

ANNUAL REPORT
2024



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HFC (CAMBODIA) MICROFINANCE PLC.

THE LEADING FINANCIAL INSTITUTION IN CAMBODIA

INTRODUCTION

OF HFC (CAMBODIA) MICROFINANCE PLC.

HFC (Cambodia) Microfinance Plc. has led its business and tried so hard to become Microfinance institution by received an official business license from National Bank of Cambodia (NBC) on 10 June 2024 from Ly Hour Leasing Plc. which was established in early 2015 with registration number 00000694, issued by the Ministry of Commerce on 9 September 2015, and received its initial business license from the National Bank of Cambodia on 8 April 2016. HFC (Cambodia) Microfinance Plc. is a leading Financial institution in Cambodia, providing financial lease and loans nationwide for vehicle purchases, including cars and motorbike, for both business and personal use. With a clear vision, mission, and strategic business plan, supported by a team of resourceful staff with strong backgrounds in the banking sector, HFC (Cambodia) Microfinance Plc. has become an outstanding financial institution known for its competitive pricing and high-quality customer service. HFC (Cambodia) Microfinance Plc. is ready to serve its customers with convenience and benefits, contributing to economic growth through high-quality service provided by our professional staff. The company offers a range of products and services to customers, delivered by ethical and professional staff.



VISION, MISSION, AND CORE VALUES



VISION, MISSION, AND CORE VALUES

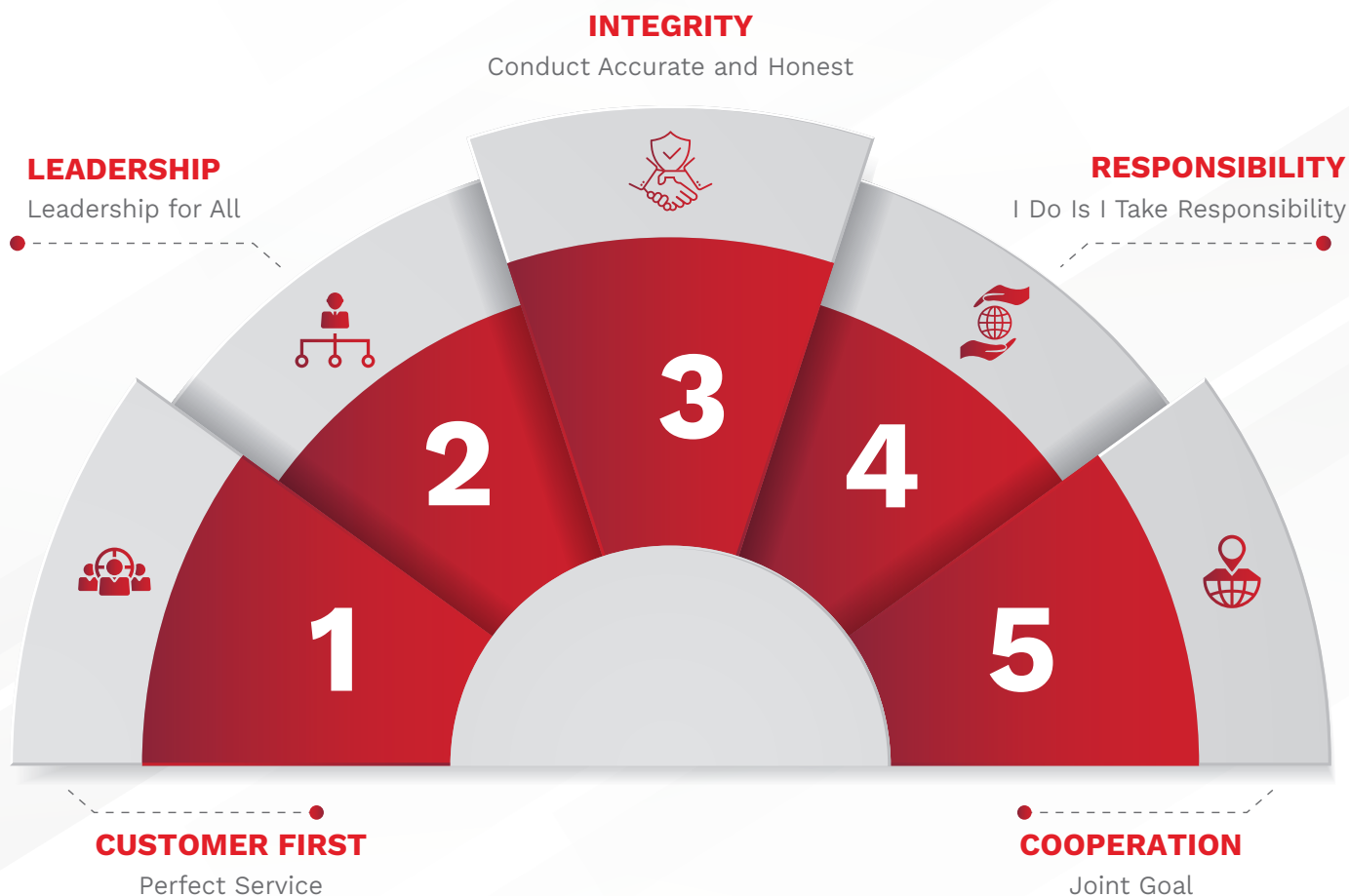
VISION

HFC (Cambodia) Vision is to be a leading financial institution providing lease and loan services throughout the Kingdom of Cambodia.

MISSION

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

CORE VALUES



MILESTONE OF THE COMPANY

2015



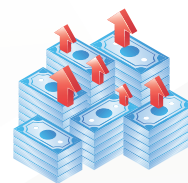
Oknha **Ly Sopheark** established Ly Hour Leasing Plc in 9 September 2015, with the Ministry of Commerce under registration number **00000694** and with an initial capital of USD **3,000,000** to increase the availability of car leasing services.

2017



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

2022



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

2016



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

2024

Obtained the Microfinance Institution License from the National Bank of Cambodia and officially transitioned from its former name, LY HOUR Leasing Plc to **HFC (Cambodia) Microfinance Plc.** on 10 June 2024.



2023

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



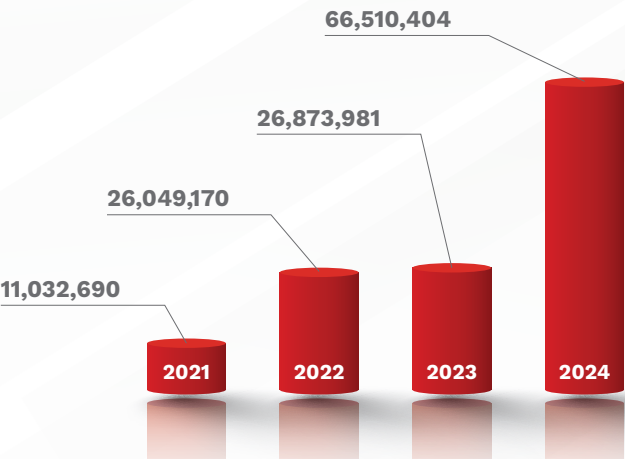
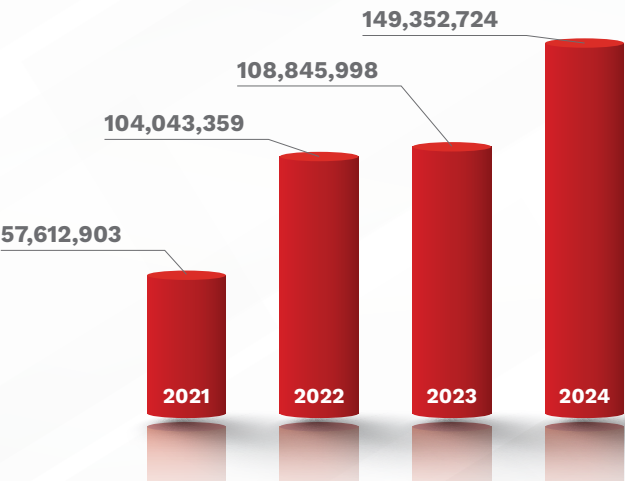
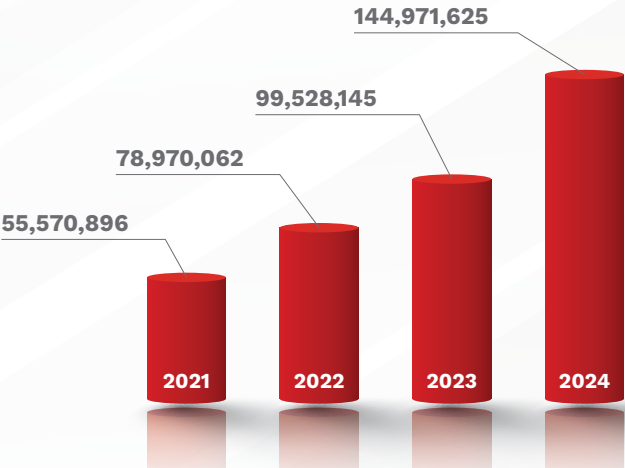
2021

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.**



IMPORTANT DATA

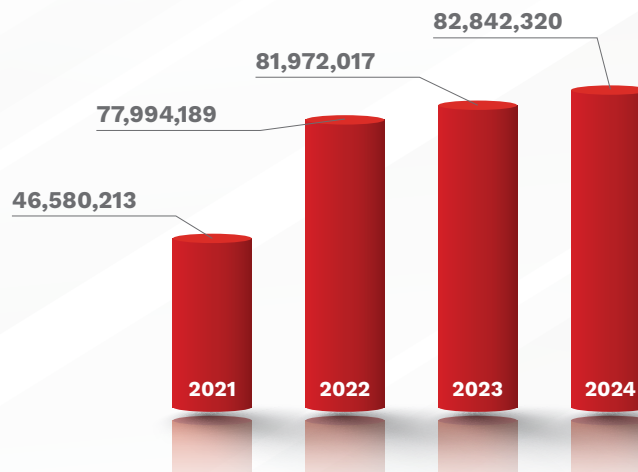
Data in thousands of riels



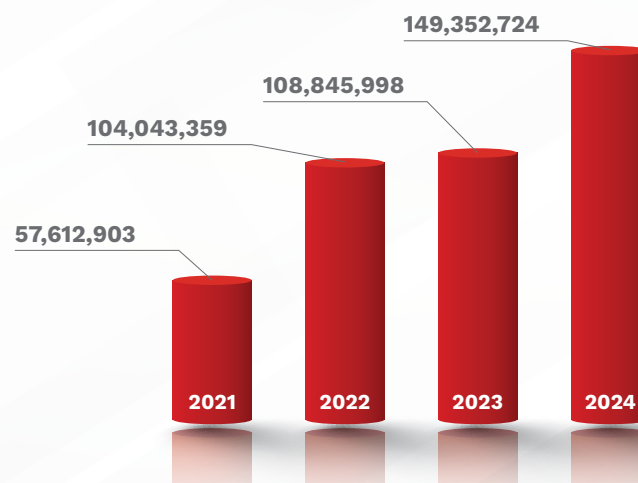
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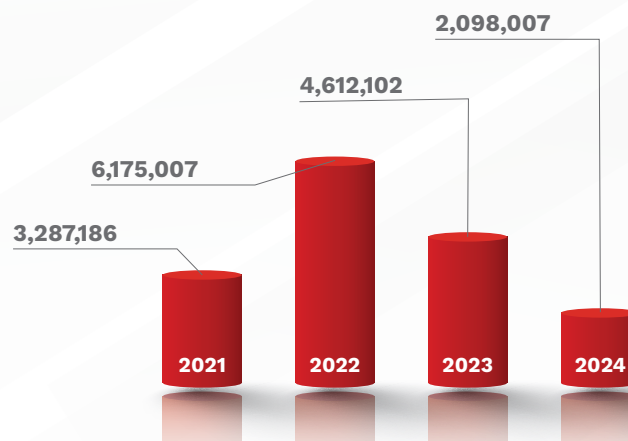
**TOTAL SHAREHOLDER'S
EQUITY**



**TOTAL LIABILITIES &
SHAREHOLDER'S EQUITY**



NET PROFIT



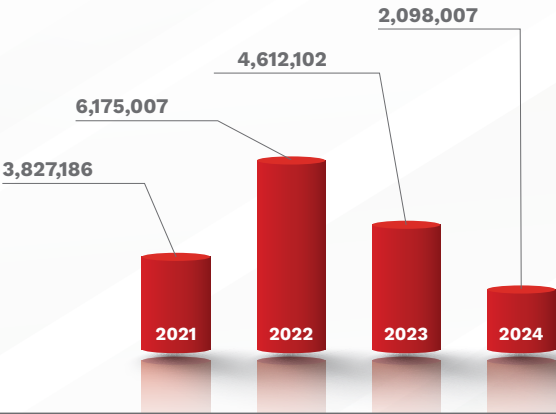
BUSINESS DEVELOPMENT AND OPERATION

NET PROFIT

DATA IN THOUSANDS OF RIELS

54%

DECREASE COMPARED TO 2023



NET PROFIT

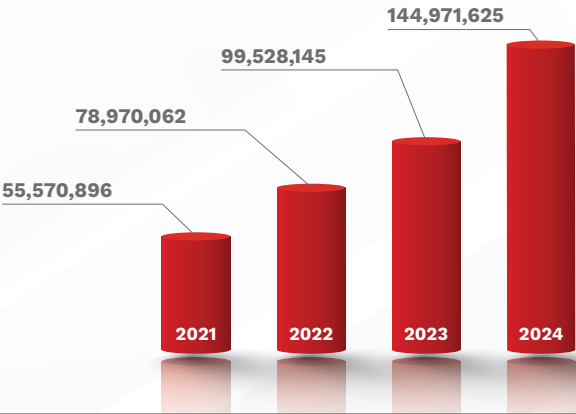
By the end of 2024, the company's total net profit fell to 2,098,007,000 Riels, down from 4,612,102,000 Riels in 2023—a decrease of approximately 54.51%. This decline signals a reduction in the company's profitability compared to the previous year.

GROSS PORTFOLIO

DATA IN THOUSANDS OF RIELS

45%

INCREASE COMPARED TO 2023



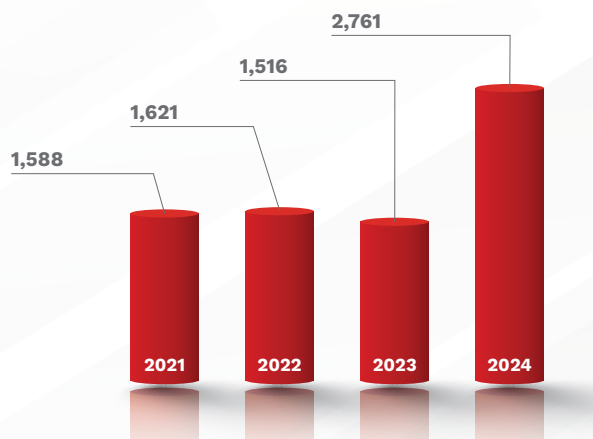
GROSS PORTFOLIO

By the end of 2024, HFC's portfolio expanded to 144,971,625,000 Riels, up from 99,528,145,000 Riels in 2023—a 45.66% increase year-on-year. This growth was driven by the company's focus on delivering high-quality financial services to its customers.

CUSTOMER

82%

INCREASE COMPARED TO 2023



CUSTOMER INDICATORS

By the end of 2024, the total number of customers grew to 2,761, up from 1,516 in 2023—an 82.12% increase year-on-year. This growth reflects the company's efforts to deliver a comprehensive range of financial services to its customers.

CORPORATE GOVERNANCE





MESSAGE FROM THE CHAIRMAN

“We are immensely proud of the relentless efforts of our Management and all staff members in achieving commendable business performance and continuing to strengthen our core competencies. “TOGETHER, AS A TEAM, WE CAN ACCOMPLISH FAR MORE THAN ANY INDIVIDUAL EFFORT AND REACH BEYOND WHAT WE EVER IMAGINED.”

In 2024, HFC (Cambodia) Microfinance Plc. celebrates its ninth anniversary, marking a transformative journey since its founding as LY HOUR Leasing Plc in 2015. This milestone coincides with a significant achievement: the company's transition to a Microfinance Institution (MFI) license from the National Bank of Cambodia (NBC). Following a joint venture agreement signed in 2023 with HOTAI FINANCE CO., LTD., a leading financial institution in Taiwan, the company rebranded as HFC (Cambodia) Microfinance Plc.

Guided by our vision and mission, HFC (Cambodia) Microfinance Plc. upholds a robust code of ethics and best-in-class governance practices. Our policies are shaped by an experienced management team with deep expertise in the financial sector, ensuring operational excellence and superior service delivery to our clients.

HFC (Cambodia) Microfinance Plc. maintains a transparent governance framework and employs rigorous risk mitigation strategies tailored to client profiles and market conditions. Our internal controls adhere to international standards, fostering confidence in our ability to capitalize on future growth opportunities.

The company has achieved consistent growth in its financial operations, product portfolio, and client base. Our expanding team is dedicated to delivering high-quality services, specializing in vehicle financing (cars and motorcycles) and lease-back solutions for a diverse clientele, including employees, employers, entrepreneurs, and small- and medium-sized enterprises (SMEs).

We are committed to becoming Cambodia's leading financial services provider, with a particular focus on empowering underserved communities. Through collaborative partnerships with stakeholders, we aim to improve living standards and drive business prosperity by offering accessible, efficient, and sustainable financial solutions, including leasing and credit services.

By fostering strong relationships with clients, communities, and business partners, we ensure sustained growth while continuously enhancing our products and services to meet evolving market needs.

On behalf of HFC (Cambodia) Microfinance Plc., I extend my heartfelt gratitude to our CEO, management team, and staff for their dedication and outstanding contributions. I also express sincere appreciation to our Board of Directors for their strategic guidance and to our shareholders, business partners, and clients for their continued trust and support. Together, we will continue to build a prosperous and impactful future.



Neak Oknha Ly Sopheark

CHAIRMAN



PROFILE OF
THE CHAIRMAN

NEAK OKNHA
LY SOPHEARK

CHAIRMAN

Neak Oknha **Ly Sopheark**, born in 1978 in Kampong Cham Province, Cambodia, is a distinguished entrepreneur and a visionary business leader. Neak Oknha currently serves as the Chairman of Board of Directors of HFC (Cambodia) Microfinance PLC., the Executive Director of SBI LY HOUR Bank and Group Vice President of Ly Hour Group. With more than two decades of experience, Neak Oknha is a trailblazer in the financial sector, he has founded several prominent enterprises and demonstrated exceptional leadership during pivotal moments. With keen strategic insight and extensive management expertise, Neak Oknha Ly Sopheark has established a strong presence in diverse industries, including finance, agriculture, real estate, and media, achieving remarkable success and business-leading results.

Committed to a philosophy of integrity and trustworthiness, Neak Oknha Ly Sopheark has earned the confidence of investors and partners across the globe, forging long-term, amicable collaborations with stakeholders in the country and regions such as Japan, China, and Taiwan. As a dynamic leader of the younger generation, he brings vitality and passion to his work, inspiring his teams to innovate and build a prosperous future together. Upholding the core values of honesty and excellence, Neak Oknha Ly Sopheark continues to steer his enterprises toward sustained growth and impact, solidifying his reputation as an outstanding figure in Cambodia's business landscape.



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 HFC (Cambodia) Microfinance PLC. (Formerly known as Ly Hour Leasing Plc).

In 2015, she also became a shareholder and member of the Board of Directors of HFC (Cambodia) Microfinance 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 businesses 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 of HFC (Cambodia) Microfinance PLC. (Formerly known as 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 joint 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

Born in Taiwan in 1975, Mr. **Lin, Chi-Tai** holds a Master's degree in social science from National Chengchi University (NCCU), one of Taiwan's most prestigious institutions of higher learning. With a solid academic foundation in banking and financial leasing, Mr. Lin brings a distinctive blend of theoretical knowledge and practical insight to the financial services industry. His linguistic fluency in both Mandarin and English further enhances his capacity to operate seamlessly across diverse cultural and business contexts.

Mr. Lin's professional career spans over two decades, during which he has amassed a wealth of experience across the banking and leasing sectors in Taiwan and Cambodia. His tenure has encompassed both front-line business development roles and back-office operational leadership. This dual exposure has afforded him a comprehensive understanding of institutional dynamics and the intricacies of corporate governance, risk management, and financial innovation.

In 2018, Mr. Lin joined Hotai Finance Corporation (HFC), Taiwan's foremost automotive finance institution and a prominent blue-chip company listed on the Taiwan Stock Exchange. Since joining, he has played instrumental roles across key departments, including sales, planning, and strategic development. A defining moment in his tenure was his leadership in orchestrating the landmark 2022 partnership between Ly Hour Leasing Plc and HFC—a strategic alliance that marked HFC's first major expansion into the ASEAN region and a pivotal milestone in the company's international growth trajectory.

Currently serving as Executive Director of HFC (Cambodia) Microfinance Plc., Mr. Lin plays a pivotal role in steering the institution toward long-term growth and regional prominence. Under his stewardship, the company aspires to rank among Cambodia's top-tier microfinance institutions by strengthening internal capacity, enhancing client service, and expanding access to financial inclusion.



CORPORATE GOVERNANCE

Good corporate governance enhances the reputation of HFC (Cambodia) Microfinance Plc. and makes it more attractive to customers, investors, suppliers and the community. HFC (Cambodia) Microfinance Plc. strives to build a sound corporate governance culture and establish an effective internal audit function.



MESSAGE FROM **THE CEO**

2024 marks the ninth year anniversary and second year following the official signing of a joint venture with HOTAI FINANCE CO., LTD., a leading financial institution in Taiwan. In 2024, several reforms were implemented to align with evolving regulations and governance frameworks. The Board of Directors prioritized extensive staff training and realignment across all levels, alongside enhancing public recognition by upgrading to the microfinance institution, known as “HFC (Cambodia) Microfinance Plc.”

With robust support from stakeholders, HFC achieved commendable financial results in 2024, including a 39.26% year-on-year growth in total assets of USD 37.11 million, and loan portfolio demonstrated a substantial year-over-year growth rate of 32.60%, reflecting a significant increase compared to the previous year’s closing balance. Through rigorous efforts to strengthen risk management capabilities, the institution’s Portfolio at Risk ratio for loans overdue by more than 30 days declined sharply from 10.54% in 2023 to 4.13% in 2024.

HFC has clearly defined its vision, mission, and core values to align with long-term market positioning and stakeholder interests, including shareholders, employees, clients, and business partners. The institution’s leadership team brings extensive expertise in financial services, driving sustainable evolution through strategic collaborations. Collaborations with strategic business partners underpin HFC’s long-term strategy to expand operational efficiency and scale to serve target markets with high-quality financial products.

To cement its position as Cambodia's leading microfinance institution, HFC will focus on:

- Sustaining asset growth and improving product/service offerings
- Enhancing risk management frameworks
- Investing in information technology and brand-building to ensure business sustainability
- Developing staff capabilities to adapt to rapid digital transformation trends.

Finally, I would like to extend profound gratitude to the Board of Directors, shareholders, regulators, business partners, employees, and clients for their unwavering trust, collaborative spirit, and active contributions to the success of HFC (Cambodia) Microfinance PLC.



Phan Vandeth

CHIEF EXECUTIVE OFFICER



PROFILE OF
THE CEO

MR.
PHAN VANDETH
CHIEF EXECUTIVE OFFICER

Mr. **Phan Vandeth** joined HFC (Cambodia) Microfinance PLC. as Chief Executive Officer in August 2024, bringing with him a wealth of experience accumulated over 17 years in the banking and financial services sector. A graduate of Southern Taiwan University with a master's degree in management in 2007, Mr. Vandeth has built a recognized career with leadership roles in multiple prominent banks and financial institutions.

Throughout his career, Mr. Vandeth has held key positions, including Chief Retail Officer, Vice President, Head of Branch Network, and Branch Manager. In these roles, he managed critical areas such as mortgage lending, branch network growth, sales, and product support, while enhancing customer experience. His expertise in setting strategic goals and performance standards has made him an influential figure in driving operational excellence and growth.

His leadership is set to shape a new era of success for HFC, reinforcing its commitment to delivering quality financial services within Cambodia's vibrant microfinance sector and to align with organization's strategic vision, mission and value.

MANAGEMENT



PROFILE OF MANAGEMENT

MR. DUCH VANTHAN

CHIEF OPERATING OFFICER

Mr. Duch Vanthan earned a master's degree in management from the National University of Management (NUM) in 2010. He joined HFC (Cambodia) Microfinance PLC. as the Chief Operating Officer (COO) in August 2024. Currently, he is leading very important roles such as credit analysis department, loan recovery department, credit admin department and credit monitoring department. With nearly 19 years of experience in the banking and financial institution in Cambodia, Vanthan has extensive expertise in business management, credit control and analysis, risk management, leadership, project management, facilitation and coaching. Additionally, he specializes in strategic implementation and data analysis to enhance recovery processes and minimize risk which are crucial areas in the banking sector.



PROFILE OF MANAGEMENT

MR. ME MORKOT

CHIEF FINANCE OFFICER

Mr. Morkot holds bachelor's 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 an accounting firm as a Senior Tax and Finance Consultant from January 2014 to June 2015. He also has experience as an Internal Audit Officer at Cam Capital Specialize Bank (DGB) from July 2015 to June 2016. He joined HFC (Cambodia) Microfinance PLC. (Formerly known as Ly Hour Leasing Plc) as Internal Audit Manager in February 2017. After that, he was transferred to the 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 to Chief Finance Officer.



PROFILE OF MANAGEMENT

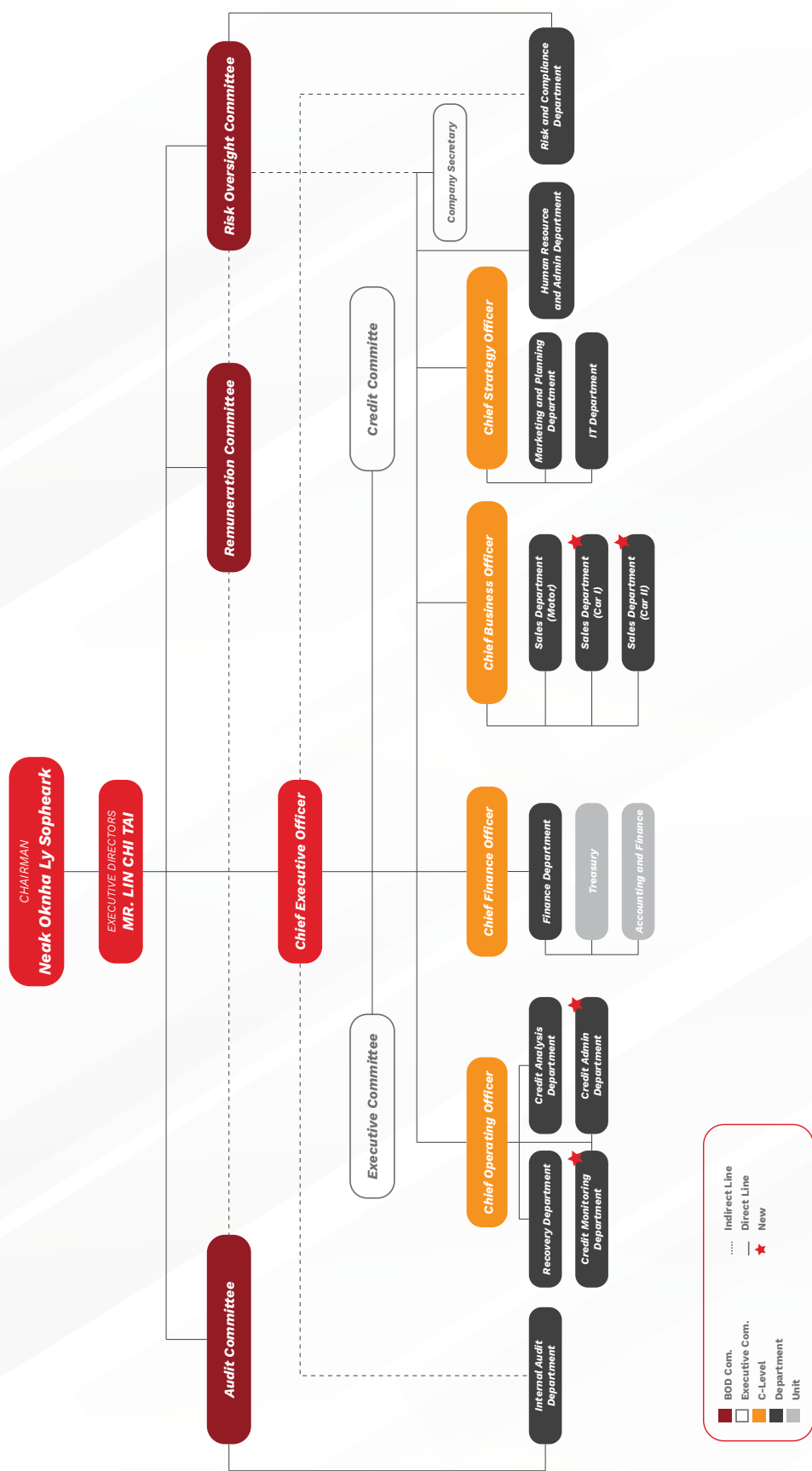
MR. HSU WEI CHIH

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 HFC (Cambodia) Microfinance PLC. (Formerly known as Ly Hour Leasing Plc), leveraging his vast expertise in accounting and leasing, encompassing operational intricacies and credit assessment nuances.



ORGANIZATIONAL STRUCTURE



INTERNAL CONTROL



INTERNAL CONTROL

RISK MANAGEMENT

Even though HFC (Cambodia) Microfinance Plc. is just starting its operation in April 2016 in Financial industry, Boards and Management has put an attention to risk management. Of Course, risk management plays a very significant role within HFC (Cambodia) Microfinance 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. HFC (Cambodia) Microfinance Plc. prepares 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

HFC (Cambodia) Microfinance Plc. 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

HFC (Cambodia) Microfinance Plc. 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 HFC (Cambodia) Microfinance 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 HFC (Cambodia) Microfinance 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

HFC (Cambodia) Microfinance 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 HFC (Cambodia) Microfinance 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 HFC (Cambodia) Microfinance 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 HFC (Cambodia) Microfinance Plc. The internal audit directly reports to the Board of Directors with an indirect report to the CEO.

HUMAN RESOURCE DEVELOPMENT AND MANAGEMENT



II MANAGEMENT CAPACITY DEVELOPMENT



HFC (Cambodia) Microfinance Plc. fosters a culture of accountability and proactive problem-solving at all management levels, catalyzing employee excellence. The Institution is committed to developing staff capabilities through role-specific training programs, ensuring that all employees have access to professional development opportunities that enhance their skills and work performance.

STAFF TRAINING OF HFC (CAMBODIA) MICROFINANCE PLC. IN 2024

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Number of Training Courses	2	0	3	3	0	4	1	1	0	2	2	3
Number of Staff	3	0	3	36	0	103	62	2	0	55	20	179



II DIGITAL RECRUITMENT



In this digital era, HFC (Cambodia) Microfinance Plc. has created numerous job opportunities for job seekers through the "**Easy Apply App**". By downloading the app and following the company's instructions, applicants can conveniently submit their resumes using QR code. Then, scan the QR code, fill in the required information, and submit it. The company will then provide employment opportunities based on the candidate's knowledge, skills, and practical experience.

STAFF WELL-BEING



HFC (Cambodia) Microfinance Plc. maintains an unwavering commitment to employee well-being and professional growth. HFC has fostered a supportive work environment that empowers staff at all levels through continuous capacity development initiatives. Our management team leads by example, demonstrating accountability and proactive problem-solving that inspires excellence across the institution.



TESTIMONIALS FROM CUSTOMERS AND PARTNERS



TESTIMONIALS FROM CUSTOMERS AND PARTNERS

TESTIMONIALS

FROM BUSINESS PARTNERS AND CLIENTS (MOTOBIKE)



As the owner of Meta Motorbike Shop, I, Choeng Chhengloth, am committed to delivering premium motorcycles and unparalleled service to guarantee customer satisfaction and confidence. Throughout my professional engagement, I have observed HFC (Cambodia) Microfinance Plc.'s extraordinary evolution into Cambodia's preeminent financial institution. Acknowledging their exemplary motorcycle financing services, I take great pride in this strategic alliance and wholeheartedly endorse their corporate vision. Our collaborative efforts are firmly directed toward reciprocal advancement and prosperity.



My name is Leang Kimlun, and I am a customer who received a motorcycle loan service from HFC (Cambodia) Microfinance Plc. for daily work and business use. I have had an excellent experience with HFC (Cambodia) Microfinance Plc. regarding my motorcycle purchase. HFC's service was fast, efficient, and highly satisfactory, including detailed explanations of their products and additional services. Without this motorcycle loan service, I would have faced significant difficulties in commuting to work and managing my business. Moreover, my business would not have achieved such positive results.

TESTIMONIALS

FROM BUSINESS PARTNERS AND CLIENTS (CAR)



I am Chamroeun Thary, owner of TC AUTO 5555 Car Shop, a premium automotive dealership. At our establishment, we emphasize uncompromising vehicle quality and exceptional customer service to foster trust and cultivate enduring client relationships. For several years, I have had the privilege of partnering with HFC (Cambodia) Microfinance Plc. as a business collaborator in automotive financing solutions. HFC's steadfast dedication to credit excellence and superior service mirrors our own corporate ethos. It is an honor to endorse them as trusted allies, and I anticipate further shared achievements in our ongoing partnership.



My name is Sun Kaden, and I am a customer of HFC (Cambodia) Microfinance Plc. I have benefited greatly from HFC's car loan services, which have supported both my business operations and daily needs. I am extremely satisfied with HFC's financial solutions, as they have been instrumental in my growth. Without HFC's support, I would not have achieved the progress I enjoy today.

REPORT OF THE INDEPENDENT AUDITORS

A close-up photograph of a hand typing on a laptop keyboard. The image is overlaid with a futuristic, semi-transparent digital interface consisting of several rectangular panels and glowing white lines, suggesting data analysis or digital security. The background is a blurred laptop screen and keyboard.

REPORT OF THE BOARD OF DIRECTORS

The directors hereby submit their report together with the audited financial statements of HFC (Cambodia) Microfinance Plc. (formerly known as Ly Hour Leasing Plc) (the “Company”) for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is to provide financial services including finance leases and loans on vehicles in Cambodia. During the year, the Company had obtained a microfinance license from the National Bank of Cambodia (“NBC”) on 10 June 2024, and got approval from NBC to continue its principal activity in providing finance leases.

RESULTS

**PROFIT FOR THE
FINANCIAL YEAR**

USD

515,354

KHR'000

2,098,007

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 2024.

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 AND LOANS

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 loans to customers and the making of allowance for doubtful lease receivables and loans and had satisfied themselves that all known bad lease receivables and loans had been written off and that adequate allowance had been made for doubtful lease receivables and loans.

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 and loans or the amount of allowance for doubtful lease receivables and loans 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:

- (i) 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
- (ii) 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,

- (i) 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
- (ii) 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:

Neak Oknha Ly Sopheark
Ms. Liao Xi
Mr. Tsai Ching Cheng
Mr. Lin, Chi-Tai
Mr. Lin, Yen-Liang

ULTIMATE CONTROLLING PARTY

The controlling shareholders of the Company are Hotai Finance Co., Ltd., Neak 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' RESPOSIBILITIES IN RESPECT OF THE FINANACIAL 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 2024, 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:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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
- (v) 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 HFC (Cambodia) Microfinance Plc. (formerly known as Ly Hour Leasing Plc) (the “Company”) as at 31 December 2024, and the related statements 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 Standard for Small and Medium-Sized Entities (“CIFRS for SMEs”).

Signed on behalf of the Directors, 



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Neak Oknha Ly Sopheark
Chairman

Phnom Penh, Kingdom of Cambodia
03 MAR 2025

REPORT OF THE INDEPENDENT AUDITORS

to the shareholders of HFC (CAMBODIA) MICROFINANCE PLC. (formerly known as LY HOUR LEASING PLC)

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of HFC (Cambodia) Microfinance Plc. (formerly known as Ly Hour Leasing Plc) (the “Company”), which comprise the statement of financial position as at 31 December 2024, 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.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, 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.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS’ REPORT THEREON

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors, and respond to that matter in accordance with the requirements of CISA 720 (revised).

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.

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 directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

Oknha Tan Khee Meng
Certified Public Accountant

Phnom Penh, Kingdom of Cambodia
03 MAR 2025

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024	2024 USD	2024 KHR'000	2023 USD	2023 KHR'000
ASSETS				
Cash and bank balance	1,291,011	5,196,319	1,752,179	7,157,651
Statutory deposit	800,000	3,220,000	800,000	3,268,000
Lease receivables from customers, net	22,479,206	90,478,804	22,929,043	93,665,141
Loans to customers, net	11,712,042	47,140,969	-	-
Other assets	39,430	158,706	492,633	2,012,406
Property and equipment	373,331	1,502,657	447,220	1,826,894
Intangible asset	30,526	122,867	29,604	120,932
Deferred tax assets, net	380,721	1,532,402	194,608	794,974
TOTAL ASSETS	37,106,267	149,352,724	26,645,287	108,845,998
LIABILITIES AND EQUITY				
Liabilities				
Borrowings	15,859,597	63,834,878	5,925,422	24,205,349
Other liabilities	342,085	1,376,892	365,215	1,491,903
Current income tax liability	322,642	1,298,634	288,061	1,176,729
TOTAL LIABILITIES	16,524,324	66,510,404	6,578,698	26,873,981
Equity attributable to owners of the Company				
Share capital	16,000,000	64,750,000	16,000,000	64,750,000
Retained earnings	4,581,943	18,733,640	4,066,589	16,635,633
Exchange differences	-	(641,320)	-	586,384
TOTAL EQUITY	20,581,943	82,842,320	20,066,589	81,972,017
TOTAL LIABILITIES AND EQUITY	37,106,267	149,352,724	26,645,287	108,845,998

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR
ENDED 31 DECEMBER 2024

	2024 USD	2024 KHR'000	2023 USD	2023 KHR'000
Operating income				
Interest income	6,833,384	27,818,706	4,822,118	19,818,905
Interest expense	(1,006,963)	(4,099,346)	(515,138)	(2,117,217)
Net interest income	5,826,421	23,719,360	4,306,980	17,701,688
Other income	68,035	276,970	43,934	180,569
Net operating income	5,894,456	23,996,330	4,350,914	17,882,257
Personnel expenses	(1,699,323)	(6,917,944)	(1,365,942)	(5,614,022)
Net losses on derecognition of lease receivables	(1,451,513)	(5,909,109)	(457,113)	(1,878,734)
Impairment losses	(742,956)	(3,024,574)	(378,896)	(1,557,263)
Depreciation and amortisation	(177,380)	(722,114)	(105,564)	(433,868)
Other operating expenses	(1,107,704)	(4,509,462)	(766,664)	(3,150,989)
Profit before tax	715,580	2,913,127	1,276,735	5,247,381
Income tax expense	(200,226)	(815,120)	(154,569)	(635,279)
Profit for the financial year	515,354	2,098,007	1,122,166	4,612,102
Other comprehensive income:				
Exchange differences	-	(1,227,704)	-	(634,274)
Total comprehensive income for the financial year	515,354	870,303	1,122,166	3,977,828

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR
ENDED 31 DECEMBER 2024

	Share capital		Regulatory reserves	
	USD	KHR'000	USD	KHR'000
At 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	-	-	(177,504)	(719,219)
Total comprehensive income				
Profit for the financial year	-	-	-	-
Other comprehensive loss for the financial year	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2023/1 January 2024	16,000,000	64,750,000	-	-
Total comprehensive income				
Profit for the financial year	-	-	-	-
Other comprehensive income for the financial year	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2024	16,000,000	64,750,000	-	-

<i>Retained earnings</i>		<i>Exchange differences</i>	<i>Total equity</i>	
<i>USD</i>	<i>KHR'000</i>	<i>KHR'000</i>	<i>USD</i>	<i>KHR'000</i>
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
515,354	2,098,007	-	515,354	2,098,007
-	-	(1,227,704)	-	(1,227,704)
515,354	2,098,007	(1,227,704)	515,354	870,303
4,581,943	18,733,640	(641,320)	20,581,943	82,842,320

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

STATEMENT OF CASH FLOWS

FOR THE YEAR
ENDED 31 DECEMBER 2024

	2024 USD	2024 KHR'000	2023 USD	2023 KHR'000
Cash flows from operating activities				
Profit before tax	715,580	2,913,127	1,276,735	5,247,381
<i>Adjustments for:</i>				
Depreciation and amortisation	177,380	722,114	105,564	433,868
Property and equipment written off	-	-	298	1,225
Net interest income	(5,826,421)	(23,719,360)	(4,306,980)	(17,701,688)
Impairment losses	742,956	3,024,574	378,896	1,557,263
Seniority indemnity	73,341	298,571	68,355	280,939
Operating loss before changes in working capital	(4,117,164)	(16,760,974)	(2,477,132)	(10,181,012)
<i>Changes in working capital:</i>				
Lease receivables from customers	176,290	717,677	(4,626,784)	(19,016,082)
Loans to customers	(11,751,827)	(47,841,688)	-	-
Other assets	453,203	1,844,989	(460,044)	(1,890,781)
Other liabilities	(21,173)	(86,195)	44,975	184,847
Cash used in operations	(15,260,671)	(62,126,191)	(7,518,985)	(30,903,028)
Interest received	6,403,760	26,069,706	4,687,663	19,266,295
Interest paid	(952,324)	(3,876,911)	(512,180)	(2,105,060)
Income tax paid	(351,758)	(1,432,007)	(456,005)	(1,874,181)
Seniority indemnity paid	(75,298)	(306,538)	(69,282)	(284,749)
Net cash flows used in operating activities	(10,236,291)	(41,671,941)	(3,868,789)	(15,900,723)

	2024 USD	2024 KHR'000	2023 USD	2023 KHR'000
Cash flows from investing activities				
Withdrawal of term deposits with bank	-	-	5,270,000	21,659,700
Acquisition of property and equipment	(96,180)	(391,549)	(380,397)	(1,563,432)
Acquisition of intangible asset	(8,233)	(33,517)	(30,797)	(126,576)
Net cash flows (used in)/generated from investing activities	(104,413)	(425,066)	4,858,806	19,969,692
Cash flows from financing activities				
Proceeds from borrowings	13,061,926	53,175,101	3,050,000	12,535,500
Repayments of borrowings	(3,182,390)	(12,955,510)	(2,321,598)	(9,541,768)
Change in bank overdraft	-	-	(377,014)	(1,549,528)
Net cash flows generated from financing activities	9,879,536	40,219,591	351,388	1,444,204
Net (decrease)/increase in cash and bank balances	(461,168)	(1,877,416)	1,341,405	5,513,173
Cash and bank balances at 1 January	1,752,179	7,157,651	410,774	1,691,157
Exchange differences	-	(83,916)	-	(46,679)
Cash and bank balances at 31 December	1,291,011	5,196,319	1,752,179	7,157,651

The accompanying notes form an integral part of the financial statements

ការិយាល័យកណ្តាល | HEAD OFFICE

ផ្ទះលេខ ២៤៣-២៤៤ ផ្លូវ៥៩៨ ភូមិត្នោលថ្មី សង្កាត់ទួលសង្កែទី២ ខណ្ឌឫស្សីកែវ រាជធានីភ្នំពេញ

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