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Prasethpheap Finance

ANNUAL REPORT 2021



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VISION AND MISSION

VISION

To be a trusted and leading institution in Cambodia.

MISSION

Provided financial services to urban and rural people with transparency and professional ethics.

MESSAGE FROM THE FOUNDER AND CHAIRMAN



While the regulations change, the interest rates cap, the market volatility and increasing competition will pose some challenges, we also see opportunities. We are committed to delivering the right strategies, diversifying products and services and strengthening our culture and staff to drive the continued growth and to take advantages of changes in the marketplace.

What these times have shown us is that our strategies are functioning well. We are more confident than ever that we chose the right strategies and have the right people to meet the challenges ahead. As we pursue the responsible and sustainable growth, we strive to continue to earn the rights to bring our clients and shareholders with us on this journey, leading

through these difficult times into the favorable future.

From year to year, our gross facilities have increased accordingly while our overdue loans have decreased from month to month, to a point whereby they no longer affect the quality of our loan performance. Additionally, our staff are not only able to provide a fast and efficient loans service, but are also equipped to receive payment over the counter in our branches. In 2021, Prasethpheap Finance Plc. has made a remarkable growth through providing a wide range of sustainable and responsible financial services to low income people, small businesses and farmers. As of December 2021, Prasethpheap Finance Plc. has served 1,209 active clients, USD 4,052,944 in loans. The portfolio at risk (PAR) has remained at the average of 6.61% monthly as end of year 2021. So, it represents a better effort of our operation staff at branch level to solve loan past due.

In 2022, Prasethpheap Finance Plc. aims to increase the productivity and capacity of our operations as well as to open more branches in order to increase our market shares and to attract new shareholders by following our 5-year Business Plan. According to competitive market and client's demand, management team has prepared a 5-year Business Plan (2022-2026) to open more new branches in order to bring Prasethpheap Finance Plc. closer to clients' locations, so they know Prasethpheap Finance Plc. from day to day. Moreover, our management team has prepared a refreshment plan for staff in order to review and update the new memos or amendments to staff every quarter. Our management team has provided more targeted trainings to all relevant staff, thereby for improving their skillsets. In addition, our management team in Credit Department will try to improve the quality of loan and to recover bad loans to be remaining at under 1% in order to make our loan healthy.

Finally, I would like to thank all Prasethpheap Finance Plc. staff and management team who have achieved the fruitful results we see today through their concerted efforts. If we did not have our dedicated staff and management team, Prasethpheap Finance Plc. would have nothing right now. We all are committed to continue our collaboration in the future to ensure that Prasethpheap Finance Plc. will be sustainable and will have a good reputation in the microfinance sector.

Founder and Chairman
of the Board of Directors

Neak Oknha Dr. Mengly J. Quach

MESSAGE FROM THE CEO

Prasethpheap Finance PLC. has been providing financial services to clients and the public since the obtaining the license from the National Bank of Cambodia on August 31, 2016.

By the end of December 2021, it has had one head office and four branch offices located at (1) Phnom Penh Branch, (2) Bati District Branch (3), Cheung Prey District Branch and (4) Kampong Speu Branch with total loan portfolio of US\$ 4,052,944 and 1,209 active clients (889 as women). The institution employs 49 staff (16 as female staff), 11 of which are skilled staff in the head office while 38 are staffs who work at the branch offices.

In order to effectively achieve the goals and plans of the institution and to achieve better results in 2022, the institution has set the following strategic plans:

1. The institution will expand its services to the people and add new services at affordable prices and as needed.
2. The institution will increase the efficiency of staff work and introduce automated systems to facilitate the work to be better.
3. The institution will strengthen the quality of credit as well as issue loans in a transparent manner in line with its long-term vision.
4. Strengthen internal control, risk management, and compliance with laws and regulations, including compliance with national and international standards.
5. The institution will provide services to customers by staff with clear skills and high professional ethics.
6. Increase the ease of customer repayment through various payment agents.
7. Strengthen staff capacity by internal and external trainings.
8. We will continue to provide loan in Khmer Riel currency (KHR) at 10% of total loan portfolio of the institution.

Finally, on behalf of management and all staff, I would like to express my thanks to the Shareholders and the Board of Directors, who has led and supported to institution's operations. We also would like to extend our deepest gratitude to the Royal Government of Cambodia, the National Bank of Cambodia, all levels of local authorities, creditors and clients who have provided the trust and supports to the operations of the Prasethpheap Finance PLC.

Chief Executive Officer



Kong Bun Norin



MILESTONES

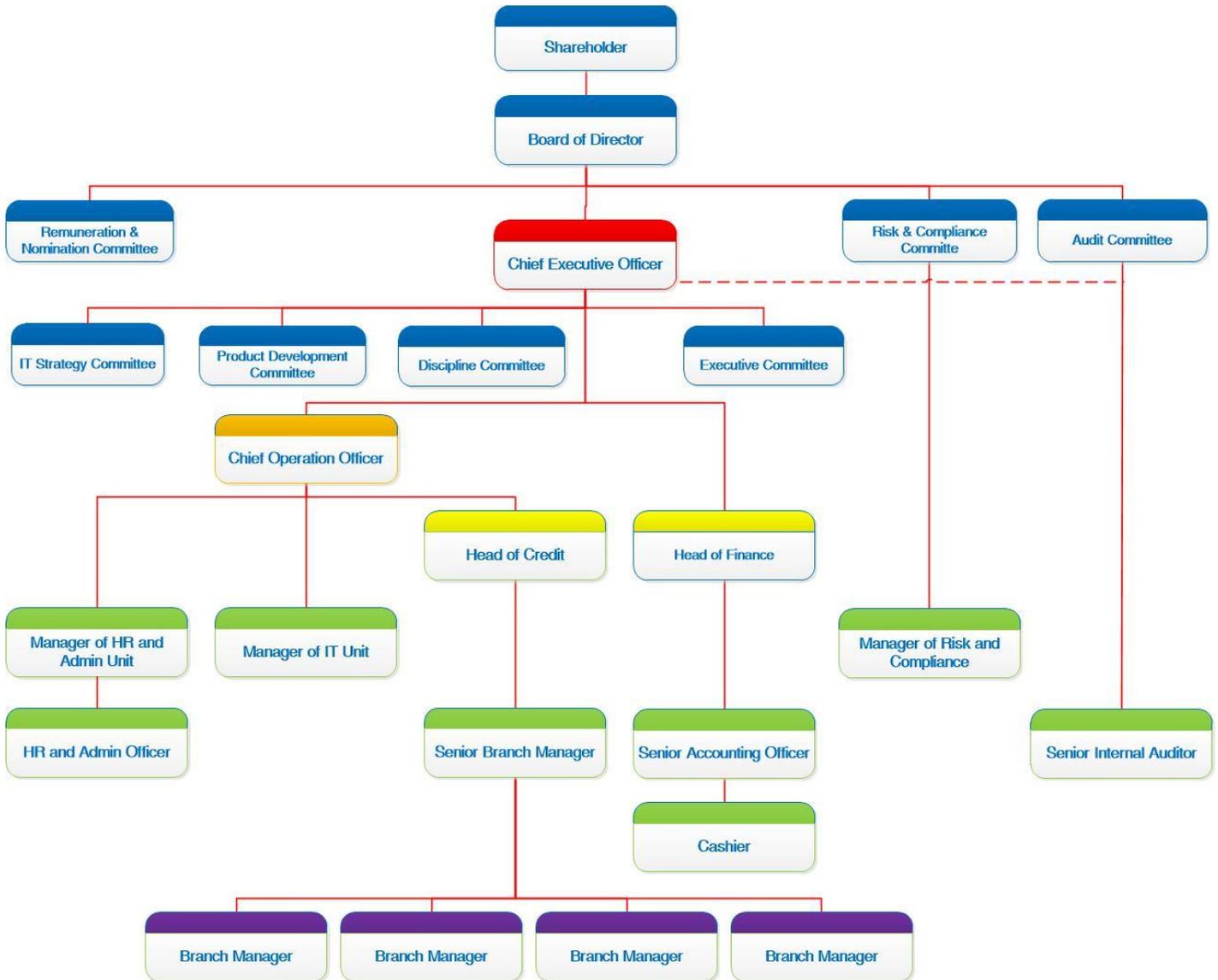
Prasethpheap Finance (PF) was one of the many projects of the Mengly J. Quach Foundation which is a non-profit organization. It functions as a Social Corporate Responsibility body of the Mengly J. Quach Education.

- 2005** Pracheacheat Finance was established in 2005 for the purpose of providing zero interest loans to students, staff, families and people from all walks of life. They are mostly from poor and vulnerable families. Since its founding, Pracheacheat Finance has been granting loans amounting to over three million USD.
- 2013** To reach our vision, "... making life better," Pracheacheat Finance has been transforming since 2013 into a financial institution providing low interest loans to the public in order to ensure the sustainability of its operations. It is now a separate entity from the Mengly J. Quach Foundation. Pracheacheat Finance is committed to working as a financial base providing loans and opportunities for all to grow and be part of the developing process in Cambodia.
- 2016** Prasethpheap Finance Plc. has been granted an official license from the National Bank of Cambodia on August 31, 2016 with ID No. M.H 73. On September 16, 2016 "Prasethpheap Finance Plc." was officially launched as a new MFI presided over by Neak Oknha Dr. Mengly J. Quach, the Founder, Chairman and President of Prasethpheap Finance Plc. with total investment of 2,915,766 USD, which is made up of 100% Cambodian shareholders.
- 2017** Two new branches were set up in Kampong Speu Province and Kompong Cham (Cheung Prey District).
- 2021** PF has operated in 5 provinces, 42 districts, 122 communes, 338 Villages, and has gross facilities 4.052 Million USD with 1,209 active clients.

PERFORMANCE HIGHLIGHT

REPORTING PERIOD	2021	2020	2019	2018
Provinces	5	5	5	5
Districts	42	31	30	31
Branch Offices	4	4	4	4
Employees	49	56	54	62
Active clients (KHR)	310	236	226	196
Active clients (USD)	899	816	817	1,149
Consolidated active clients	1,209	1,052	1,043	1,345
Loan outstanding KHR (Million)	2,199.47	2,249.55	2,614.11	1,131.66
Loan outstanding USD (Million)	3.513	3.573	3.585	3.900
Consolidated loan outstanding (Million)	4.053	4.128	4.227	4.181
Amount NPL	267,986.39	60,685.99	50,058.31	86,168.22
% NPL	6.61%	1.47%	1.18%	2.06%
Loan write-off (USD)	38,037	0	32,519	0
% Loan write-off	0.94%	0%	0.78%	0%
Operational Self-Sufficiency (OSS)	119%	113.17%	111.02%	122%
Financial Self-Sufficiency (FSS)	104.29%	104.00%	104.94%	121%
Capital Adequacy Ratio (CAR)	73.15%	71.38%	70.96%	77.30%
Total Asset (USD)	5,065,913	4,984,081	4,970,181	4,639,506
Total Liabilities (USD)	1,393,511	1,429,431	1,576,627	1,204,753
Net profit before tax (USD)	161,247	121,549	42,691	157,258
Net profit after tax (USD)	117,752	91,044	52,909	100,411
Return on Assets (ROA)	2.32%	1.83%	1.06%	2.18%
Return on Equity (ROE)	3.21%	2.56%	1.56%	2.97%
Exchange Rate	4,074	4,045	4,075	4,018

ORGANIZATIONAL CHART PRASETHPHEAP FINANCE PLC.



SHAREHOLDERS

No	Name	Total shares(USD)	Amount shares	% Share
1	Neak Oknha Mengly J. Quach	2,873,178	2,873,178	98.54%
2	Mr. Long Pisey	42,588	42,588	1.46%
Total		2,915,766	2,915,766	100%

CLIENT SUCCESS STORY



Mr. Heng Mesa and Ms. Tan Srey Pich were born in Koh Krey village, Sangkat Prek Thmey, Khan Chbar Ampov, Phnom Penh. He has two children; he is a beekeeper in his village (beekeeping has been around for about two years). He has taken out several loans from PRASETHPHEAP Finance PLC to improve his beekeeping business, growing his business, and is now

preparing to start up a small sanitary charcoal business. He has no problem with loan, repayment and good family situation, and we can offer or provide him more credit for the next loan if he needs.



BOARD OF DIRECTORS

Neak Oknha Dr. Mengly J. Quach

Founder and Chairman

Neak Oknha Dr. Mengly J. Quach, a Cambodian American educationist, medical doctor, entrepreneur and philanthropist, is the Founder, Chairman and Chief Executive Officer of the Mengly J. Quach Education, an umbrella for Aii Language Centers (Aii) and American Intercon Schools (AIS), specializing in education, finance, social and community development. Currently, Dr. Quach is an Advisory Member and Vice Chair of Education Technical Working Group, 2019 of Cambodia Chamber of Commerce, Honorary Advisor to the Cambodia Women Entrepreneurs Association, Board of Director of the Cambodian Institute for Cooperation



and Peace, Founding Member and Advisor to the Cambodia Investor Club, Board of Advisor of Federation of Education Services in Cambodia and Founder and Chairman of the Prasethpheap Finance.

Originally from Battambang, Cambodia, Dr. Mengly J. Quach was raised and educated in the United States. Dr. Quach completed his Pre-Med studies at the University of California at Berkeley. He has an MPH in Public Health Practice from the University of Massachusetts at Amherst and a Doctor of Medicine in General Medicine from the School of Medicine at Spartan Health Sciences University in St. Lucia, West Indies/Santa Teresa, New Mexico. Dr. Quach also completed his medical clerkships at the University of Illinois Hospital in Chicago and fellowship training in Public Health and IMCI (Integrated Management of Childhood Illness) with Partners for Development, Maryland, a U.S. based NGO in Cambodia.

Prior to coming to Cambodia in 2002, Dr. Quach was a Professor at Cleveland Chiropractic College in California. After completing his volunteer work as an IMCI & Public Health Advisor with Partners for Development, he held positions as an Associate Professor at Pannasastra University of Cambodia, Vice Chairman of the University Academic Advisory Council, Founding Dean and Associate Professor of Public Health for the College of Public Health at the University of Cambodia before founding the Mengly J. Quach Education in 2005.

Neak Oknha Dr. Mengly J. Quach is well known and recognized for his active involvement in community development in the fields of education, health and social services.

Recognitions include one-time Humanitarian Neak Oknha of the Year for 2018 by Sabay News, two times The Greatest Humanitarians of the Year for 2015 and 2017 by Sabay News, two times Business Leader of the Year for 2015 and 2016 by Business Cambodia, and an Education Partnership Leader Award 2015 by Worldidac Association Conference in Hong Kong, presented by Former Prime Minister of Australia, HE Julia Gillard.



Mr. Kong Vara is Chief Operating Officer of Maritime Group. Mr. Kong Vara was appointed as Chief Operating Officer in November 2018 overseeing all business activities of the Group and its subsidiaries. Its main businesses are: transportation, food and beverages, banking and finance, hotel and resort, land and property development, trading and agriculture.

Before joining Maritime Group, he was a Chief HR and Operating Officer of MJQE. With this position, he played a major role in providing strategic planning advice to all departments to reach the MJQE business goals, which included the Office of the Founder, Chairman and CEO in developing “Good Corporate Governance”, the “Table of Commitment Authority” and “Profits Sharing Policy”,

the Human Resources Department in developing “Group’s Policies”, “Employee Handbook” and “HR Policies & Procedures”.

In his 37-year working experiences in different business sectors - such as newspapers, logging, investment, printing and media, garment manufacturing, banking, hotel and casino, general insurance, construction, import & export, food & beverage, environmental impact assessment, real estate and now education. - he used to hold managerial positions ranging from Manager, Head of HR & Admin, Director of HR & Admin, Chief People Officer and the last one was Chief Planning Officer with MJQE.

With broad knowledge gained from his overseas exposures in Turin, Italy and Hawaii, USA, he has sometimes been invited to be trainer and/or guest speaker for training/seminar conducted locally and overseas.

He got his Baccalaureate of Second Cycle in Experimental Sciences in 1974, and Diploma of Law in 1990.

Mr. Long Pisey Board Member

Pisey Long is now one of the board of directors of Prasethpheap Finance and a Campus Director of the Aii Language Center, Mao Tse Tong Campus.

Mr. Long is one of the board of directors of Prasethpheap Finance and one of MJQE Senior Management holding a position of Campus Director of Aii Language Center, Mao Tse Tong Campus. With the position of the director of Prasethpheap Finance, he is playing major role in helping making decision on PF business plan, reviewing and reinforcing the business plan with the annual budget plan as well as making sure that PF operations run smoothly. In addition to this, he is currently in charge of overseeing the general operation of the whole school both academic and non-academic at Aii Language Center, Mao Tse Tong Campus.



Mr. Long joined Prasethpheap Finance in April 13, 2018 and Mengly J. Quach Education in 2006. Prior to that, he was first recruited as a part-time ESL teacher in 2006. Due to his dedication and outstanding teaching performance for almost 5 years, Mr. Long was promoted from a part-time and full-time ESL teacher to Head Teacher in 2010. In addition to his position as a head teacher, he was also appointed to be a Principal for English at the American Intercon School in 2013. In 2016, he got another promotion as Vice Chancellor and Board of Observer. Finally, he is promoted to be a campus director and he is also a Steering Committee Member of the Annual CamTESOL Conference.

Mr. Long received his Bachelor degree of Education in Teaching English as a Foreign Language from Build Bright University.

MANAGEMENT TEAM

Mr. Kong Bun Norin
Chief Executive Officer



Almost 20 years in banking in Cambodia including both regulatory body and private sectors. Spending about 4 years as Financial Institutions Examiner and supervision; 3 years in global market and treasury services; 4 years establishing and leading specialized bank; 2 years as executive board member; 4 years in commercial and corporate banking; as well as 2 years as Commercial bank and risk management lecturer.

Key expertise in strategic development and execution, change management, governance, compliance, banking regulatory, risk management, commercial lending business, structure financing, FX management, Banking operation and trade finance.

Qualification is with Master Degree in art of economic, two bachelor degrees 1) in Accounting and 2) in economic, and

Associate degree of Banking technique.

Mr. Sorn Piseth
Chief Operation Officer

Mr. Sorn Piseth currently holds position of Chief Operation Officer at Prasethpheap Finance Plc. He has over 17 years of experience in Banking, Microfinance and Payment Service Provider (PSP) Sector. He has Bachelor degree of Computer Science from the Royal University of Phnom Penh, 2002. He has jointed several training courses related to Bank, Microfinance and Fintech sector.





Mr. Khun Davuth, Head of Finance at Prasethpheap Finance, hold a BBA in Accounting and pursuing Master in Finance & Banking. He has more than 15years experiences in Microfinance. he has experience in financial management around 6 years and 6 years experiences in branch supervisions level and 3 years experiences in accountant. He also joined a 3 months course of regulatory and compliance which is recognized by NBC

Mr. Ka Ratthy
Head of Credit Department

Mr. Ka Ratthy, aged 40, a Cambodian national, has been our Head of Credit Department since he joined our Company in December 2019.

Currently, he is responsible for the overall operation of our microfinance business including credit reviewing, loan approval, and directing field staff.

He obtained a Bachelor's degree of Agriculture majoring in Agriculture from School of Agriculture Prek Leap, Cambodia, in 2008. He also obtained a Master's degree of Business Administration majoring in Finance and Banking from Build Bright University, Cambodia, in 2011.

He has more than seventeen years of experience in the financial industry. He started his career as a credit officer with Seilanithih Limited in 2005. Throughout his career with Seilanithih he was promoted several times to his last position as Deputy Head of Internal auditor 2016. Later that year, he joined Shahakrinpheap Microfinance as Deputy Head Operation Department before moving to our Company in 2019.





Ms. Yem Sreylong was born in 1992, she joined Prasethpheap Finance Plc as Risk and Compliance Manager in September 2020. She graduated the Bachelor of Banking and Finance from the National Institute of Business (NIB). She had more than 5 years' experiences in microfinance sector with various position included Credit Officer, Assistant Accountant, Assistant Operation and Compliance Officer, at microfinance such as Farmer Finance LTD and T & Go Finance Plc.

Mr. Pho Sisowath,
Senior Internal Auditor

Mr. Pho Sisowath, 32 years old, Cambodian nationality, Became a Senior Internal Auditor from the time he joined Prasethpheap Finance Plc. in early August 2020. He graduated with a bachelor's degree in accounting and finance in 2012. He has worked extensively in the corporate and microfinance sector and began working in 2007 as an importer of foreign products in sales and marketing position. In domestic and foreign travel companies as an Assistant Director of Administration and Equipment Management in 2009. At the insurance company in the country as an insurance consultant in 2012. And joined work at Sahakrinpheap microfinance in 2013 to 2019. In the Position of administrative staff at Sahakrinpheap microfinance in 2013, In the Position of staff as internal auditor of operations in 2014, Position of as Assistant Chief Executive Officer in 2015, Position as Internal Financial Auditor in 2018, And last position as Senior Internal Auditor until 2019, Before joining Prasethpheap Finance Plc.



Mr. Chhoy Vandeth,
Manager of HR & Admin Unit



Mr. Chhoy Vandeth, Cambodian nationality, has been working with Prasethpheap Finance Plc. Since December 2021, with the position as Manager of Human Resources and Administration Unit, and holds a Bachelor's Degree in Accounting. He has more than 18 years of experience in microfinance industry and has worked with many microfinance institutions. He has more than 10 years of experience in credit field such as: Credit Officer, Chief Credit Officer, Sub-Branch Manager and Branch Manager. He has more than 8 years of experience in human resource management. He has also attended many training courses and seminars related to his position in microfinance industry.

Mr. Chea Soklim
IT Unit Manager

Mr. Soklim Chea, enlisted in Prasethpheap Finance PLC in December 2014 as IT Unit Manager. Before joining with Prasethpheap Finance Plc he worked for a company that provides technology service to other companies in the position of Server & Storage engineer for 5 and half years. He has joined many technology training courses and currently he holds Bachelor's degree in Management Information System in year 2010.

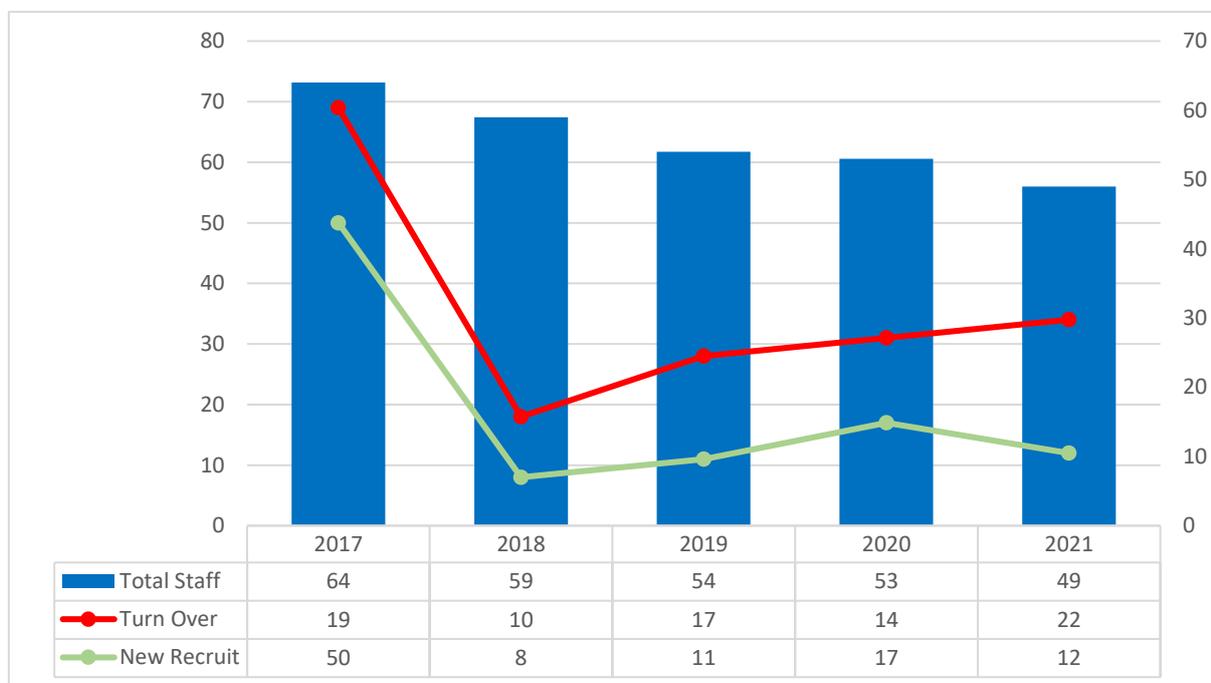


EMPLOYEE PROGRESS, DEVELOPMENT AND CAPACITY BUILDING

Employee Progress

The number of Prasethpheap Finance Plc. staff has gradually increased to 49 in 2021 which includes 16 of female staff and represented 32.65% of the total staff. Staff turnover rate was a bit higher than the last year, which increased from 25.00% to 44.90%.

To be competitive in the market, the company has developed a clear and transparent Human Resource policies and procedures in relations to staff recruitment, appraisal, compensation and discipline.



Staff Development and Capacity Building

Since staff development and capacity building plays a crucial role in ensuring the working quality of the company, Prasethpheap Finance Plc. has organized trainings for its newly recruited and promoted staff to ensure that they have enough skills and capacity to perform their responsibilities, as well as to make them productive, effective and efficient. Prasethpheap Finance Plc. has also allocated a budget each year for its staff development and capacity building on skill development trainings, refresher trainings, training on the new products or new policies, specialized courses, and others capacity building programs deemed necessary. Each staff member is also given an opportunity to attend a short course or degree program. The training courses were related to orientation for newly recruited staff, refreshment trainings, orientation on new products, loan assessment, orientation on new policies, practical audit skill, practical human resource management, IT policy development, corporate governance workshop, land & loan contract law and judicial procedure, effective HR policy, procedure & manual development, strategy realignment workshop, effective internal audit & control for MFIs/Banks, risk management, practical research methodology, experience and practical on taxation, labor law practices & working conditions in HR, labor law application for legal documentation in HR & admin, practical training on calculation methods for overtime and other payments under the Cambodian labor law, effective role of administration in an organization, and HR symposium and so on.

PRODUCTS AND SERVICES

Prasethpheap Finance Plc. has designed products to serve low income people, micro and small entrepreneurs, and farmers in both rural and urban areas. Depending on the clients' business and income sources, they can choose between Declining or Balloon payment method.

Group Loan

Is offered to poor Cambodian people with low income micro-entrepreneurs, and farmers. A solidarity group consists of 2 to 6 persons together with the loan size from USD 50 to USD 250 and its equivalence to KHR with the loan term ranges from 1-12 months both in balloon and declining repayment mode depending on the business types.

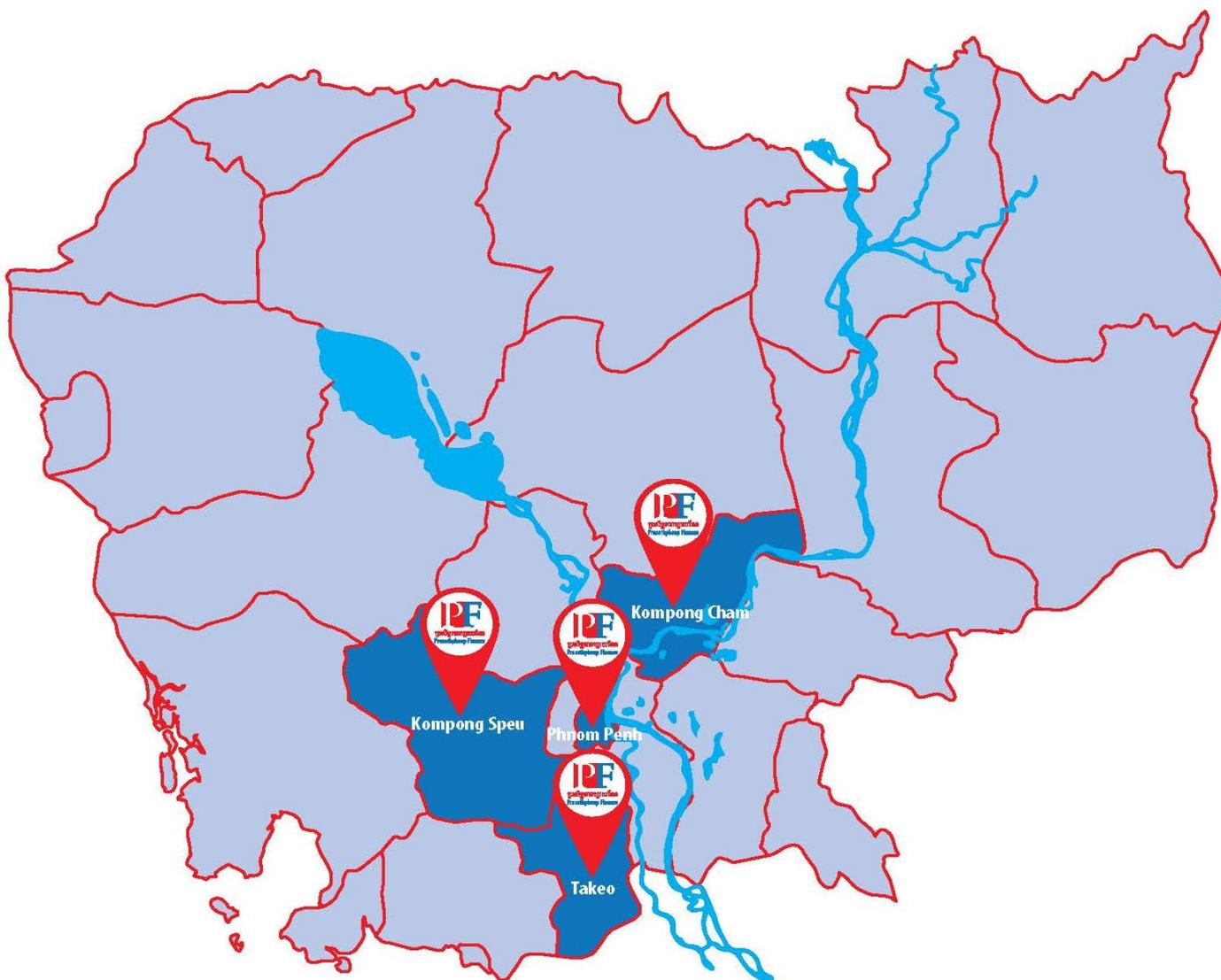
Individual Loan

Is offered to both poor and moderately poor clients who are engaged in micro and small entrepreneurship and farming. Clients can borrow money individually with a loan size up to USD 50,000 and its equivalent to KHR with the term up to 60 months declining or balloon repayment mode depending on the type of business.

OPERATIONAL PERFORMANCE

Prasethpheap Finance Plc. still continues its growth in terms of expanding number of branches, and size of loan portfolio. During the year, two new branches established in 2017, Kampong Speu Branch and Cheung Prey Branch.

As of December 31, 2021, Prasethpheap Finance Plc. has served 1,209 clients with loan outstanding USD 4,052,944 and operated through 4 branches which covered its operations in Phnom Penh City, Takeo(Bati District), Kompong Speu, and Kampong Cham province(Cheung Prey District).

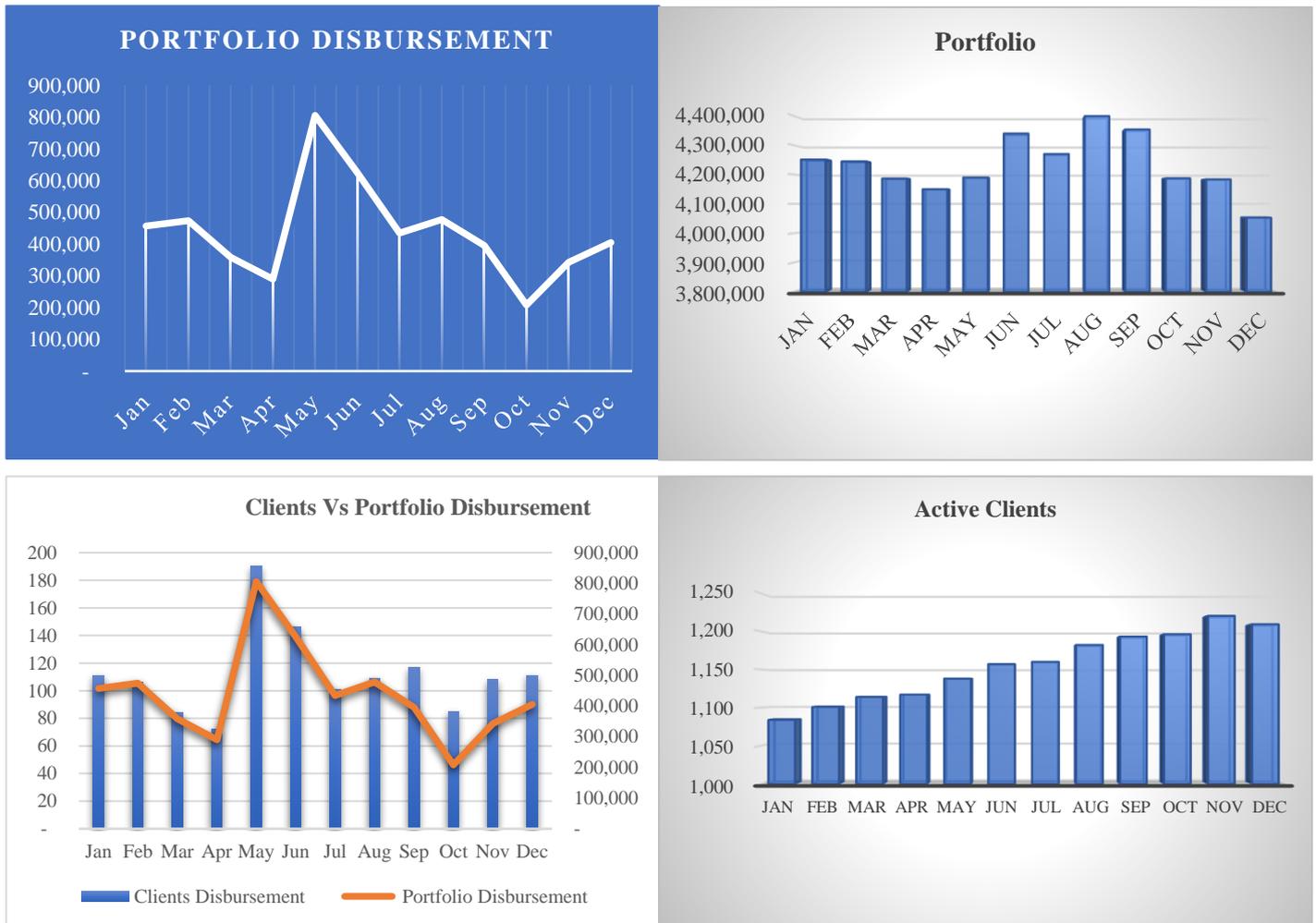


BORROWER AND PORTFOLIO STRUCTURE

Loan Disbursement

The total loan disbursement in 2021 was USD 5,276,370 and 1,340 clients. The total amount was given to utilize in different sectors such as: Agriculture, Trade and Commerce, Service, Transportation, Construction, Household/Family and other types of loans.

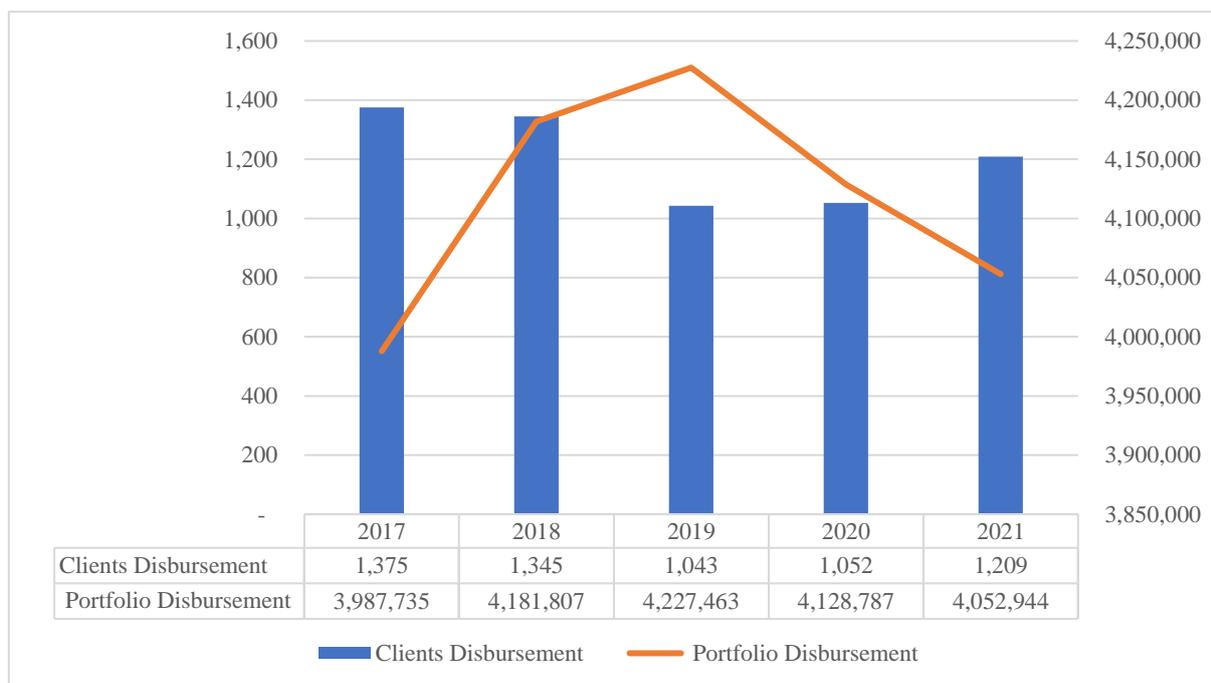
Trend of Disbursement, Gross Facilities, and Active Clients during 2021



Loan Outstanding

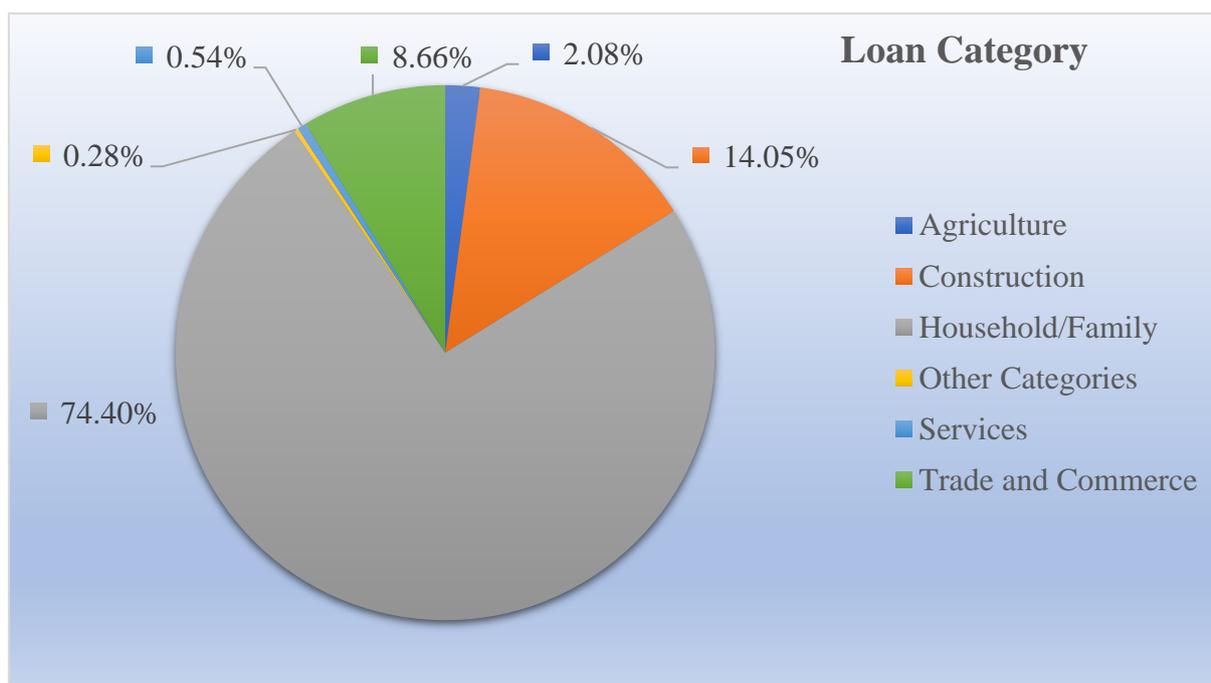
In the period of Covid-19 pandemic that impacted to all sector, by the end of year 2021, total loan outstanding amount was USD 4,052,944 which at the end of 2020 had a gross loan portfolio USD 4,128,787. The loan outstanding amount composed of group and individual loan respectively.

Loan Outstanding and Borrowers: 2017-2021



Loan Category

Prasethpheap Finance Plc. offers loan to support different types of products. As of December 31 2021, loan in Agriculture sector consisted of 2.08% of total portfolio, mostly in farming crops such as rice, corn, potato, green bean, soybean, sesame, etc. Trade and Commerce sector represented 8.66% which mainly involved in buying and selling in the form of micro and small business activities. Service sector is constituted by 0.54% consisting of renting house, taxicab, tailoring, motor-taxi, repairing shop, etc. Construction sectors represented 14.05% involving in repairing and building new house. Household / Family sectors represented 74.40% while 0.28% is represented by other types of loan in of total portfolio respectively.



Loan Portfolio Quality

During the whole year of 2021, Prasethpheap Finance Plc. has set strong commitment to improve the loan portfolio quality as well as pay deep attention to disbursement to new loans. As a result, Prasethpheap Finance Plc. was able to maintain the portfolio at risk 6.61% from 1.47% the previous year. This is due to the intensive portfolio monitoring from all staff levels, hard work of well-trained field staff; especially credit officers, well established credit policies and procedures, good ethic of staff and good working relationship among staff and clients, strong focus of our staff on clients and advices from management and Board. Besides, the Morakot system provided very detailed data and information for staff and management to monitor, analyze and follow up the portfolio on a timely basis. Better economic environment in the country also contributed to the loan portfolio quality.



PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of Prasethpheap Finance Plc. ("the Company") for the financial year ended 31 December 2021.

Principal activities

The principal activities of the Company are to provide credit service and other financial services to low income families in the Kingdom of Cambodia. There have been no significant changes in the nature of these activities during the financial year.

Results of operations

	US\$	KHR'000
Profit for the financial year	117,752	479,722

Dividends

The Directors do not recommend the payment of any dividend for the current financial year.

Reserves and provisions

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

Bad and doubtful loans

Before the statement of comprehensive income and statement of financial position of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad loans and the making of allowance for doubtful loans and satisfied themselves that there were no known bad loans and that adequate allowance had been made for doubtful loans.

At the date of this report, the Directors are not aware of any circumstances which would render it necessary to write off bad loans or the amount of the allowance for doubtful loans in the financial statements of the Company inadequate to any material extent.

Current assets

Before the statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps to ensure that for any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Company have been written down to an amount expected if realised.

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 and which may

render adherence to the existing method 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, or
- (ii) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations 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 in the financial statements of the Company, which would render any amount stated in the financial statements as misleading.

Items of an unusual nature

The results of the operations of the Company during the financial year were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the operations of the Company for the financial year for which this report is made.

Share capital

The Company did not issue any shares during the current financial year.

No option to take up unissued shares in the Company was granted during the financial year and there were no shares under options at the end of the financial year in respect of shares in the Company.

Directors

The Directors who have held for office since the date of the last report are:

Neak Oknha Dr. Mengly J. Quach

Mr. Long Pisey

Mr. Kong Vara

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, the Directors have not received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefit which may be deemed to have arisen by virtue of those transactions as disclosed in Note 27 to the financial statements.

Directors' responsibility in respect of the financial statements

The Directors are responsible to ascertain that the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the financial year then ended. In preparing these financial statements, the Directors are required to:

- (a) adopt appropriate accounting policies which are supported by reasonable judgements and estimates and then apply them consistently;
- (b) comply with the disclosure requirements of the Cambodian International Financial Reporting Standards for Small and Medium-sized Entities (“CIFRSs for SMEs”) and the guidelines issued by the National Bank of Cambodia (“NBC”) relating to the preparation and presentation of financial statements or, if there have been any departures in the interest of true and fair presentation, ensure that these have been appropriately disclosed, explained and quantified in the financial statements;
- (c) maintain adequate accounting records and an effective system of internal controls;
- (d) prepare the financial statements on a going concern basis unless it is inappropriate to assume that the Company will continue its operations in the foreseeable future; and
- (e) control and direct effectively the Company in all material decisions affecting its operations and performance and ascertain that such decisions and/or instructions have been properly reflected in the financial statements.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

Significant event during the financial year

The significant event during the financial year is disclosed in Note 30 to the financial statements.

Statement by the Directors

In the opinion of the Directors, the financial statements set out on pages 7 to 35 have been drawn up in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia so as to give a true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board,



Neak Oknha Dr. Mengly J. Quach

Chairman

Phnom Penh, Cambodia

Date: 27 April 2022



Mr. Kong Bun Norin

Chief Executive Officer

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Prasethpheap Finance Plc. ("the Company"), which comprise statement of financial position as at 31 December 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies, as set out on pages 7 to 35.

In our opinion, the accompanying financial statements give true and fair view of the financial position of the Company as at 31 December 2021, and of its financial performance and cash flows for the financial year then ended in accordance with Cambodian International Financial Reporting Standards for Small Medium-sized Entities and the guidelines issued by the National Bank of Cambodia.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the *Code of Ethics for Professional Accountants and Auditors* of the Kampuchea Institute of Certified Public Accountants and Auditors ("Code of Ethics") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the IESBA Code.

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 Directors' Report but does not include the financial statements of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements 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, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

(Registration No: 00003008) (continued)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Cambodian International Financial Reporting Standards for Small and Medium-sized Entities and the guidelines issued by the National Bank of Cambodia. The Directors are also responsible for such internal control as the Directors determine is 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 Director either intends to liquidate the Company, or to cease operations, or has 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 the 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

(Registration No: 00003008) (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements 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 of the Company 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.

Other Matter

This report is made solely to the shareholders of the Company, as a body. We do not assume responsibility to any other person for the content of this report.

BDO
BDO (Cambodia) Limited
Phnom Penh, Cambodia
Date: 27 April 2022



PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 US\$	KHR'000	2020 US\$
ASSETS				
Cash on hand	6	34,020	138,597	25,503
Balances with National Bank of Cambodia	7	148,289	604,129	148,199
Balances with other banks	8	578,568	2,357,086	426,595
Loans to customers	9	4,022,003	16,385,640	4,117,837
Other receivables	10	188,305	767,155	173,105
Property and equipment	11	17,861	72,766	45,696
Intangible assets	12	72,826	296,693	25,986
Deferred tax assets	13	4,041	16,463	21,160
TOTAL ASSETS		5,065,913	20,638,529	4,984,081
LIABILITIES AND EQUITY				
LIABILITIES				
Borrowings	14	1,350,918	5,503,640	1,312,212
Trade and other payables	15	32,168	131,052	96,551
Current tax liabilities		10,425	42,471	20,668
TOTAL LIABILITIES		1,393,511	5,677,163	1,429,431
EQUITY				
Share capital	16	2,915,766	11,878,831	2,915,766
Share premium		63,078	256,980	63,078
Other capital	17	190,000	774,060	190,000
Reserves	18	129,704	528,412	103,081
Retained earnings		373,854	1,523,083	282,725
TOTAL EQUITY		3,672,402	14,961,366	3,554,650
TOTAL LIABILITIES AND EQUITY		5,065,913	20,638,529	4,984,081

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF COMPREHENSIVE INCOME**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Note	2021 US\$	KHR'000	2020 US\$
Interest income	19	1,001,659	4,080,759	917,021
Interest expense	20	(130,103)	(530,040)	(126,915)
Net interest income		871,556	3,550,719	790,106
Allowance for doubtful loans	9	(57,956)	(236,113)	(9,664)
Other operating income	21	16,349	66,606	14,829
Personnel expenses	22	(442,019)	(1,800,785)	(443,539)
Depreciation and amortisation expenses	23	(41,516)	(169,136)	(47,208)
General and administrative expenses	24	(185,167)	(754,370)	(182,975)
Profit before tax		161,247	656,921	121,549
Tax expense	25	(43,495)	(177,199)	(30,505)
Profit for the financial year		117,752	479,722	91,044
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the financial year		117,752	479,722	91,044

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

**STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Share capital US\$	Share premium US\$	Other capital US\$	Reserves US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2020	2,915,766	63,078	190,000	84,468	210,294	3,463,606
Profit for the financial year, representing total comprehensive income	-	-	-	-	91,044	91,044
Transaction with owners						
Transfer to reserves, representing total transaction with owners	-	-	-	18,613	(18,613)	-
Balance as at 31 December 2020/1 January 2021	2,915,766	63,078	190,000	103,081	282,725	3,554,650
Profit for the financial year, representing total comprehensive income	-	-	-	-	117,752	117,752
Transaction with owners						
Transfer to reserves, representing total transaction with owners	-	-	-	26,623	(26,623)	-
Balance as at 31 December 2021	2,915,766	63,078	190,000	129,704	373,854	3,672,402
<i>(KHR'000 equivalent)</i>	<i>11,878,831</i>	<i>256,980</i>	<i>774,060</i>	<i>528,412</i>	<i>1,523,083</i>	<i>14,961,366</i>

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

	Note	2021		2020
		US\$	KHR'000	US\$
Cash flows from operating activities				
Profit before tax		161,247	656,921	121,549
Adjustments for:				
Allowance for doubtful loans	9	57,956	236,113	9,664
Amortisation of intangible assets	12	8,160	33,244	8,275
Depreciation of property and equipment	11	33,356	135,892	38,933
Interest expense	20	130,103	530,040	126,915
Operating profit before working capital changes		390,822	1,592,210	305,336
Changes in working capital				
Loans to customers		37,878	154,315	98,679
Other receivables		(15,200)	(61,926)	(10,772)
Trade and other payables		(52,231)	(212,789)	4,851
Cash generated from operations		361,269	1,471,810	398,094
Interest paid		(142,255)	(579,547)	(121,695)
Income tax paid		(36,619)	(149,186)	(21,132)
Net cash from operating activities		182,395	743,077	255,267
Cash flows from investing activities				
Purchase of property and equipment	11	(5,521)	(22,493)	(4,432)
Purchase of intangible assets	12	(55,000)	(224,070)	(1,464)
Net cash used in investing activities		(60,521)	(246,563)	(5,896)
Cash flows from financing activities				
Withdrawal/(Placement) of fixed deposits with original maturity of more than three months		246,000	1,002,204	(6,000)
Repayments of borrowings		(794,994)	(3,238,806)	(464,823)
Drawdown of borrowings		833,700	3,396,494	300,000
Net cash from/(used in) financing activities		284,706	1,159,892	(170,823)
Net increase in cash and cash equivalents		406,580	1,656,406	78,548
Cash and cash equivalents at beginning of financial year		208,509	849,466	129,961
Cash and cash equivalents at end of financial year		615,089	2,505,872	208,509

PRASETHPHEAP FINANCE PLC.

(Incorporated in Cambodia)

STATEMENT OF CASH FLOWS**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (continued)**

Cash and cash equivalents comprise the following:	Note	2021		2020
		US\$	KHR'000	US\$
Cash on hand	6	34,020	138,597	25,503
Balances with National Bank of Cambodia (excluding statutory deposit)	7	2,501	10,189	2,411
Balances with other banks	8	578,568	2,357,086	180,595
		<u>615,089</u>	<u>2,505,872</u>	<u>208,509</u>

ANNUAL STAFF TRIP

Under the initiative and encouragement for employee, Neak Oknha Dr. Mengly J. Quach, Founder and Chairman of the Board, allowed to organize a two-day annual trip from 18 to 19 December 2021 to PREAHSIHANOUK VILL.



CONTACT US



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