Net decrease in cash and cash equivalents				
Cash and cash equivalents at 1 January	(242,529)	(401,224)	(986,610)	(1,635,791)
Currency translation difference	458,236	859,460	1,853,565	3,502,300
Cash and cash equivalents at	-	-	11,835	(12,944)
31 December (Note 6)	215,707	458,236	878,790	1,853,565
Significant non-cash transaction from financing activities:				
Transferred from borrowings to share capital	5,000,000	-	20,340,000	-

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

2021 INTERNSHIP PROGRAM

GROW YOUR CAREER WITH US!

BENEFITS

- Learn many aspects of the business and management through job requirement, training and development programs.
- Learn from senior management and coaches
- Internship Allowance
- Five working days per week
- Become to permanent staff depend on performance appraisal
- Gain a professional role in specific duty depend on affording.

CRITERIA

- At least year 3
- School recommendation letter is required.
- Good English both speaking and writing.
- Good interpersonal skill.
- Confident, innovation team player and resourceful.

HEAR FROM OUR INTERNSHIP EXPERIENCE

My name is Meas Senghour, 24 years old. Currently, I am graduated bachelor degree in Management at National University of Management. and I joined at Ly Hour Leasing internship on 9th October 2017 as Data Entry & Contract Management in Finance Department. During that time, I have gained more experiences and knowledge from direct superior and team. I am very enjoyed with working day and environment to understand the whole working process of Leasing Industry. In early 2019 has passed to full time staff as Data Entry & Contract Management Officer. In 2020 has promoted to Senior Data Entry & Contract Management.



HOW TO APPLY

Interested candidates should submit CV with Cover Letter to E-mail: jobs@lyhourleasing.com or scan QR to apply.

Address company:

No.243-244, street 598, Phum Tuol Thgan, Sangkhat Toul Sangkae 2, Khan Russey Keo, Phnom Penh, Cambodia.



CORPORATE SOCIAL RESPONSIBILITY

LY HOUR LEASING PLC SPONSORS ONE MILLION TWENTY THOUSAND MASKS TO 7 MINISTRIES-GOVERNMENT FOR PREVENTION COVID-19 IN CAMBODIA.

On March 22, 2021 Ly Hour Leasing Plc. Sponsored mask to 7 Ministries-Government such as Phnom Penh Capital Hall, Commissariat of Phnom Penh Municipal Police, Gendarmerie Royal De Phnom Penh, Ministry of Justice, Ministry of Environment, Union of Youth Federations of Prey Veng Province and Chroy Changvar District Administration during the Covid-19 in Cambodia.

Ly Hour Leasing Plc, and Rou Sing Garment have donated one million ten thousand Masks to 7 ministries and government institutions:

1. Phnom Penh Capital Hall 300.000 Masks
2. Commissariat of Phnom Penh Municipal Police) 300.000 Masks
3. Gendarmerie Royal De Phnom Penh) 200.000 Masks
4. Ministry of Justice 100.000 Masks
5. Ministry of Environment 100.000 Masks
6. Union of Youth Federations of Prey Veng Province 100.000 Masks
7. Chroy Changvar District Administration 100,000 Masks

In order to, contribute to the Royal Government and the people of Cambodia in preventing and combating COVID-19 in Cambodia.

In addition, to this mask sponsor, Ly Hour Leasing Plc. Always participated 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.





ការិយាល័យកណ្តាល | HEAD OFFICE

ផ្ទះលេខ ២៤៣-២៤៤ ផ្លូវ៥៩៨ ភូមិទួលថ្មាន់ សង្កាត់ទួលសង្កែទី២ ខណ្ឌឫស្សីកែវ រាជធានីភ្នំពេញ
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