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LY HOUR LEASING PLC

The Leasing Center

ANNUAL REPORT 2022

7th YEAR ANNIVERSARY LY HOUR LEASING PLC

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7th YEAR ANNIVERSARY

**OKNHA.
LY SOPHEARK
CHAIRMAN**



CONTENTS



I ABOUT LY HOUR LEASING PLC.

- 03 Introduction Of Ly Hour Leasing PLC
- 04 Vision, Mission and Core Values
- 06 Milestone Of The Company
- 07 Important Data
- 09 Business Development And Operation



IV HUMAN RESOURCE DEVELOPMENT AND MANAGEMENT

- 28 Management Capacity Development
- 29 Digital Recruitment
- 30 Staff Well-Being



II CORPORATE GOVERNANCE

- 11 Message From The CHAIRMAN
- 13 Profile Of Directors
- 16 Corporate Governance
- 17 Message From The CEO
- 19 Management
- 20 Management Team
- 23 Organizational Structure



V TESTIMONIALS FROM CUSTOMERS AND PARTNERS

- 32 Testimonials From Clients Using Leasing Services
- 32 Testimonials From From Business Partners



III INTERNAL CONTROL

- 25 Risk Management
- 26 Compliance
- 26 Internal Audit



VI REPORT OF THE INDEPENDENT AUDITORS

- 34 Report Of The Board Of Directors
- 38 Report Of The Independent Auditors
- 41 Statement Of Financial Position
- 42 Statement Of Comprehensive Income
- 43 Statement Of Changes In Equity
- 45 Statement Of Cash Flows

LY HOUR LEASING PLC

THE LEADING LEASING CENTER IN CAMBODIA

INTRODUCTION OF LY HOUR LEASING PLC



In daily life, Cambodian people often need to travel by various means, especially cars and motorbikes for travel to work, school, various activities and transportation.

Based on stable situation and economic growth in Cambodia is increasing and based on business survey, I have decided to establish Ly Hour Leasing PLC is the leasing company and providing car and motorcycles leasing as a leading company in Cambodia. The company publishing is not only supporting a part of economic situation through jobs opportunity to Cambodian people, we also fully supported the dreaming of people to get car and motor for daily use. Following on this step and success on business plan are not coincidence, all successful step are coming from shareholders, all levels of staff of company's performance, integrity for company and clients in term of leadership, good teamwork, especially responsibility as the result we achieved as currently and we still continue to seek more successful result in the future.

Finally, I would like to express my using to shareholders, all levels of staff, especially I would like to say thanks to all clients of Ly Hour Leasing PLC that trust and Highly respect leasing service with our company.

VISION, MISSION & CORE VALUES

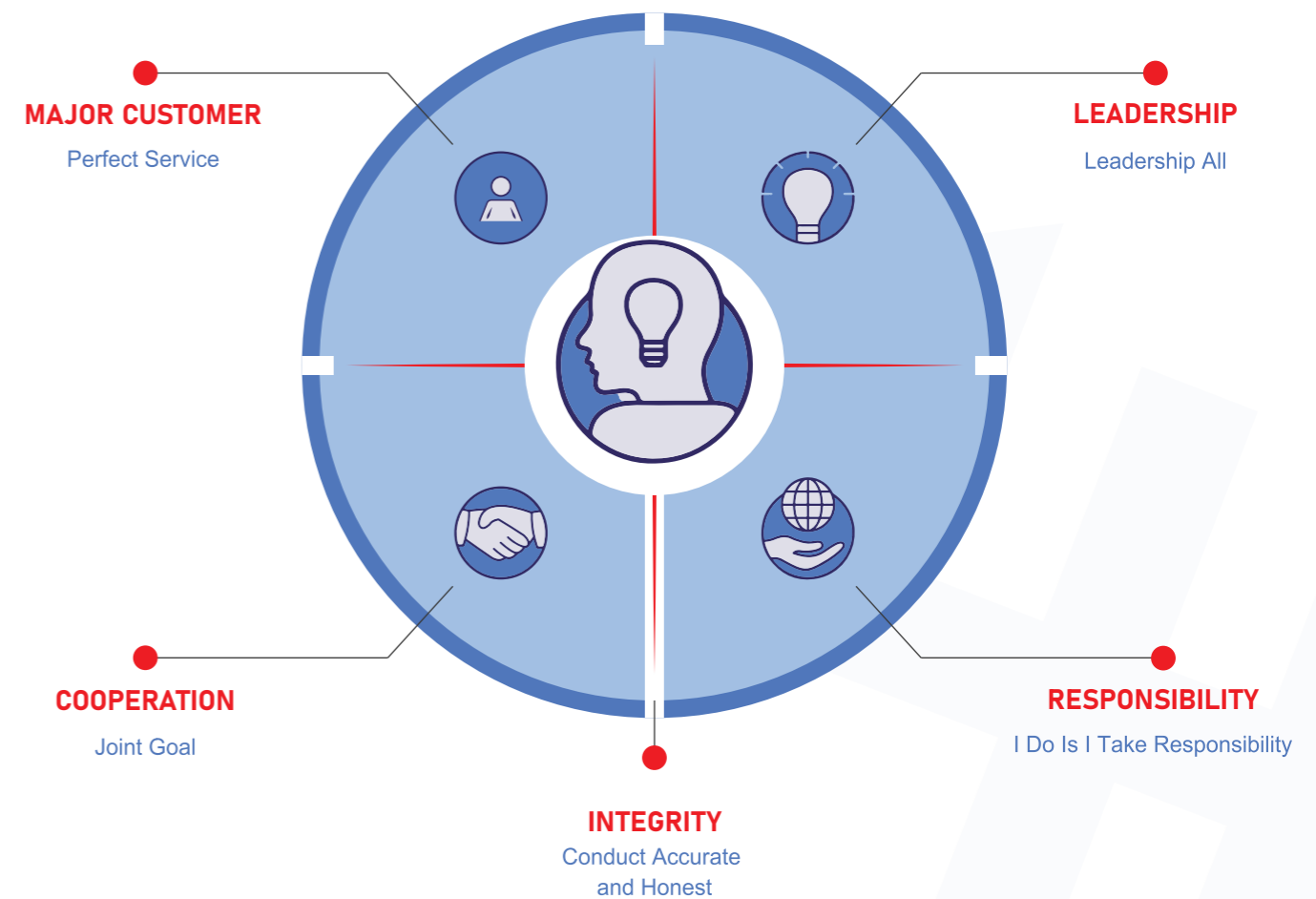
VISION

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

MISSION

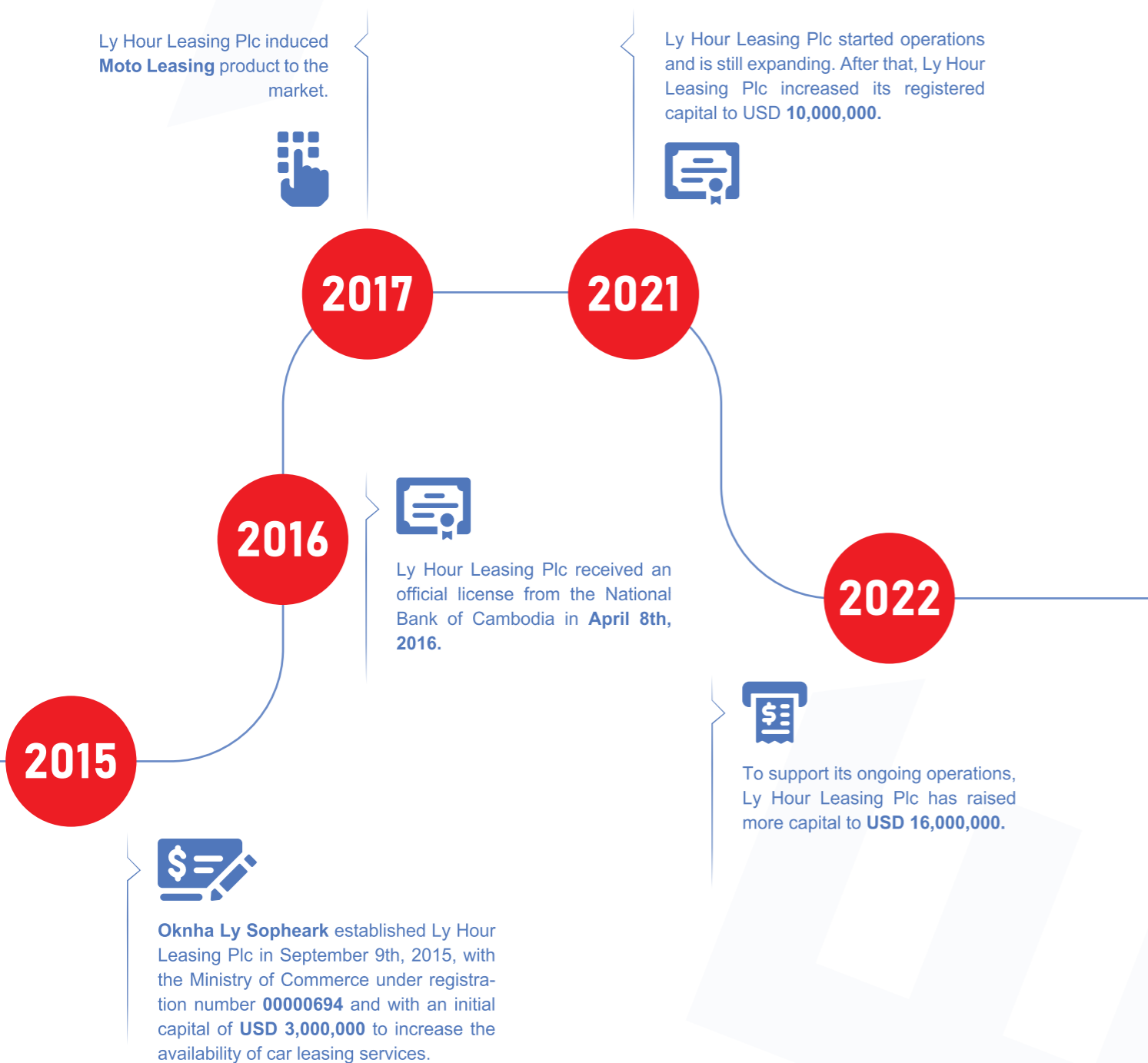
Our mission is to provide leasing service to both individual and company with the wherewithal to manage their financial resources efficiently and by doing so to improve the quality of their lives. To achieve these goals, we will ensure sustainable benefits to our shareholders, our staff and the community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

CORE VALUES



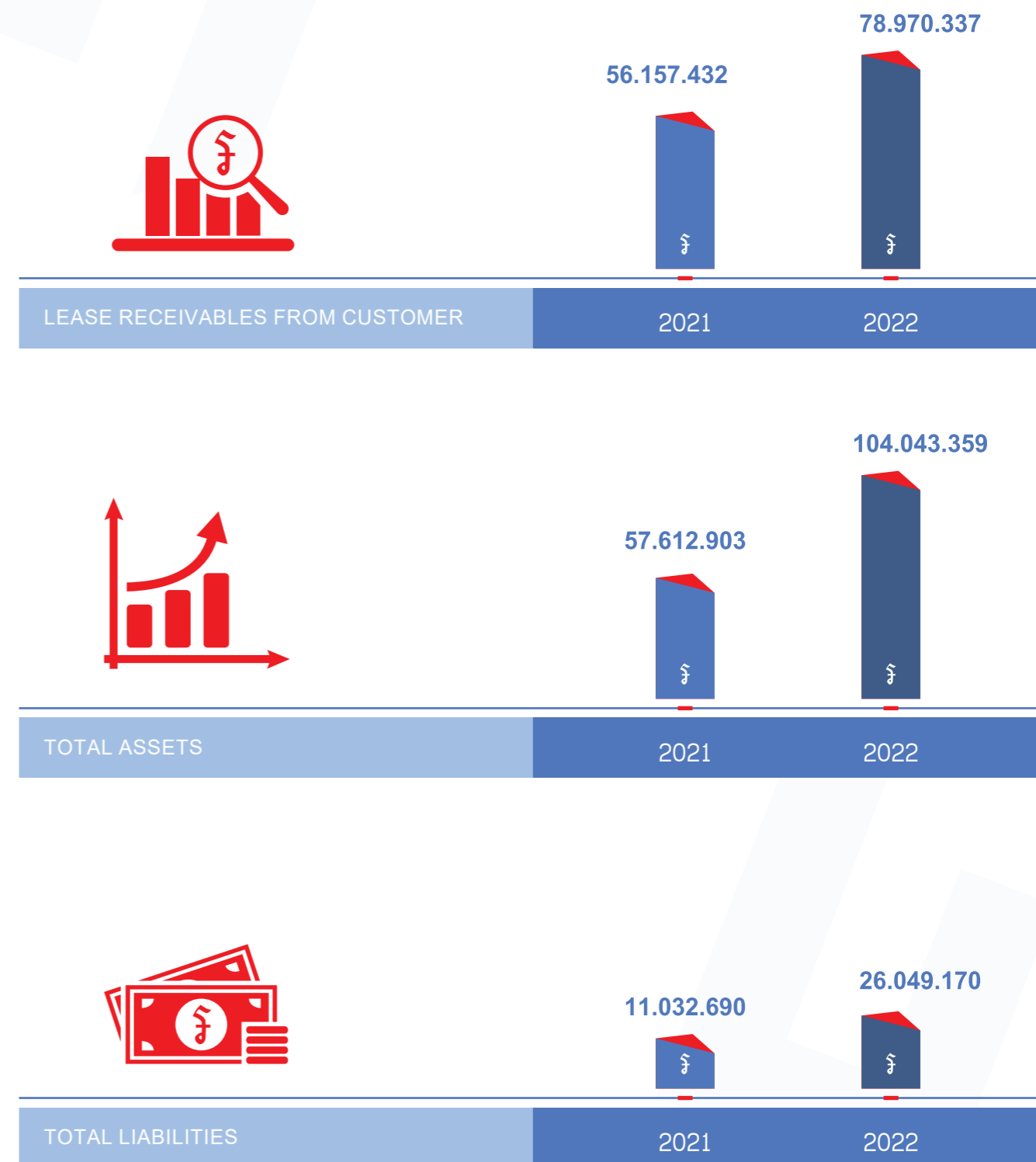
VISION, MISSION AND CORE VALUES

MILESTONE OF THE COMPANY



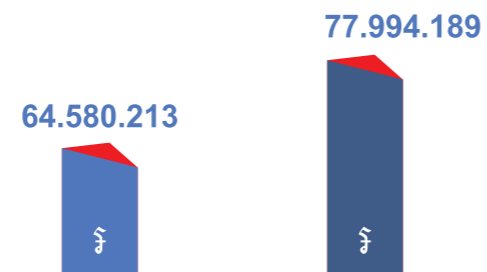
IMPORTANT DATA

DATA IN THOUSANDS OF RIELS



BUSINESS DEVELOPMENT AND OPERATION

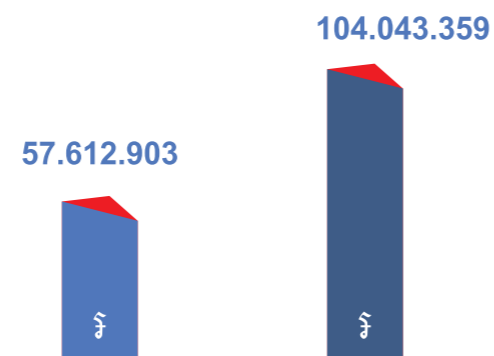
DATA IN THOUSANDS OF RIELS



TOTAL SHAREHOLDER'S EQUITY

2021

2022



TOTAL LIABILITIES & SHAREHOLDER'S EQUITY

2021

2022



NET PROFIT

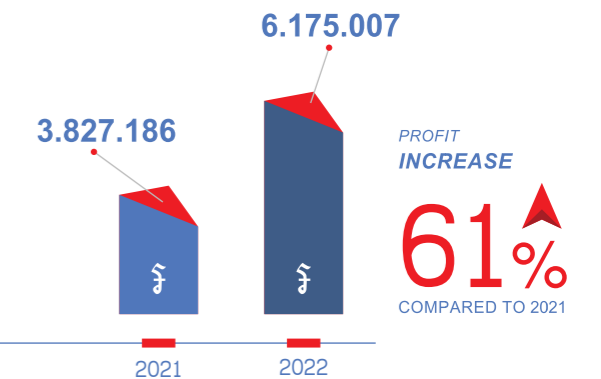
2021

2022

DATA IN THOUSANDS OF RIELS

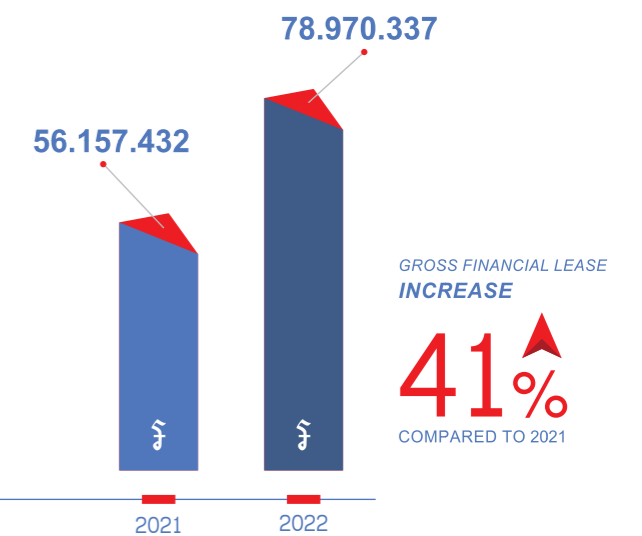
- NET PROFIT

At the end of 2022, the total net profit increased to 6,175,007,000 Riels, about 61% compared to the previous year. The results show the rapid growth momentum and growth for the company.



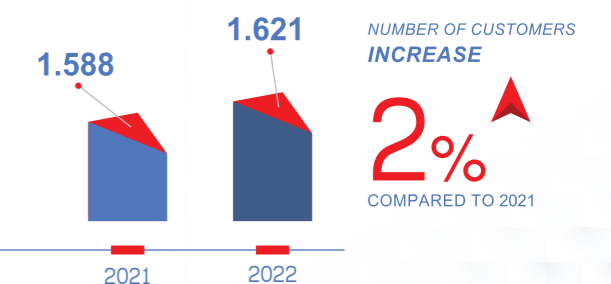
- FINANCIAL LEASE PORTFOLIO

By the end of 2022, the financial leasing portfolio increased to 78,970,337, an increase of 41% compared to the previous year, when Ly Hour Leasing PLC focused on the quality of financial leasing services to customers.



- CUSTOMER INDICATORS

By the end of 2022, the total number of customers increased to 1,621, about 2% compared to the previous year. The result is an effort to provide a full range of leasing services to clients.



CORPORATE GOVERNANCE



MESSAGE FROM THE 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”.



In 2022, Ly Hour Leasing PLC celebrated 7th anniversary after company established in 2015. Ly Hour Leasing PLC is growing both in terms of the size of products and services for providing to customers, as well as the steady growth of staffs and customer service. The company has a well-managed structure with a strict hedging credit policy based on the conditions of each type of customer and other points that make us more confident that we will be able to get opportunities for personal development constantly in the future.

Based on the vision and mission, the company has implemented a clear and optimal code of conduct for its business management. Company policy is developed by management with many years of experience in the financial sector and a clear understanding of the sector to ensure better performance and customer service.

Ly Hour Leasing PLC strives to become the best financial services company, especially for car and motor leasing and lease-back services to customers across the country, warmth from all stakeholders and their efforts through the provision of services with clear standards, it will facilitate and improve the living standards of Cambodian people as well as support their businesses.

What we have all gained, of course it comes from the valuable participation and high commitment of the entire team. However, we continue to invest more in the capacity of our staff by providing training and promoting the personal development of our employees to ensure that they are more precise in their day-to-day work and career advancement the best job opportunities.

Ly Hour Leasing PLC will continue to grow in 2023-2024. Ly Hour Leasing PLC is a strong institution as one of the leading financial leasing institutions in Cambodia. Highly responsible in the market, focusing on financial leasing services to its target customers such as employees, employers, entrepreneurs and small and medium enterprises. The company is firmly committed to and will continue to play an important role in helping people to improve their livelihoods by providing safer means of transportation.

I would like to take this opportunity to thank Mr. Po Yort, Chief Executive Officer, Management and all staff of Ly Hour Leasing PLC for their valuable contribution during their performance in the past and wish all employees more success in both career and daily life. I would like special thanks to our board members for always giving advice and providing a clear vision for our team needed to ensure continued success in a highly competitive business recently.

Finally, I would like to thank all our shareholders and customers for their support and partnership with us in the past and forever.



Oknha Ly Sopheark
Chairman



PROFILE OF DIRECTORS

OKNHA. LY SOPHEARK CHAIRMAN

OKHNA LY SOPHEARK, Cambodian, was born in 1978 in 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, was 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 was 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 married 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.



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.



MESSAGE FROM THE CEO



"We adhere to the principle of focusing on optimal credit quality to ensure growth for all our stakeholders, including clients, employees at all levels and shareholders."



In 2022, the Cambodia's economy returned to almost normal, thanks to the Royal Government's effective control of the COVID-19 pandemic. In which, favorable domestic conditions and the growth of external demand helped support the Cambodian economy to continue to grow at a rate of 5.1%. The banking and financial sectors have played an important role in driving domestic economic growth, continuing to provide appropriate financial services to meet economic needs. For credit to the private sector increased by 21% and customer deposits increased by 11.3%, respectively. At the same time, economic growth is expected to continue at around 6% in 2023, despite external challenges.

2022 is the seventh year after the founding of Ly Hour Leasing PLC and it's also the growth year after Covid-19 pandemic. Reality with unwavering commitment is the driving force behind Ly Hour Leasing PLC. In addition, Ly Hour Leasing PLC has committed to strengthening the management efficiency, customer service efficiency and staff involvement at all levels to become the leading center in Cambodia.



Po Yort
Chief Executive Officer

PROFILE OF MANAGEMENTS



MR. PO YORT
**CHIEF EXECUTIVE
OFFICER**

Mr. Po Yort graduated master degree at Preston University (Phnom Penh) for major Management in 2004. He joined Ly Hour Leasing plc in 2022 as CEO. He got 23 years' experience in finance and accounting. In 2022 he worked as Vice President of Credit Management at Aeon Specialize Bank. From 2014 until 2022 he worked at Myanmar Finance International Limited in position Managing Director. In 2012 till 2014 Board of Directors of Cambodia Microfinance Association (CMA). From 2010 till 2014 he worked at KREDIT MFI as Chief Operating officer. For Education sector he's part time lecturer at Build Bright University since 2002 till Present in major Banking and Finance.

MANAGEMENT

Miss. Phan Sonita is joining 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 purchase, 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 Laws 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. Morkot holds bachelor degree in field of financial and banking from at 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 experienced 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. After that, he was transfer to finance department as Finance Manager in August 2017. Furthermore, he was promoted to be head of Finance in December 2019. In 2021, He he has been promoting as Chief Finance Officer.



MR. ME MORKOT
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 has also 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. In these 11 years, he has experienced in credit Sale manage Financial service, Money Transfer Service. Loan portfolio quality, and practical leadership and he joins Ly Hour Leasing as Head of Sale and Marketing Department in September 17, 2018, and then he is promoted to Deputy Chief of Business Development in 2022.



MR. SUONG VIBOL
**DEPUTY CHIEF OF BUSINESS
DEVELOPMENT**

MANAGEMENT TEAM



MR. CHOUT BUNLONG
HEAD OF CREDIT DEPARTMENT



MR. AN VISAL
HEAD OF HR AND ADMIN
DEPARTMENT



MR. KEN SINHOUR
RISK AND COMPLIANCE
MANAGER



MR. SOM SAKONA
HEAD OF MARKETING
DEPARTMENT



MR. HOUY SOKLY
HEAD OF LOAN RECOVERY
DEPARTMENT



MR. CHHOENG CHEAMCHYVORN
INTERNAL AUDIT MANAGER



MR. CHHEAN DARAVUTH
HEAD OF IT DEPARTMENT



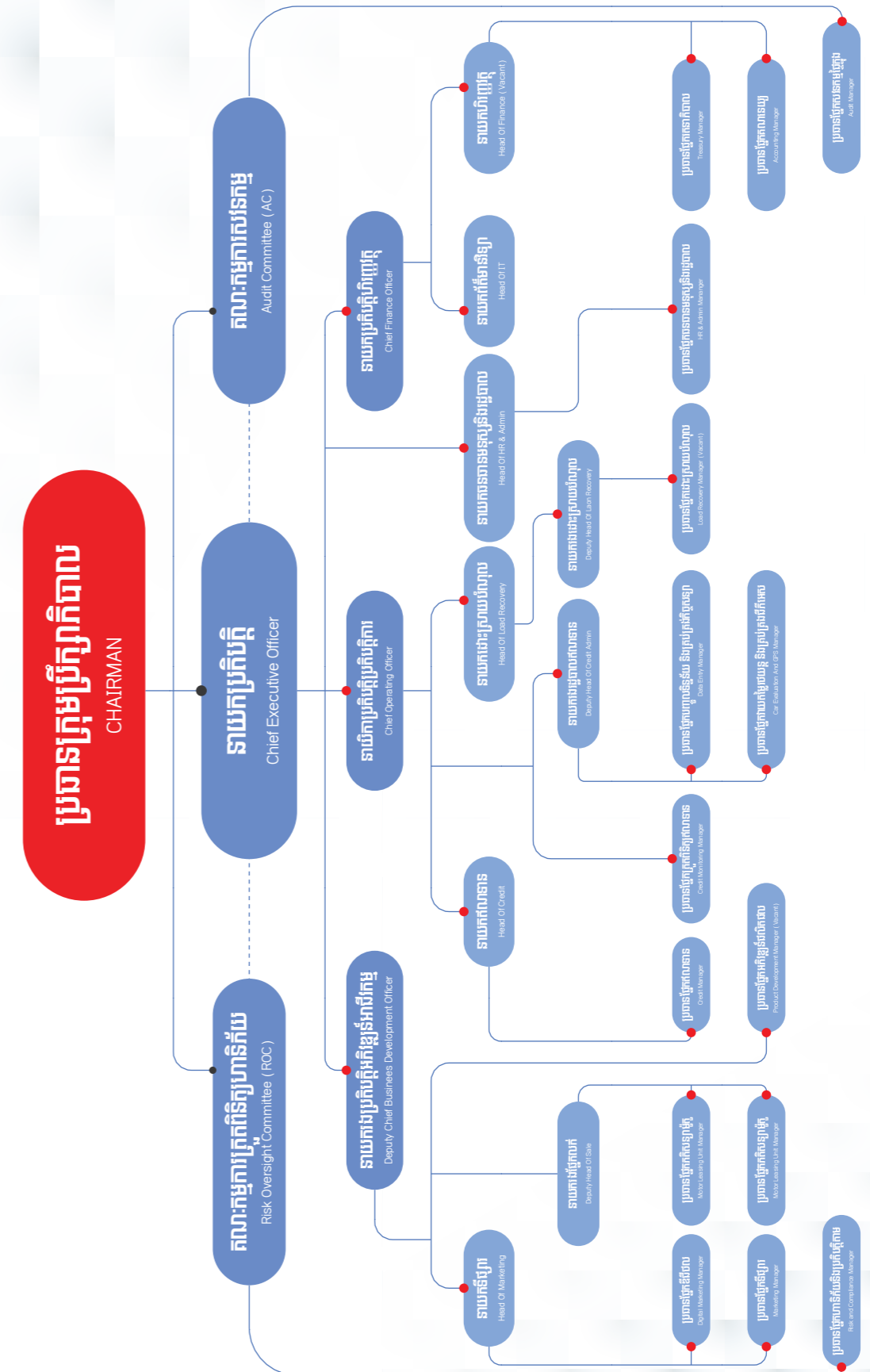
MR. BUN SOVUTHA
DEPUTY HEAD OF SALE DEPARTMENT



ONE TEAM, ONE GOAL



ORGANIZATIONAL STRUCTURE





INTERNAL CONTROL

INTERNAL CONTROL

RISK MANAGEMENT

Even though Ly Hour Leasing Plc is just starting its operation in April 2016 in leasing industry, Boards and Management has put an attention to risk management. Of Course, risk management plays a very significant role 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. Ly Hour Leasing Plc prepare to implement The Three Lines of Defense, in accordance with standard as below;

- First Line of Defense: Front Line Function
- Second Line of Defense: Risk and Compliance Function
- Third Line of Defense: Audit Function



• Credit Risk

Ly Hour Leasing's credit risk is managed and regularly updated by various methodologies such as policy, procedure, credit risk monitoring, credit approval authority, credit risk grading, credit portfolio risk analysis and loan overdue analysis.



• Operational Risk

Ly Hour Leasing's operational risk is managed and monitor the performance of operational risk management and internal control. The risk assessment is required for all products & services or amendment to ensure that the risk prevention and risk mitigation are in place.



• Treasury Risk

Treasury Risk oversees all aspects of financial management of assets and liabilities which includes making strategic plans on the best ways to keep the company solvent. It involves exposure to fluctuations in market interest rates and exchange rates, monitoring the counter party risk, and lowering the company's financial and operational risks

COMPLIANCE

The compliance function has a strong reporting line to the board and is in charge of overseeing operations and monitoring comply to laws, regulations, and internal policies and procedures throughout Ly Hour Leasing Plc. It also ensures a high level of compliance with AML/CFT requirements by developing the KYC/CDD principles in accordance with regulatory requirements.

The Compliance Department is responsible for monitoring and reviewing all policies, procedures, and manuals to ensure they are keeping up to date and meet all relevant requirements of local regulations. It also contributes to the development and implementation of training programs and the inclusion of a compliance culture to employees from the beginning of their service at Ly Hour Leasing Plc as well as refresher training to the existing employee through the training on the conflicts of interest, AML/CFT, whistleblowing, data privacy protection and compliance awareness message to all staff. Additionally, the compliance department is responsible for preparing reports to the board, including overseeing the operations of the AML/CFT, training, and AML monitoring system, preparing and submitting reports on AML/ CFT, and cash transaction reports and suspicious transaction report to Cambodia Financial Intelligent Unit. In addition, Compliance monitors on-site inspections and non-compliance issues, the prudential financial ratios and other requirements from the National Bank of Cambodia and relevant regulators, and the lender's covenant ongoing basis.

INTERNAL AUDIT

Ly Hour Leasing Plc has established the comprehensive policies, procedures, operational manuals, and internal control systems to align with the international practices that consist of Three Lines of Defense; the business, the compliance, and the internal audit, and provide training to operators for enhancing the understanding and implementation of risk management and control. Therefore, it is required that internal audit closely monitor and assess the adequacy and appropriateness of internal control systems, oversee the compliance with the law and regulations, risk management, and effectiveness of business operations.

Moreover, to align with and adapt to the new competition of market and digitalization, the internal audit of Ly Hour Leasing Plc has developed and regularly updated charters, policies, procedures, and operational manuals to ensure that the internal audit function operates smoothly and complies with the internal and international standards of internal auditing. In addition, staff are trained to reinforce and enhance their internal audit capacity to ensure that they are able to perform their duties with high quality audit results.

To achieve the Ly Hour Leasing Plc's goals, objectives, and business plan, the internal audit has prepared its annual audit strategies and operational audit plan to perform the audit execution at the business function departments based on the result of risk assessment and as approved by Board of Directors. The annual audit strategies and operational audit plan are focused on the business operation, risk management, compliance, information technology function, and other products & services/projects to ensure that risk management, internal control, and governance processes, as designed and represented by the management, are adequate and functioning as intended.

The internal audit is working and reporting independently and objectively in order to play its role effectively and add value to the Ly Hour Leasing Plc. The internal audit directly reports to the Board of Directors with an indirect report to the CEO.



HUMAN RESOURCE DEVELOPMENT AND MANAGEMENT

MANAGEMENT CAPACITY DEVELOPMENT



Responsibility for the work as a whole, as well as attention to solve all problems that arise from the management is a driving force for all employees. The management of Ly Hour Leasing PLC always focused on increasing the capacity of employees according to their roles and providing opportunities for employees at all levels to join training courses to gain more knowledge in the performance of daily work.

STAFF TRAINING OF LY HOUR LEASING PLC IN 2022

| 2022 | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|----------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Number of Training Courses | 6 | 4 | 3 | 3 | 5 | 3 | 5 | 1 | 7 | 2 | 8 | 4 |
| Number of staff joined | 219 | 55 | 10 | 16 | 104 | 44 | 135 | 1 | 215 | 9 | 42 | 42 |



DIGITAL RECRUITMENT



In this digitalization situation, Ly Hour Leasing PLC has created many job opportunities by just downloading the Easy Apply App and making company recommendations. Easy Apply is a QR Code to send a resume to facilitate and provide convenience to those who are looking for a job, just scan the QR Code and fill in the information according to the table recommended by the company and send out. The company will provide opportunities for those who are looking for a job in accordance with their knowledge, skills and practical experience.



STAFF WELL-BEING



Ly Hour Leasing PLC always cares about the well-being of employees and encourages employees at all levels, providing a good work environment, capacity development and the attention of the management on the well-being of all employees. Responsibility for the work as a whole, as well as the attention to solve all the problems that arise from the management is a driving force for all employees.

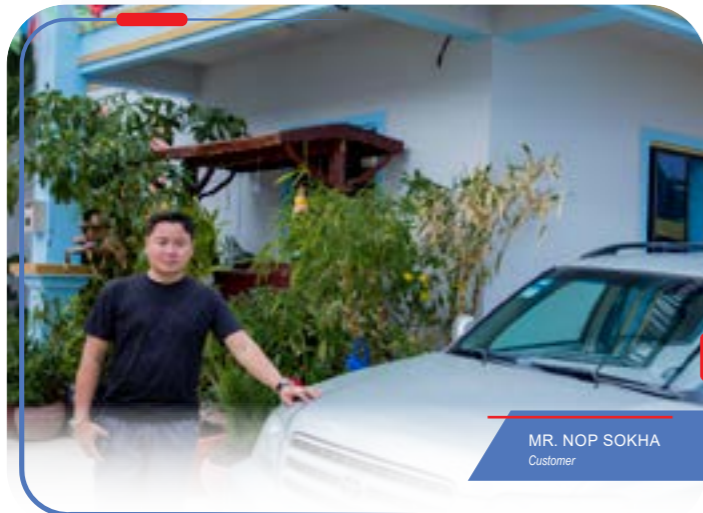


TESTIMONIALS FROM CUSTOMERS AND PARTNERS

TESTIMONIALS FROM CUSTOMERS & PARTNERS

TESTIMONIALS

FROM CLIENTS USING LEASING SERVICES



MR. NOP SOKHA
Customer

My name is Nop Sokha, I am a car rental agency to meet the needs of customers and daily business. Our agency offer high quality and affordable cars. To expand my business further, I have been using the car leasing service of Ly Hour Leasing PLC from 2019 to the present.

TESTIMONIALS

FROM BUSINESS PARTNERS

My name is Hong Theng, I am the owner of Hong Theng Car Garage, which customers know as a high-quality car shop, good quality cars and give high confidence to customers. I see that Ly Hour Leasing PLC has as grown from year to year since its inception until now and is a leading company in Cambodia in providing car leasing services. Seeing this growth, as I am owner of Hong Theng Car Shop I am strongly supported and joined as a business partner for growth so far.



MR. HONG THENG
Car garage owner

REPORT OF THE INDEPENDENT AUDITORS

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 2022.

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:

| | 2022 US\$ | 2021 US\$ | 2022 KHR'000 (NOTE 5) | 2021 KHR'000 (NOTE 5) |
|--------------------------|--------------|--------------|-----------------------------|-----------------------------|
| Profit before income tax | 2,023,373 | 1,156,731 | 8,269,525 | 4,705,581 |
| Income tax expense | (512,483) | (215,928) | (2,094,518) | (878,395) |
| Net profit for the year | 1,510,890 | 940,803 | 6,175,007 | 3,827,186 |

SHARE CAPITAL

On 6 May 2022, the Company requested to the National Bank of Cambodia (“NBC”) to increase the share capital from US\$10,000,000 to US\$16,000,000. On 7 June 2022, 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 30 Oct 2022.

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.

ITEMS OF AN UNUSUAL NATURE

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:

| | 2022 | | 2021 | |
|--------------------------------------|--------------|---------------------|--------------|---------------------|
| | HOLDING % | NUMBER OF SHARES | HOLDING % | NUMBER OF SHARES |
| Ordinary shares of US\$1 each | | | | |
| Oknha Ly Sopheark | 51% | 8,160,000 | 51% | 5,100,000 |
| Ms. Liao Xi | 49% | 7,840,000 | 49% | 4,900,000 |

DIRECTORS' INTERESTS

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' INTERESTS

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 2022, 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 10 to 51 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 2022, 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 10 to 51 (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 2022, 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 2022 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 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 2022

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

| | 2022 US\$ | 2021 US\$ | 2022 KHR'000 | 2021 KHR'000 |
|---|-------------------|-------------------|--------------------|-------------------|
| ASSETS | | | | |
| Cash and cash equivalents | 5,680,774 | 215,707 | 23,387,747 | 878,790 |
| Statutory deposit | 800,000 | 500,000 | 3,293,600 | 2,037,000 |
| Lease receivables from customers | 18,546,7 | 13,132,625 | 76,356,764 | 53,502,314 |
| Other assets | 32,589 | 25,245 | 134,169 | 102,848 |
| Property and equipment | 171,492 | 149,168 | 706,033 | 607,710 |
| Intangible assets | - | 3,962 | - | 16,142 |
| Deferred tax assets, net | 40,089 | 114,899 | 165,046 | 468,099 |
| TOTAL ASSETS | 25,271,644 | 14,141,606 | 104,043,359 | 57,612,903 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Liabilities | | | | |
| Borrowings | 5,571,076 | 2,223,346 | 22,936,120 | 9,057,912 |
| Other liabilities | 321,167 | 155,792 | 1,322,245 | 634,697 |
| Current income tax liability | 434,978 | 328,935 | 1,790,805 | 1,340,081 |
| Total liabilities | 6,327,221 | 2,708,073 | 26,049,170 | 11,032,690 |
| Shareholders' equity | | | | |
| Share capital | 16,000,000 | 10,000,000 | 64,750,000 | 40,420,000 |
| Regulatory reserves | 177,504 | 291,966 | 719,219 | 1,187,025 |
| Retained earnings | 2,766,919 | 1,141,567 | 11,304,312 | 4,661,499 |
| Currency translation reserves | - | - | 1,220,658 | 311,689 |
| Total shareholders' equity | 18,944,423 | 11,433,533 | 77,994,189 | 46,580,213 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 25,271,644 | 14,141,606 | 104,043,359 | 57,612,903 |

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

| | 2022 US\$ | 2021 US\$ | 2022 KHR'000 | 2021 KHR'000 |
|--|------------------|------------------|-------------------|-------------------|
| OPERATING INCOME | | | | |
| Interest income | 3,926,074 | 2,798,559 | 16,045,864 | 11,384,538 |
| Interest expense | (395,124) | (195,629) | (1,614,872) | (795,819) |
| Net interest income | 3,530,950 | 2,602,930 | 14,430,992 | 10,588,719 |
| Other income | 65,353 | 14,290 | 267,098 | 58,132 |
| NET OPERATING INCOME | 3,596,303 | 2,617,220 | 14,698,090 | 10,646,851 |
| Impairment losses on lease receivables | (106,089) | (348,316) | (433,586) | (1,416,949) |
| Net losses on derecognition of lease receivables | (11,561) | (96,699) | (47,250) | (393,372) |
| Personnel expenses | (994,944) | (680,615) | (4,066,336) | (2,768,742) |
| Depreciation and amortisation | (85,044) | (73,660) | (347,575) | (299,649) |
| Other operating expenses | (375,292) | (261,199) | (1,533,818) | (1,062,558) |
| Profit before income tax | 2,023,373 | 1,156,731 | 8,269,525 | 4,705,581 |
| Income tax expense | (512,483) | (215,928) | (2,094,518) | (878,395) |
| Net profit for the year | 1,510,890 | 940,803 | 6,175,007 | 3,827,186 |
| Other comprehensive income/(loss) | | | | |
| Currency translation difference | - | - | 908,969 | 204,934 |
| Total comprehensive income for the year | 1,510,890 | 940,803 | 7,083,976 | 4,032,120 |

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2022

| | SHARE CAPITAL | | REGULATORY RESERVES | |
|--|-------------------|-------------------|---------------------|------------------|
| | US\$ | KHR'000 | US\$ | KHR'000 |
| At 1 January 2020 | 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 |
| DIRECT TRANSACTIONS WITH SHAREHOLDERS | 7,000,000 | 28,420,000 | - | - |
| Addition of capital | - | - | - | - |
| Total comprehensive income | - | - | - | - |
| Net profit for the year | - | - | - | - |
| Currency translation difference | - | - | - | - |
| At 31 December 2020 | 10,000,000 | 40,420,000 | 291,966 | 1,187,025 |
| At 1 January 2021 | 10,000,000 | 40,420,000 | 291,966 | 1,187,025 |
| Transactions recorded directly in equity | | | | |
| Transfer from retained earnings to regulatory reserves (Note 16) | - | - | (114,462) | (467,806) |
| Transaction directly with shareholders | 6,000,000 | 24,330,000 | - | - |
| Share capital issuance | - | - | - | - |
| Total comprehensive income | - | - | - | - |
| Net profit for the year | - | - | - | - |
| Currency translation difference | - | - | - | - |
| At 31 December 2021 | 16,000,000 | 64,750,000 | 177,504 | 719,219 |

STATEMENT OF CASH FLOWS

for the year ended 31 December 2022

| (ACCUMULATED LOSSES) / RETAINED EARNINGS | | CURRENCY TRANSLATION RESERVES | | TOTAL | | | | | |
|--|---------------------|-------------------------------|------------------|-------------------|-------------------|--------------------|--------------------|---------------------|---------------------|
| US\$ | KHR'000 (NOTE 5) | US\$ | KHR'000 | US\$ | KHR'000 | 2022 US\$ | 2021 US\$ | 2022 KHR'000 | 2021 KHR'000 |
| 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 | | | | |
| 1,141,567 | 4,661,499 | - | 311,689 | 11,433,533 | 46,580,213 | | | | |
| 114,462 | 467,806 | - | - | - | - | | | | |
| - | - | - | - | 6,000,000 | 24,330,000 | | | | |
| 1,510,890 | 6,175,007 | - | - | 1,510,890 | 6,175,007 | | | | |
| - | - | - | 908,969 | - | 908,969 | | | | |
| 1,510,890 | 6,175,007 | - | 908,969 | 1,510,890 | 7,083,976 | | | | |
| 2,766,919 | 11,304,312 | - | 1,220,658 | 18,944,423 | 77,994,189 | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | | | | |
| Net profit for the year | | | | | | 1,510,890 | 940,803 | 6,175,007 | 3,827,186 |
| Adjustments for: | | | | | | | | | |
| Income tax expense | | | | | | 512,483 | 215,928 | 2,094,518 | 878,395 |
| Depreciation and amortisation | | | | | | 85,044 | 73,660 | 347,575 | 299,649 |
| Property and equipment written off | | | | | | 1,612 | - | 6,588 | - |
| Gain on disposal of property and equipment | | | | | | (22,470) | - | (91,835) | - |
| Net interest income | | | | | | (3,530,950) | (2,602,930) | (14,430,992) | (10,588,719) |
| Impairment losses on lease receivables | | | | | | 106,089 | 348,316 | 433,586 | 1,416,949 |
| Seniority indemnity | | | | | | 37,525 | 26,138 | 153,365 | 106,329 |
| | | | | | | (1,299,777) | (998,085) | (5,312,188) | (4,060,211) |
| Changes in: | | | | | | | | | |
| Lease receivables from customers | | | | | | (5,370,296) | (3,786,761) | (21,948,400) | (15,404,544) |
| Other assets | | | | | | (7,344) | (4,500) | (30,015) | (18,306) |
| Other liabilities | | | | | | 167,027 | 60,682 | 682,639 | 246,854 |
| | | | | | | (6,510,399) | (4,728,664) | (26,607,964) | (19,236,207) |
| Interest received | | | | | | 3,776,206 | 2,736,900 | 15,433,354 | 11,133,709 |
| Interest paid | | | | | | (356,420) | (198,286) | (1,456,689) | (806,627) |
| Income tax paid | | | | | | (331,630) | (183,599) | (1,355,372) | (746,881) |
| Seniority indemnity paid | | | | | | (39,177) | (53,513) | (160,116) | (217,691) |
| Net cash used in operating activities | | | | | | (3,461,411) | (2,427,162) | (14,146,787) | (9,873,697) |

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

| | 2022 US\$ | 2021 US\$ | 2022 KHR'000 | 2021 KHR'000 |
|--|--------------------|------------------|---------------------|--------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Acquisitions of property and equipment | (5,270,000) | | (21,538,490) | |
| Additional statutory deposit | (156,936) | (82,454) | (641,397) | (335,423) |
| Proceed from disposal of property and equipment | (300,000) | (350,000) | (1,226,100) | (1,423,800) |
| Cash received from the sale of property and equipment | 74,388 | - | 304,024 | - |
| Net cash used in investing activities | (5,652,548) | (432,454) | (23,101,963) | (1,759,223) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayments of borrowings | (1,726,633) | (665,913) | (7,056,749) | (2,708,934) |
| Proceeds from borrowings | 4,658,645 | 1,283,000 | 19,039,882 | 5,219,244 |
| Variable credit changes | 377,014 | - | 1,540,856 | - |
| Capital injection | 6,000,000 | 2,000,000 | 24,522,000 | 8,136,000 |
| Net cash generated from financing activities | 9,309,026 | 2,617,087 | 38,045,989 | 10,646,310 |
| Net decrease in cash and cash equivalents | | | | |
| Cash and cash equivalents at 1 January | 195,067 | (242,529) | 797,239 | (986,610) |
| Currency translation difference | 215,707 | 458,236 | 878,790 | 1,853,565 |
| Cash and cash equivalents at | - | - | 15,128 | 11,835 |
| 31 December (Note 6) | 410,774 | 215,707 | 1,691,157 | 878,790 |
| 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.



ការិយាល័យកណ្តាល | HEAD OFFICE

ផ្ទះលេខ ២៤៣-២៤៤ ផ្លូវ៥៨៩ ភូមិទួលថ្លាន់ សង្កាត់ទួលសង្កែទី២ ខណ្ឌបួស្សីកែវ រាជធានីភ្នំពេញ

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