



The Leasing Center

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LY HOUR LEASING PLC

ANNUAL ***REPORT*** **2023**



8th Year anniversary

Ly Hour Leasing PLC. 2015 - 2023





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LY HOUR LEASING PLC

*THE LEADING LEASING
CENTER IN CAMBODIA*





INTRODUCTION OF LY HOUR LEASING PLC



In daily life, Cambodians frequently commute by various means, including cars and motorbikes, to work, school, business places, and transportation.

Due to rapid growth, stable economic development, and a thorough strategic business plan analysis, Ly Hour Leasing Plc—a leading Financial Leasing Center is established that provides car and motorcycle leasing services in Cambodia.

The founding of this company is not only aimed at enhancing national economic development by providing employment opportunities for the people but also fulfilling their needs to acquire their dream car or motorbike.

The sustainable development of this company is not a coincidence; it depends on the contributions of shareholders and employees at all levels, ensuring integrity for both the company and its customers through collaborative leadership. By sticking together, especially in terms of overall responsibility, we can achieve success today and continue to pursue more products and services in the future.



VISION, MISSION AND 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



MILESTONE OF THE COMPANY

Ly Hour Leasing PLC signed a joint venture with **HOTAI FINANCE CO. LTD.**, a leading financial institution in Taiwan.

2023



2022

To support its ongoing operations, Ly Hour Leasing Plc has raised more capital to USD **16,000,000**.

Ly Hour Leasing Plc started operations and is still expanding. After that, Ly Hour Leasing Plc increased its registered capital to **USD 10,000,000**.

2021



2017

Ly Hour Leasing Plc induced **Motor Leasing** product to the market.

Ly Hour Leasing Plc received an official license from the National Bank of Cambodia in **April 8th, 2016**.

2016



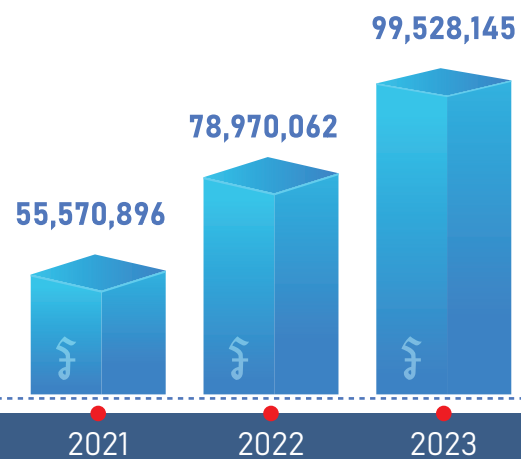
2015

Neak Oknha Ly Sopheark established Ly Hour Leasing Plc in September 9th, 2015, with the Ministry of Commerce under registration number **00000694** and with an initial capital of USD **3,000,000** to increase the availability of car leasing services.

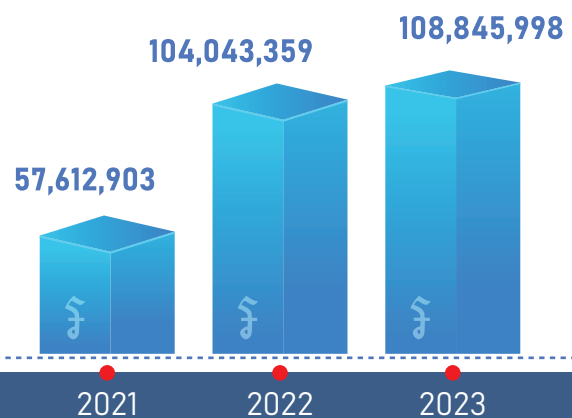
IMPORTANT DATA

DATA IN THOUSANDS OF RIELS

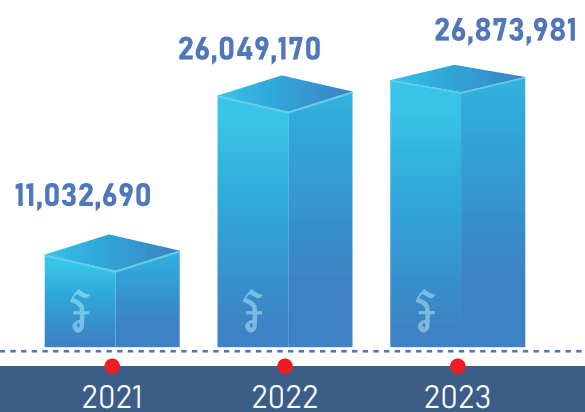
GROSS LEASE RECEIVABLES FROM CUSTOMER



TOTAL ASSETS

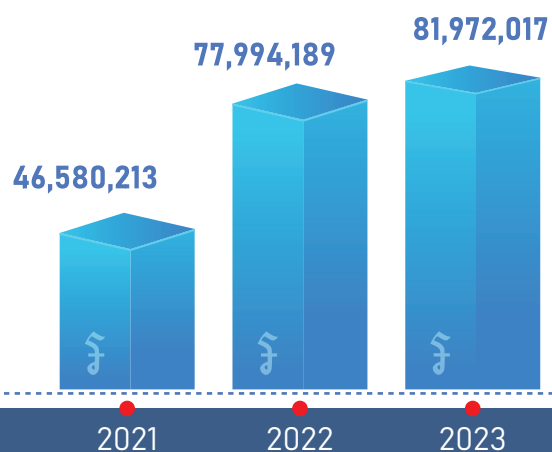
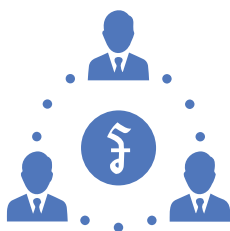


TOTAL LIABILITIES

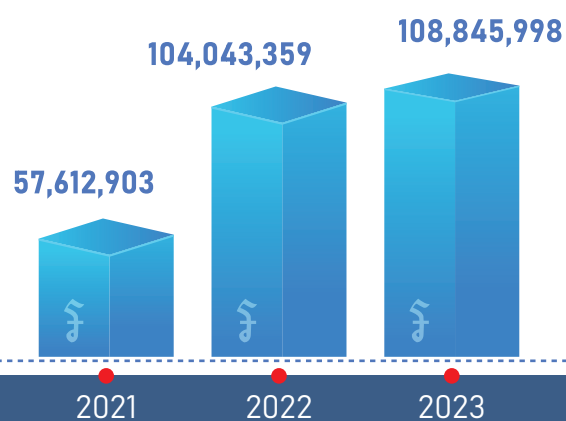


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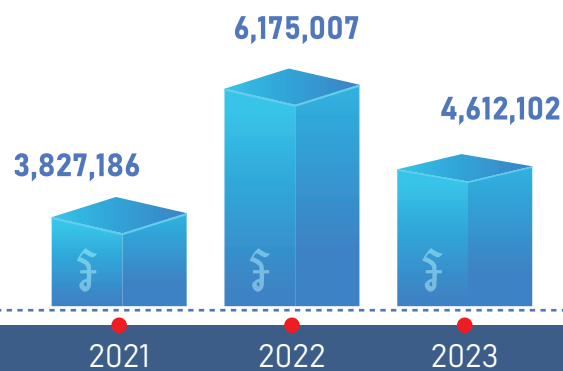
TOTAL SHAREHOLDER'S EQUITY



TOTAL LIABILITIES & SHAREHOLDER'S EQUITY



NET PROFIT

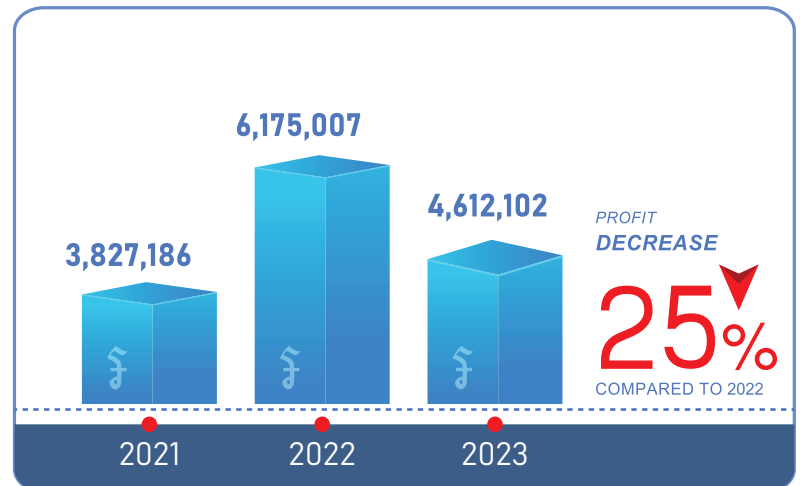


BUSINESS DEVELOPMENT AND OPERATION

DATA IN THOUSANDS OF RIELS

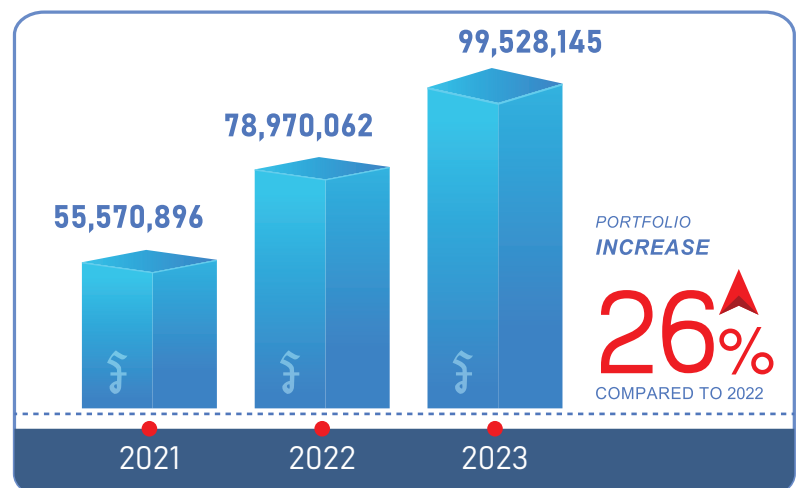
● NET PROFIT

At the end of 2023, the total net profit decreased from 6,175,007,000 Riels in 2022 to 4,612,102,000 Riels, representing about a 25% decrease compared to the previous year. The results indicate a decline in profitability for the company.



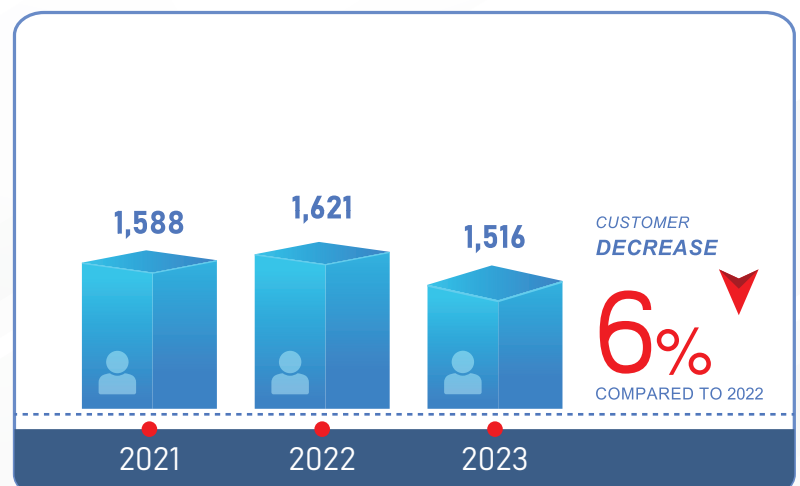
● GROSS FINANCIAL LEASE PORTFOLIO

By the end of 2023, the financial leasing portfolio grew from 78,970,062,000 Riels in 2022 to 99,528,145,000 Riels reflecting a 26% increase compared to the previous year. Ly Hour Leasing PLC achieved this growth by focusing on the quality of financial leasing services provided to customers.



● CUSTOMER INDICATORS

By the end of 2023, the total number of customers decreased from 1,621 in 2022 to 1,516 which is approximately 6% lower than the previous year. Despite the decrease, the company continues its efforts to offer a comprehensive range of leasing services to clients.



CORPORATE GOVERNANCE



MESSAGE FROM THE CHAIRMAN

“

One Team, One Goal” is exactly what our Company needs. I am delighted that the great efforts of the management team and all employees have aligned with our expectations from the beginning of the year. As a result, the Company continues to thrive and grow stronger.



In 2023, Ly Hour Leasing PLC celebrated its 8th Year Anniversary since its establishment in 2015. It also marks the eighth year after the founding of Ly Hour Leasing PLC. During this remarkable year, we have signed a joint venture with HOTAI FINANCE CO. LTD., a leading financial institution in Taiwan.

Ly Hour Leasing PLC is experiencing growth in both the range of products and services offered to customers and a steady expansion of staff and customer service. The company maintains a well-organized structure, including a rigorous credit policy that hedges against risk based on unique conditions of each customers. Additionally, robust monitoring controls that enhances our confidence that we will continue to seize opportunities for ongoing development in the future.

Based on the vision and mission, Ly Hour Leasing PLC has implemented a clear and optimal code of conduct for its business management. The company policy is developed by management with many years of experience in the financial sector and a clear understanding of the industry. This approach ensures better performance and excellent customer service.

Ly Hour Leasing PLC also provides financial services to the unbanked and underbanked populations with the economic opportunities to transform the quality of their lives and their communities through the provision of effective and sustainable client empowering financial services.

Ly Hour Leasing PLC aims to be the best financial services company, particularly in car and motor leasing, as well as lease-back services for customers across the country. Supported by stakeholders and driven by our commitment to deliver financial services with high standards, we empower Cambodians to enhance the quality of their lives, communities, and businesses.

What we have all gained are results from valuable participation and high commitment of the entire team. However, we remain committed to further invest in the quality of our staff by providing training and promoting their personal development. This ensures that they become more precise in their day-to-day work and are well-prepared for career advancement and have better job opportunities.

Ly Hour Leasing PLC will continue to grow in 2023-2024. Ly Hour Leasing PLC is 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 the Chief Executive Officer, Management, and all staff of Ly Hour Leasing PLC for their valuable contributions during their past performances, and I wish all employees more success in both their careers and daily lives. I would like to give special thanks to our board members for always giving advice and providing a clear vision for our team, which we need to ensure success in a highly competitive business.



Oknha Ly Sopheark

Chairman



PROFILE OF CHAIRMAN

**OKNHA
LY SOPHEARK
CHAIRMAN**

OKHNA LY SOPHEARK, Cambodian, was born in 1978 in Kampong Cham Province. He is a dynamic and charismatic businessman almost 20 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, Finance, Insurance, Media and Production House; and Car rental services.

OKHNA LY SOPHEARK has been appointed as Vice President of Ly Hour Group in 2014, a member of Board of Directors of Ly Hour Microfinance Institution Plc. (SBI Ly hour Bank), since 2012.

He has been devoting substantial efforts in strengthening private sectors by enabling steady and sustainable growth of local investment in the Kingdom of Cambodia and also has served as the Chairman of Ly Hour Leasing Plc, since 2015.



PROFILE OF DIRECTORS

MRS. LIAO XI
MEMBER

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

She is a dynamic and charismatic businessman almost 20 years of professional experiences. Since then, she has invested in various businesses within the Ly Hour Group, particularly in the construction, Finance, rental services, and Media and Production House. Her contributions have helped make Ly Hour Microfinance Plc. a well-known and top-ten institution in Cambodia.

As a potential investor, shareholder, and long-term partner of Ly Hour Group, Mrs. Liao Xi is ready and confident to participate in any business initiatives aimed at the development and growth of Ly Hour Microfinance Institution Plc.

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



PROFILE OF DIRECTORS

MR. TSAI CHING CHENG
MEMBER

Mr. Tsai Ching Cheng, was born in 1980, is from Taiwan. In 2012, he joined Ly Hour Microfinance Institution Plc., as a shareholder and member of the Board of Directors.

Starting from 2012, he has invested various of business with Ly Hour Group including Borey Vimean Phnom Penh and other financial institutions. Borey Vimean Phnom Penh has become one of the top 5 real estate businesses in Cambodia, with contracts for over 10,000 housing units. In 2023, he also became a Board Director at Ly Hour Leasing Plc.

He was born in Taiwan, grew up and was educated in Canada. He found opportunities in Cambodia and engaged a major join venture with Ly Hour Group.



PROFILE OF DIRECTORS

MR. LIN, YEN-LIANG
MEMBER

Mr. Lin, Yen-Liang, born in 1966, is an accomplished professional with a Master's degree in Business Administration from the University of Memphis (U of M), a distinguished institution in Tennessee, USA.

Mr. Lin, Yen-Liang began his career in 1990 in the Marketing Department of Hotai Motor Corporation. From 1994 to 1999, he held the roles of Business Development Manager and Mazda Sales Manager at Ford Credit Corporation. His international career started in 2003 as a Project Manager for Toyota Finance Services Corporation (TFSC) in Nagoya, Japan. In 2004, he was appointed Division Director (Retail & Wholesale) in Beijing, a position he held until 2005.

Since 2016, Mr. Lin, Yen-Liang has served as the CEO of Hotai Finance Corporation (HFC), a comprehensive financing service company offering a variety of installment services. Under his leadership, he has been a key catalyst in the successful diversification process the company has experienced over the past 25 years.



PROFILE OF DIRECTORS

MR. LIN CHI TAI
MEMBER

Mr. Lin Chi Tai, born in 1975 in Taiwan, is a distinguished professional with a master's degree in social science from National Chengchi University (NCCU), one of Taiwan's premier universities. With a career spanning over two decades with Taiwan's top financial holding companies, Mr. Lin Chi Tai has amassed a wealth of experience and expertise in the financial leasing sector.

In 2018, Mr. Lin Chi Tai joined Hotai Finance Corporation (HFC), Taiwan's leading car loan finance company and a prominent blue-chip entity in the Taiwan stock market. Throughout his tenure, Mr. Lin Chi Tai has held pivotal roles in various departments, including sales, planning, and strategy development.

A notable achievement in Mr. Lin Chi Tai career was his leadership role in the 2022 partnership between Ly Hour Leasing and HFC. This historic partnership marked a significant milestone in HFC's history, paving the way for its expansion into the ASEAN region.

In 2023, Mr. Lin Chi Tai was appointed as the director of Ly Hour Leasing, where he continues to drive efforts towards establishing LHL as a premier financial institution 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 focusing on credit quality with excellent services to ensure growth. This growth is never by mere chance; rather, it is the result of forces working with stakeholders, including business partners, customers, management, and staff.”



In the year 2023, the financial sector has shown remarkable resilience, reflecting the robustness of our financial systems and the trust of our customers. According to the National Bank of Cambodia, the banking industry—which consists of 87 microfinance institutions, 9 specialized banks, and 58 commercial banks—has contributed significantly to economic growth. Credit growth is expected to reach USD 57.6 billion in 2023, an increase of approximately 4.8% compared to 2022.

2023 marks the eighth year since the founding of Ly Hour Leasing PLC, and it is a remarkable year in which we signed a joint venture with HOTAI FINANCE CO. LTD, a leading financial institution in Taiwan.

Our commitment to financial inclusion remains unwavering. We continue to expand our services to unbanked and underbanked populations, ensuring that more individuals and businesses can benefit from our financial services. Moreover, we have maintained a strong capital adequacy ratio, well above regulatory requirements. This signifies our solid financial footing and ability to withstand economic fluctuations.

Looking ahead, we are optimistic about the future. Our plans include introducing more financial services, expanding our regional presence, sustaining the Company's growth, and contributing to the economic development of Cambodia. Additionally, we are committed to fostering a culture of open communication and transparency, actively seeking and acting upon feedback to improve management and services within the Company.

We adhere to focusing on credit quality with excellent services to ensure growth. This growth is never by mere chance; rather, it is the result of forces working with stakeholders, including business partners, customers, management, and staff.



Po Yort

Chief Executive Officer



PROFILE OF THE CEO

MR. PO YORT
CHIEF EXECUTIVE OFFICER

Mr. Po Yort holds a master's degree from Preston University (Phnom Penh) with a major in Management in 2004. He joined Ly Hour Leasing Plc in 2022 as CEO. With 23 years of experience in finance and accounting, he worked as Vice President of Credit Management at Aeon Specialized Bank in 2022. From 2014 until 2022, he held the position of Managing Director at Myanmar Finance International Limited. During 2012 to 2014, he served as a member of the Board of Directors at the Cambodia Microfinance Association (CMA). Additionally, from 2010 to 2014, he was the Chief Operating Officer at KREDIT MFI. In the education sector, he has been a part-time lecturer at Build Bright University since 2002, specializing in Banking and Finance.



MISS. PHAN SONITA CHIEF OPERATING OFFICER

Ms. 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 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.

MR. ME MORKOT CHIEF FINANCE 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 was promoted as Chief Finance Officer.





MR. SUONG VIBOL

CHIEF OF BUSINESS DEVELOPMENT

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 joined Ly Hour Leasing as Head of Sale and Marketing Department on September 17, 2018, and then he was promoted to Deputy Chief of Business Development in 2022. Then, he was promoted to Chief of Business Development in June 2023.

MR. HSU WEI CHIH

DEPUTY CHIEF FINANCE OFFICER

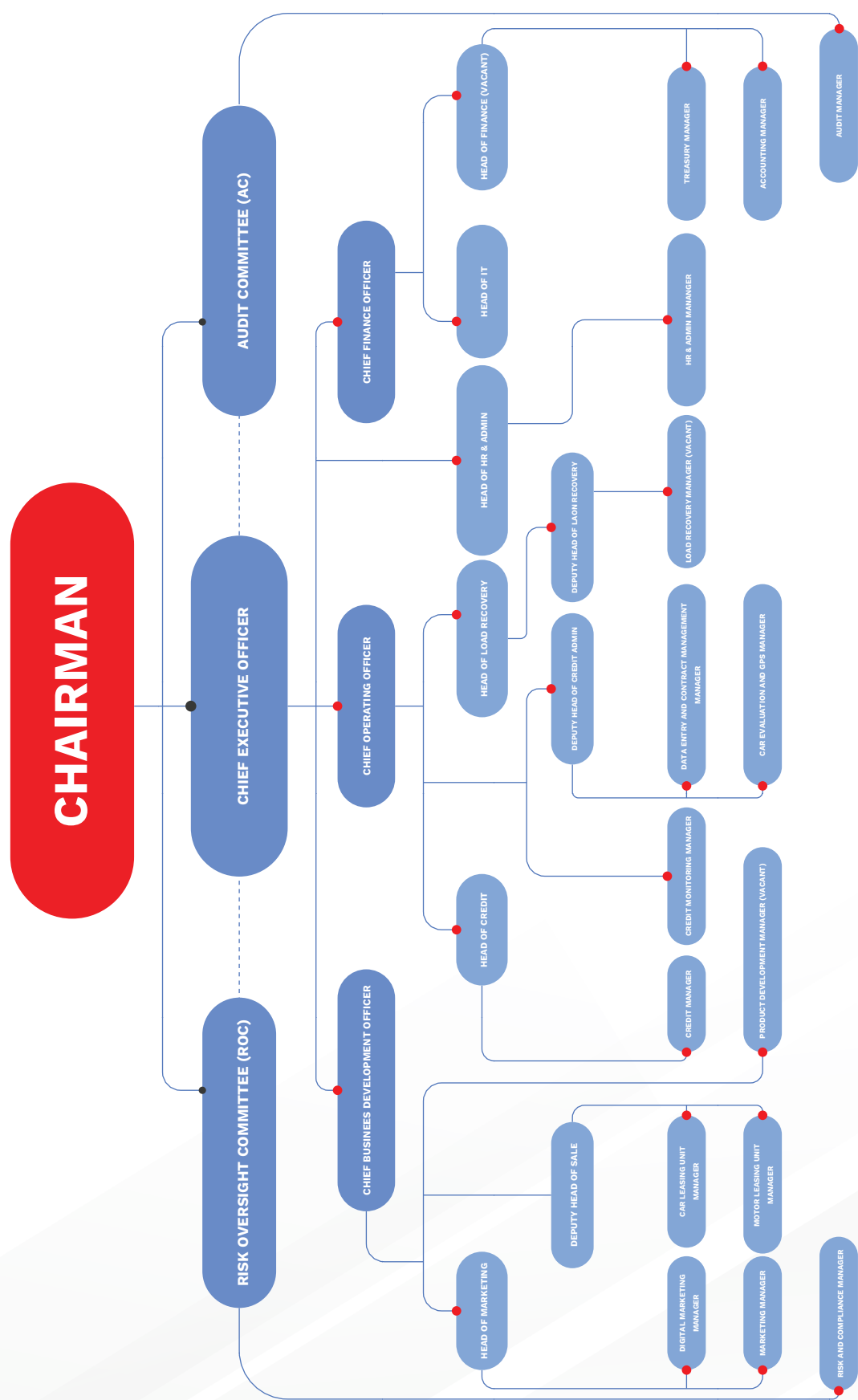
Mr. Hsu Wei Chih, a graduate of Western Washington University in the United States, holds prestigious certifications including the US Certified Public Accountant (CPA), Chartered Financial Analyst (CFA), and Certified Internal Auditor (CIA). Commencing his professional journey as an auditor at KPMG in 2010, he later transitioned to Deloitte financial advisory as a project manager in 2015. His career trajectory saw him excel, assuming roles of increasing responsibility from 2018 to 2023, including senior management positions in accounting, corporate strategy, and credit assessment at HFC Shanghai. Presently, he serves as the Deputy Chief Financial Officer at Ly Hour Leasing Plc, leveraging his vast expertise in accounting and leasing, encompassing operational intricacies and credit assessment nuances.



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 and great attention to solving all problems that arise from management, is a driving force for all employees. The management of Ly Hour Leasing PLC always focuses on capacity development of employees based on their roles and responsibilities by providing opportunities for employees at all levels to participate in training courses, gaining more knowledge in their daily work performance.

STAFF TRAINING OF LY HOUR LEASING PLC IN 2023

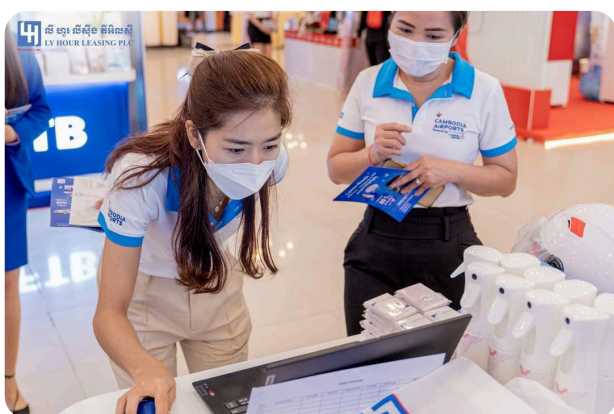
2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Number of Training Courses	5	3	6	3	4	4	3	5	2	6	4	1
Number of staff	37	95	233	7	12	9	20	64	35	181	34	21



DIGITAL RECRUITMENT



In this digital era, Ly Hour Leasing PLC has created many job opportunities through the “**Easy Apply App**” for job seekers. By downloading the app and following company instruction, job seekers can conveniently send their resumes using a QR Code. Simply scan the QR Code, fill in the information and send out. The company will then provide opportunities for those seeking employment based on their knowledge, skills, and practical experience.



STAFF WELL-BEING



Ly Hour Leasing PLC consistently prioritizes employee well-being. The company encourages employees at all levels by providing a positive work environment and focusing on capacity development. Taking responsibility and solving any problems arising from management is a driving force for all employees.





TESTIMONIALS FROM CUSTOMERS AND PARTNERS



TESTIMONIALS FROM CUSTOMERS & PARTNERS

TESTIMONIALS

FROM BUSINESS PARTNERS



My name is Ngorn Chansereyath, and I am the owner of Depo Alphard (Car Shop). At my shop, we prioritize Car quality and provide excellent services to gain confidence and trust from our clients. I have worked as a business partner on car leasing services with Ly Hour Leasing PLC for many years. Ly Hour Leasing PLC adheres to focusing on credit quality with excellent services. Therefore, I am happy to engage as a business partner and provide my full support to Ly Hour Leasing PLC in our endeavor to succeed together.

TESTIMONIALS

FROM CLIENTS USING LEASING SERVICES



My name is Nop Sokha, and I am the owner of a car rental agency. We consistently receive excellent services from Ly Hour Leasing PLC, which fulfills our needs for daily business operations. Our rental agency is committed to offering high-quality and affordable cars to our clients. Since 2019, we have been utilizing the car leasing services provided by Ly Hour Leasing PLC. I am delighted with the leasing service we receive from them. Without access to these leasing services, our agency would not have experienced the growth we've achieved.

TESTIMONIALS

FROM BUSINESS PARTNERS



My name is Kruey Vachana, and I am the owner of Heng Sophal Motorbike Shop. At my shop, we prioritize motorbike quality and provide excellent services to instill confidence in our clients. I have observed that Ly Hour Leasing PLC has consistently grown since its founding year and is now a leading company in Cambodia, offering motorbike leasing services. Recognizing this growth, I am proud to strongly support and collaborate with Ly Hour Leasing PLC as a business partner, working together to achieve mutual success.

REPORT OF THE INDEPENDENT AUDITORS



REPORT OF THE BOARD OF DIRECTORS

The directors hereby submit their report together with the audited financial statements of LY HOUR LEASING PLC (the “Company”) for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide finance leases on vehicles in Cambodia. There has been no significant change in the nature of this activity during the year.

RESULTS

	USD	KHR'000
PROFIT FOR THE FINANCIAL YEAR	1,122,166	4,612,102

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2023.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL LEASE RECEIVABLES

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

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

CURRENT ASSETS

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

1. 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
2. any contingent liabilities in respect of the Company which has arisen since the end of the financial year.

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

1. the results of the operations of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
2. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issuance of shares or debentures were made by the Company.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Oknha Ly Sopheark	
Chumteav Oknha Seang Lim	(Resigned on 25 July 2023)
Ms. Liao Xi	
Mr. Tsai Ching Cheng	(Appointed on 25 July 2023)
Mr. Lin, Chi-Tai	(Appointed on 25 July 2023)
Mr. Lin, Yen-Liang	(Appointed on 25 July 2023)

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial period are disclosed in Note 25.

ULTIMATE CONTROLLING PARTY

The controlling shareholders of the Company are Hotai Finance Co., Ltd., Oknha Ly Sopheark, and Ms. Liao Xi.

AUDITORS

The auditors, Messrs. Baker Tilly (Cambodia) Co., Ltd., have expressed their willingness to continue in office.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors of the Company are responsible for ascertaining that the financial statements of the Company give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the financial year then ended. In preparing these financial statements, the directors of the Company are required to:

1. adopt appropriate accounting policies in accordance with Cambodian International Financial Reporting Standard for Small and Medium-Sized Entities ("CIFRS for SMEs"), which are supported by reasonable and prudent judgements and estimates, and then apply them consistently;
2. comply with the disclosure requirements of CIFRS for SMEs or, if there have been any departures from such standards, in the interest of fair presentation, ensure that this has been appropriately disclosed, explained and quantified in the financial statements;
3. maintain adequate accounting records that enable the Company to prepare its financial statements in accordance to CIFRS for SMEs and an effective system of internal controls;
4. prepare the financial statements on a going-concern basis unless it is inappropriate to assume that the Company will continue operations in the reasonable future; and
5. effectively control and direct the Company and be involved in all material decisions affecting its operations and performance, and ascertain that such matters have been properly reflected in the financial statements.

The directors confirm that the Company has complied with the above requirements in preparing its financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

In the opinion of the directors, the accompanying statement of financial position of **LY HOUR LEASING PLC** (the “Company”) as at 31 December 2023, and the related statement of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements are presented fairly, in all material respects, in accordance with Cambodian International Financial Reporting Standards for Small and Medium-Sized Entities (“CIFRS for SMEs”).

Signed on behalf of the Directors,



Oknha LY Sopheark
Chairman

Phnom Penh, Kingdom of Cambodia
26 FEB 2024

REPORT OF THE INDEPENDENT AUDITORS

To the shareholders of Ly Hour Leasing Plc

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 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the financial year then ended in accordance with the Cambodian International Financial Reporting Standard for Small and Medium-sized Entities (“CIFRS for SMEs”).

BASIS FOR OPINION

We conducted our audit in accordance with Cambodian International Standards on Auditing (“CISAs”). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and 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 opinion.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS’ REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the Annual Report and Directors’ Report (but does not include the financial statements of the Company and our auditors’ report thereon), which we obtained prior to the date of this auditors’ report, and other sections included in the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Company does not cover the Directors’ Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the CIFRS for SMEs. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company 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 of the Company 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 CISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.
- conclude on the appropriateness of the director'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 of the Company 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 of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the director 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.

OTHER MATTERS

The financial statements of the Company for the financial year ended 31 December 2022 was audited by another firm of Certified Public Accountants, whose report dated 21 April 2023, expressed a qualified opinion on those matters as describe in Basis of Qualified Opinion, which has been resolved in the current year as disclosed in Note 24.

Baker Tilly (Cambodia) Co., Ltd.
Certified Public Accountants

Oknha Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia
26 FEB 2024

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	2023 US\$	2022 US\$	2023 KHR'000	2022 KHR'000
ASSETS				
Cash and bank balance	1,752,179	5,680,774	7,157,651	23,387,747
Statutory deposit	800,000	800,000	3,268,000	3,293,600
Lease receivables from customers	22,929,043	18,546,700	93,665,141	76,356,764
Other assets	492,633	32,589	2,012,406	134,169
Property and equipment	447,220	171,492	1,826,894	706,033
Intangible assets	29,604	-	120,932	-
Deferred tax assets, net	194,608	40,089	794,974	165,046
TOTAL ASSETS	26,645,287	25,271,644	108,845,998	104,043,359
LIABILITIES AND EQUITY				
Liabilities				
Borrowings	5,925,422	5,571,076	24,205,349	22,936,120
Other liabilities	365,215	321,167	1,491,903	1,322,245
Current income tax liability	288,061	434,978	1,176,729	1,790,805
TOTAL LIABILITIES	6,578,698	6,327,221	26,873,981	26,049,170
Equity attributable to owners of the Company				
Share capital	16,000,000	16,000,000	64,750,000	64,750,000
Regulatory reserves	-	177,504	-	719,219
Retained earnings	4,066,589	2,766,919	16,635,633	11,304,312
Currency translation reserves	-	-	586,384	1,220,658
TOTAL SHAREHOLDERS' EQUITY	20,066,589	18,944,423	81,972,017	77,994,189
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	26,645,287	25,271,644	108,845,998	104,043,359

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

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2023

	2023 US\$	2022 US\$	2023 KHR'000	2022 KHR'000
OPERATING INCOME				
Interest income	4,822,118	3,926,074	19,818,905	16,045,864
Interest expense	(515,138)	(395,124)	(2,117,217)	(1,614,872)
Net interest income	4,306,980	3,530,950	17,701,688	14,430,992
Other income	43,934	65,353	180,569	267,098
Net operating income	4,350,914	3,596,303	17,882,257	14,698,090
Impairment losses on lease receivables	(378,896)	(106,089)	(1,557,263)	(433,586)
Net losses on derecognition of lease receivables	(457,113)	(11,561)	(1,878,734)	(47,250)
Personnel expenses	(1,365,942)	(994,944)	(5,614,022)	(4,066,336)
Depreciation and amortisation	(105,564)	(85,044)	(433,868)	(347,575)
Other operating expenses	(766,664)	(375,292)	(3,150,989)	(1,533,818)
Profit before income tax	1,276,735	2,023,373	5,247,381	8,269,525
Income tax expense	(154,569)	(512,483)	(635,279)	(2,094,518)
Profit for the financial year	1,122,166	1,510,890	4,612,102	6,175,007
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Exchange differences	-	-	(634,274)	908,969
Total comprehensive income for the financial year	1,122,166	1,510,890	3,977,828	7,083,976

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	SHARE CAPITAL		REGULATORY RESERVES	
	US\$	KHR'000	US\$	KHR'000
At 1 January 2022	10,000,000	40,420,000	291,966	1,187,025
Transactions recorded directly in equity				
Transfer from retained earnings to regulatory reserves (Note 15)	-	-	(114,462)	(467,806)
Transactions with shareholders				
Share capital issuance	6,000,000	24,330,000	-	-
Total comprehensive income				
Profit for the financial year	-	-	-	-
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2022/1 January 2023	16,000,000	64,750,000	177,504	719,219
Transactions recorded directly in equity				
Transfer from regulatory reserves to retained earnings (Note 15)	-	-	(177,504)	(719,219)
Total comprehensive income				
Profit for the financial year	-	-	-	-
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2023	16,000,000	64,750,000	-	-

RETAINED EARNINGS		EXCHANGE DIFFERENCES	TOTAL EQUITY	
US\$	KHR'000	KHR'000	US\$	KHR'000
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
177,504	719,219	-	-	-
1,122,166	4,612,102	-	1,122,166	4,612,102
-	-	(634,274)	-	(634,274)
1,122,166	4,612,102	(634,274)	1,122,166	3,977,828
4,066,589	16,635,633	586,384	20,066,589	81,972,017

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

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	2023 US\$	2022 US\$	2023 KHR'000	2022 KHR'000
Cash flows from operating activities				
Profit before tax	1,276,735	2,023,373	5,247,381	8,269,525
<i>Adjustments for:</i>				
Depreciation and amortisation	105,564	85,044	433,868	347,575
Property and equipment written off	298	1,612	1,225	6,588
Gain on disposal of property and equipment	-	(22,470)	-	(91,835)
Net interest income	(4,306,980)	(3,530,950)	(17,701,688)	(14,430,992)
Impairment losses on lease receivables	378,896	106,089	1,557,263	433,586
Seniority indemnity	68,355	37,525	280,939	153,365
Operating loss before changes in working capital	(2,477,132)	(1,299,777)	(10,181,012)	(5,312,188)
<i>Changes in working capital:</i>				
Lease receivables from customers	(4,626,784)	(5,370,296)	(19,016,082)	(21,948,400)
Other assets	(460,044)	(7,344)	(1,890,781)	(30,015)
Other liabilities	44,975	167,027	184,847	682,639
Cash used in operations	(7,518,985)	(6,510,390)	(30,903,028)	(26,607,964)
Interest received	4,687,663	3,776,206	19,266,295	15,433,354
Interest paid	(512,180)	(356,420)	(2,105,060)	(1,456,689)
Income tax paid	(456,005)	(331,630)	(1,874,181)	(1,355,372)
Seniority indemnity paid	(69,282)	(39,177)	(284,749)	(160,116)
Net cash flows used in operating activities	(3,868,789)	(3,461,411)	(15,900,723)	(14,146,787)

	2023 US\$	2022 US\$	2023 KHR'000	2022 KHR'000
Cash flows from investing activities				
Withdrawal/(Placement) of term deposits with banks	5,270,000	(5,270,000)	21,659,700	(21,538,490)
Acquisition of property and equipment	(380,397)	(156,936)	(1,563,432)	(641,397)
Acquisition of intangible asset	(30,797)	-	(126,576)	-
Additional statutory deposit	-	(300,000)	-	(1,226,100)
Proceeds from disposal of property and equipment	-	74,388	-	304,024
Net cash generated from/(used in) investing activities	4,858,806	(5,652,548)	19,969,692	(23,101,963)
Cash flows from financing activities				
Repayments of borrowings	(2,321,598)	(1,726,633)	(9,541,768)	(7,056,749)
Proceeds from borrowings	3,050,000	4,658,645	12,535,500	19,039,882
Change in bank overdraft	(377,014)	377,014	(1,549,528)	1,540,856
Capital injection	-	6,000,000	-	24,522,000
Net cash flows generated from financing activities	351,388	9,309,026	1,444,204	38,045,989
Net increase in cash and bank balance	1,341,405	195,067	5,513,173	797,239
Cash and bank balance at 1 January	410,774	215,707	1,691,157	878,790
Exchange differences			(46,679)	15,128
Cash and bank balance at 31 December	1,752,179	410,774	7,157,651	1,691,157

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



ការិយាល័យកណ្តាល | HEAD OFFICE

ផ្ទះលេខ ២៤៣-២៤៤ ផ្លូវ៥៩៨ ភូមិត្នោលថ្មី សង្កាត់ត្នោលសង្កែទី២ ខណ្ឌឫស្សីកែវ រាជធានីភ្នំពេញ

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