

RHB INDOCHINA BANK LTD
CREDIT APPLICATION FORM CA-1
(PART I – FACILITY SUMMARY)

Application No: RHBIBL-0002-2014-0007-4

Branch: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

1.0 REQUEST TYPE		2.0 ACCOUNT INFORMATION	
New	-	From	CMO
Additional	✓	Date of Submission to Cr Mgmt	05-Mar-2017
Renewal	✓	Date Rec'd Complete Doc	03-Mar-2017
Amendment	-	Current Limit Expiry Date	19-Apr-2017
Restructuring	-	Next Limit Expiry Date	19-Apr-2018
Others	✓	Relationship Since	March 2014
For Affirmation by Group Credit Co	-	Account Status	Normal
Connected Party	YES/NO	EAM	YES/NO
Exceptional Credit	YES/NO	AST Monitoring	YES/NO

3.0 BORROWERS RISK RATING	STANDALONE			LGD Rating	Expected Loss Rating	Final Rating (For credit decision only)
Borrowers	Current CRR Rating	New CRR Rating				
Mr. Kung Chung Heng and Mdm. Bo Srey Pov	4	3				3
Rating Override	Yes		No			
If yes, how many notches?						
Remark (To provide reason for override)						
Corporate Guarantor	Current CRR Rating	New CRR Rating				
N/A						
Remark (To provide reason for credit risk rating movement or final rating notch down)						

External Rating (if any)	RAM	MARC	S&P	Fitch	Moody's
N/A					
Remarks					

Group	Current Rating	New Rating	Core Business & Group Activities
1. Lim Heang Yu Enterprise Co., Ltd	2		
2. Mr. Oeng Marady & Mdm. Bo Vann	4		
3. Mr. Yim Seth & Mdm. Ly Ching	2		

4.0 DETAILS OF REQUEST

- To annual review all TLs and OD facilities.
- To discharge TD No. 12040408-0106 (P1) and TD No. 12040408-0114 (P2) subject to fully settle existing TL1 and TL2 with total outstanding of USD476,557.52 as at 30-Mar-2017 by cash **subject to 1% penalty fee.**
- To notify 3-month notice for **existing TL4** to be fully settled in July 2017 before loan maturity date subject to 1% penalty fee on outstanding balance of **TL4.**

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5.0 FACILITY DETAILS (USD'000)

Facility Type	O/S as at 30/Mar/2017	Existing Limit	Increase/ Decrease +/(–)	New Limit	Pricing	Purpose
Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov						
10-Year TL1	392.2	500	-	392.2	ECOF + 2.75%p.a. on monthly rest subject to minimum 8.25%p.a	To part finance the purchase of two shop houses and a first floor building
10-Year TL2	84.3	100	-	84.3		To part reimburse on a ground floor of 3-storey shop house
12-Year TL3	389.8	420	-	389.8		To part finance the purchase of single storey house
6-Year TL4	92.3	100	-	92.3		To use as working capital
OD1 & OD2	198.3	320	-	320	ECOF + 3%p.a. on daily rest subject to minimum 8.5%p.a	To use as working capital
Total	1,156.9	1,440	-	1,278.6		
Group Name: Lim Heang Yu Enterprise Co., Ltd.						
10-Year TL1 1,500	1,030.4		-	1,030.4	ECOF + 3.25% p.a. on daily rest subject to minimum 8.5% p.a	To Partial financing the purchase of land, machineries and warehouse construction.
10-Year TL2 1,680	1,505.3		-	1,505.3	ECOF + 2.75% p.a. on daily rest subject to minimum 8% p.a	To part finance the purchase a double storey building
Total	2,535.7			2,535.7		
Group Name: Mr. Oeng Marady and Mdm. Bo Vannary						
9-Year HL 86.9	50.4		-	50.4	ECOF + 4% p.a. on daily rest subject to minimum 9.5% p.a	To part finance the purchase a 3 storey house
Total	50.4		-	50.4		

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6.0 REPAYMENT TERMS

Facility	Tenor/ Repayment Terms	
TL1: USD500K (Existing)	Interest Rate:	ECOF + 3.50 %p.a. on monthly rest subject to minimum 8.25%p.a
	Tenure:	10 Years
	Repayment:	120 monthly installments of USD6,162.99
	Processing Fee:	1% on approved amount
	Prepayment:	1 st to 5 th year: 3%, 6 th year onward: 1% on the prepayment amount if the facility is fully/partially settled before expiry date
TL2: USD100K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on monthly rest subject to minimum 8.25%p.a
	Tenure:	10 Years
	Repayment:	120 monthly installments of USD1,230.11
	Processing Fee:	1% on approved amount
	Prepayment:	1 st to 5 th year: 3%, 6 th year onward: 1% on the prepayment amount if the facility is fully/partially settled before expiry date.
TL3: USD420K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on monthly rest subject to minimum 8.25%p.a
	Tenure:	12 Years
	Repayment:	144 monthly installments of USD4,612.57
	Processing Fee:	1% on approved amount
	Prepayment:	1 st to 5 th year: 3%, 6 th year onward: 1% on the prepayment amount if the facility is fully/partially settled before expiry date.
TL4: USD100K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on monthly rest subject to minimum 8.25%p.a
	Tenure:	6 Years
	Repayment:	72 monthly installments of USD1,765.56
	Processing Fee:	1% on approved amount
	Prepayment:	1 st to 5 th year: 3%, 6 th year: 1% on the prepayment amount if the facility is fully/partially settled before expiry date.
OD1: USD170K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on daily rest subject to minimum 8.5%p.a
	Tenure:	1 Year
	Repayment:	Repayable on demand and interest in arrears to be serviced monthly
	Processing Fee:	1% on approved amount
	Commitment fee	1% p.a. on unutilized OD limit
	Renewal fee:	0.75% of the total approved limit
	Prepayment	1% on prepayment amount if the facility is fully/partially settled before expiry date
OD2: USD150K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on daily rest subject to minimum 8.5%p.a
	Tenure:	1 Year
	Repayment:	Repayable on demand and interest in arrears to be serviced monthly
	Processing Fee:	1% on approved amount

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6.0 REPAYMENT TERMS

Facility	Tenor/ Repayment Terms	
	Commitment fee	1% p.a. on unutilized OD limit
	Renewal fee:	0.75% of the total approved limit
	Prepayment	1% on prepayment amount if the facility is fully/partially settled before expire date

7.0 COMMENTS ON CONDUCT OF ACCOUNT

Borrowers have maintained account with us since March 2014. The conduct of account is summarized as follows:

Bank: RHBIBL			
Name: Mr. Kung Chung Heng and Mdm. Bo Srey Pov			
OD Limit of USD320K			
12 Months			
Month	Debit (USD)	Credit (USD)	Balance (USD)
Balance Forward			(149,103.30)
Mar-16	(240,083.07)	237,983.20	(151,203.17)
Apr-16	(60,683.81)	155,149.20	(56,737.78)
May-16	(304,422.43)	232,017.94	(129,142.27)
Jun-16	(57,124.27)	85,147.57	(101,118.97)
Jul-16	(175,221.98)	151,026.00	(125,314.95)
Aug-16	(146,767.82)	176,789.56	(95,293.21)
Sep-16	(210,250.83)	248,717.00	(56,827.04)
Oct-16	(302,834.52)	89,129.50	(270,532.06)
Nov-16	(45,671.69)	48,908.00	(267,295.75)
Dec-16	(117,411.55)	178,877.00	(205,830.30)
Jan-17	(112,730.16)	42,837.45	(275,723.01)
Feb-17	(34,954.59)	119,017.27	(191,660.33)
Sub-Total	(1,808,156.72)	1,765,599.69	
Excluding TL4 drawdown			
Total	(1,708,156.72)	1,665,599.69	
Average	(142,346.39)	138,799.97	(160,556.57)
		OD limit	320,000.00
		OD Utilization Rate	50.17%

Comment:

TL4 of USD100K was released in Aug 2016. By excluding TL drawdown, turnover credit and debit was USD1.66M and USD1.70M derived from monthly deposit and withdrawal of USD138.7K and USD142.3K respectively. Average OD utilization rate was 50.17% against with OD limit of USD320K. Common Transactions are cash deposit, check withdrawal, monthly installment, OD interest and commitment fee. Noticeably, there was no any check return record.

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Conduct of TL1: USD500K (Past 12 Months)

Account No. : 40001000786000000

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	6,266.34	21/04/16	21/04/16	0
2	6,266.34	21/05/16	21/05/16	0
3	6,266.34	21/06/16	21/06/16	0
4	6,266.34	21/07/16	21/07/16	0
5	6,322.36	22/08/16	22/08/16	0
6	6,322.36	21/09/16	21/09/16	0
7	6,162.99	21/10/16	21/10/16	0
8	6,162.99	21/11/16	21/11/16	0
9	6,162.99	21/12/16	21/12/16	0
10	6,162.99	21/01/17	21/01/17	0
11	6,162.99	21/02/17	21/02/17	0
12	6,162.99	21/03/17	21/03/14	0

Comment: The repayment was prompt and up to date during the last 12 months.

Conduct of TL2: USD100K (Past 12 Months)

Account No. : 40001001076400000

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	1,253.27	30-04-16	30-04-16	0
2	1,253.27	30-05-16	30-05-16	0
3	1,253.27	30-06-16	30-06-16	0
4	1,265.35	30-07-16	30-07-16	0
5	1,265.35	30-08-16	30-08-16	0
6	1,265.35	29-09-16	29-09-16	0
7	1,230.11	31-10-16	31-10-16	0
8	1,230.11	30-11-16	30-11-16	0
9	1,230.11	30-12-16	30-12-16	0
10	1,230.11	30-01-17	30-01-17	0
11	1,230.11	28-02-17	28-02-17	0
12	1,230.11	30-03-17	30-03-17	0

Comment: The repayment was prompt and up to date during the last 12 months.

Conduct of TL3: USD420K (Past 12 Months)

Account No. : 40001001451400000

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	4,720.79	07-04-16	07-04-16	0
2	4,720.79	07-05-16	07-05-16	0
3	4,720.79	07-06-16	07-06-16	0
4	4,720.79	07-07-16	07-07-16	0
5	4,777.38	08-08-16	08-08-16	0
6	4,777.38	07-09-16	07-09-16	0
7	4,612.57	07-10-16	07-10-16	0
8	4,612.57	07-11-16	07-11-16	0
9	4,612.57	07-12-16	07-12-16	0

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10	4,612.57	07-01-17	09-01-17	0
11	4,612.57	07-02-17	07-02-17	0
12	4,612.57	07-03-17	07-03-17	0

Comment: The repayment was prompt and up to date during the last 2 months.

Conduct of TL4: USD100K (Past 07 Months)

Account No. : 40001001727000000

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	1,790.17	08-09-16	13-09-16	5
2	1,765.56	08-10-16	08-10-16	0
3	1,765.56	08-11-16	08-11-16	0
4	1,765.56	08-12-16	08-12-16	0
5	1,765.56	09-01-17	09-01-17	0
6	1,765.56	08-02-17	08-02-17	0
7	1,765.56	09-03-17	09-03-17	0

Comment: Overdue up to 5 days in Sep 2016 because of manual deduction. Noted that, the customer have sufficient fund to pay installment since 08-Sep-2016.

First Commercial Bank

Conduct of TL1: USD120K (Past 02 Months)

Account No. : 40001001727000000

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	1,411.93	16-01-17	16-01-17	0
2	1,411.93	15-02-17	15-02-17	0

8.0 EARNINGS/RETURN ON ASSET (ROA)

	Ave Utilization	Last 12 months gross income	Current RARORC/ RRWA/ ROA	Next 12 months gross income	Projected RARORC/ RRWA/ ROA
	(%)	(USD'000)	(%)	(USD'000)	(%)
Borrower					
Group					
Explanation required if ROE is below target (12%):					

9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)	Existing Security		
	OMV	FSV	Value per CP

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9.0 SECURITY DETAILS (USD'000)

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		Existing Security														
Description (Type, Location, Size, Owner's Name)		OMV	FSV	Value per CP												
<u>Tangible Security</u>																
<u>Existing</u> 1. Facility Agreement for TLs and ODs of 1,440K as the principal instrument. 2. 1 st party 3 rd legal charge over the following property as subsidiary instrument Property 1 & 2: (KFC Kampuchea Krom) Title No: 12040408-0106 & 12040408-0114 Registered owner: Mr. Kung Chung Heng& Mdm. Bo SreyPov (Husband and Wife) Tenure: Freehold Encumbrances: RHBIBL Description: 2 parcels of land accommodating a 3-storey shop Land area: 170sqm Building area: 422sqm OMV: USD1,400,000 Update VR by KRE dated 07-Mar-2017 Fire Insurance: Forte Insurance (Cambodia) Expiry date: 19-Mar-2018 Address Lot No. 106 and 114, 8 Village, Teuk La ak 1, Toul Kork District, Phnom Penh City. Verbal Check dated 30-Mar-2017 <table><tr><td>By CARE</td><td>Land: USD1,275,000 (USD7,500psqm)</td></tr><tr><td>P1 & P2:</td><td>Building: USD125,000 (USD295psqm)</td></tr><tr><td></td><td>OMV: USD1,400,000</td></tr><tr><td>By BRG</td><td>Land: USD1,292,000 (USD7,600psqm)</td></tr><tr><td>P1 & P2:</td><td>Building: USD125,000 (USD295psqm)</td></tr><tr><td></td><td>OMV: USD1,417,000</td></tr></table> Comment: We still adopt the update valuation report by KRE since it is as same as the CARE's and lower BRG's indicative value. Property 3: It is currently operated as 388 Net Shop and Room Rental (Former Ly Ly Guesthouse) Title No: 6347 Registered owner: Mr. Kheng Kong & Mdm. Sok Eng (Husband and Wife) Tenure: Freehold Encumbrances: RHBIBL Description: 2 adjoining ground floor of 5-storey flats. Address: No. 67E ₀ and 71E ₀ St. 118, Sangkat Phsar Chas, Khan Daun Penh.		By CARE	Land: USD1,275,000 (USD7,500psqm)	P1 & P2:	Building: USD125,000 (USD295psqm)		OMV: USD1,400,000	By BRG	Land: USD1,292,000 (USD7,600psqm)	P1 & P2:	Building: USD125,000 (USD295psqm)		OMV: USD1,417,000	1,400	1,120	980
By CARE	Land: USD1,275,000 (USD7,500psqm)															
P1 & P2:	Building: USD125,000 (USD295psqm)															
	OMV: USD1,400,000															
By BRG	Land: USD1,292,000 (USD7,600psqm)															
P1 & P2:	Building: USD125,000 (USD295psqm)															
	OMV: USD1,417,000															
		554	443.2	387.8												

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		Existing Security						
Description (Type, Location, Size, Owner's Name)		OMV	FSV	Value per CP				
<p>Phnom Penh</p> <p>Land & Building: 111.34sqm OMV: USD600,000 VR by KRE dated 20-May-2015 Fire Insurance: Forte Insurance (Cambodia) Expiry date: 07-Oct-2017</p> <p>Verbal Check dated 30-Mar-2017</p> <table><tr><td>By CARE P3</td><td>OMV: USD554,000 (A unit of Eo floor)</td></tr><tr><td>By BRG P3</td><td>OMV: USD605,000 (A unit of Eo floor)</td></tr></table> <p>Comment:</p> <ul style="list-style-type: none">• We adopt with the verbal value of CARE as it is reasonable, lower than KRE's and BRG's; however, the valuation report from KEY in 2015 was valued at USD600K.• Noted it is different value of USD46,000 between CARE's and KRE's value while it is similar between KRE's BRG's based on technical valuation of each panel.• In overall, MoA is still acceptable against the outstanding loan after settlement TL1 and TL2 subject to discharge P1 and P2. Also, we propose to issue a formal valuation report from CARE prior to discharge TD of P1 and P2.		By CARE P3	OMV: USD554,000 (A unit of Eo floor)	By BRG P3	OMV: USD605,000 (A unit of Eo floor)			
By CARE P3	OMV: USD554,000 (A unit of Eo floor)							
By BRG P3	OMV: USD605,000 (A unit of Eo floor)							
<p>Property 4: (Leased to Amazon Café)</p> <p>Title No: No. 12050706-0017 Registered owner: Mr. Kung Chung Heng& Mdm. Bo SreyPov (Husband and Wife)</p> <p>Tenure: Freehold Encumbrances: RHBIBL Description: A parcel of land a accommodating with a single building shop</p> <p>Address: The corner of Street No. 337 and No. 528, Sangkat Boeung Kak I, Khan Chamkarmon, Phnom Penh. Previously, it was a vacant land and charged with RHBIBL. Presently, it is leased to Amazon Café. So, the valuation report shall be issued including land and building value. A new formal valuation report by our bank' panel is to be submitted prior to discharge TD of P1 and P2.</p> <p>Land area: 191sqm Building area:96sqm (Estimated measurement) OMV: USD553,900 (Land value only) VR by CARE dated 28-Oct-2015</p> <p>Fire Insurance: To be issued by our bank' panel Expiry date: N/A</p>		654	523.2	457.8				

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9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)		Existing Security		
		OMV	FSV	Value per CP
Verbal Check dated 30-Mar-2017				
By CARE P4: Land: USD630,000 (USD3,300psqm) Building: USD24,000 (USD250psqm) OMV: USD654,000				
By BRG P1 & P2: Land: USD649,400 (USD3,400psqm) Building: USD24,000 (USD250psqm) OMV: USD673,400				
Comment: We adopt the verbal value by CARE since it is lower and reasonable than BRG's indicative value. Further, the land value is increased by 13.73% comparing to the previous valuation (2015). A new formal valuation report will be submitted prior to discharge TD of P1 and P2.				
Total		2,608	2,086.4	1,825.6
Security Coverage (times)		2.04x	1.63x	1.43x
Supporting Security e.g. debenture or negative pledge				No value ascribed
After discharge P1 and P2 and fully settle TL1, TL2, and TL4				
Total		1,208	966.4	845.6
Security Coverage (times)		1.70x	1.36x	1.19x

9.1 SECURITY DETAILS (USD'000)

Group Borrowers

Lim Heang Yu Enterprise Co., Ltd.

Property	Property Type	Property Value	Allowed MOF	Total Exposure	Security Coverage
1	Vacant Land	287,000	143,500	2,506,956.42	2.41x
2	Vacant Land	144,000	72,000		
3	Vacant Land	99,000	49,500		
4	Land and buildings	1,234,000	863,800		
5	Land and double storey workshop & building	1,889,000	1,322,300		
6	Land and double storey office building	2,400,000	1,680,000		
Sub total (A)		6,053,000	2,451,100	2,506,956.42	
Mr. Oeng Marady and Mdm. Bo Vannary					
1	Land & a storey house	152,000	106,400	61,158	1.42x
Sub total (B)		152,000	106,400	61,158	
Grand total (A+B)		6,205,000	2,557,500	2,568,114.42	2.42x

10.0 PERSONAL/CORPORATE GUARANTEES:

Name	Risk Grade	Estimated Networth	Remarks
Mr. Kheng Kong and Mdm. Sok Eng	-	-	

11.0 EXISTING SECURITY DOCUMENTATION COMPLIANCE

Item	Compliance			Explanations If Answer Is Negative And Actions Taken To Rectify
	Yes	No	N/A	

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Existing Security Documentation Checked And Confirmed To Be Completed And In Order/ Intact (For Renewal/ Enhancement CAs)	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; width: 40px; height: 40px; line-height: 40px;">✓</div> <div style="border: 1px solid black; width: 40px; height: 40px;"></div> <div style="border: 1px solid black; width: 40px; height: 40px;"></div> <div style="border: 1px solid black; width: 40px; height: 40px;"></div> </div>

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12.0 CONDITIONS PRECEDENT & COVENANTS

Details	Complied		To Comply
	Yes	No	
<u>Existing Conditions Precedent</u>			
1. TL1: USD500K			
• Acceptance of Letter Offer	✓		
• Payment of processing fee 1% of approved limit	✓		
• Release of facilities subject to:-			
➢ Compliance of Terms under Condition Precedent.	✓		
➢ Completion of relevant security documentation. All loan/ security documents which are required herein and/ or such other documents as may be required by the Bank and/ or its solicitors shall have been executed by the Borrower and/or the relevant security parties, registration fee duly paid registered at such registries as the Bank may deem necessary.	✓		
2. TL2: USD100K			
• Acceptance of Letter Offer	✓		
• Payment of processing fee 1% of approved limit	✓		
• Release of facilities subject to:-			
➢ Compliance of Terms under Condition Precedent.	✓		
➢ Completion of relevant security documentation. All loan/ security documents which are required herein and/ or such other documents as may be required by the Bank and/ or its solicitors shall have been executed by the Borrower and/or the relevant security parties, registration fee duly paid registered at such registries as the Bank may deem necessary.	✓		
3. TL3: USD420K			
• Acceptance of Letter Offer	✓		
• Payment of processing fee 1% of approved limit	✓		
• Release of facilities subject to:-			
➢ Compliance of Terms under Condition Precedent.	✓		
➢ Completion of relevant security documentation. All loan/ security documents which are required herein and/ or such other documents as may be required by the Bank and/ or its solicitors shall have been executed by the Borrower and/or the relevant security parties, registration fee duly paid registered at such registries as the Bank may deem necessary.	✓		
4. OD1: USD170K			
• Acceptance of Letter Offer	✓		
• Payment of processing fee 1% of approved limit	✓		
• Release of facilities subject to:-			
➢ Compliance of Terms under Condition Precedent.	✓		
➢ Completion of relevant security documentation. All loan/ security documents which are required herein and/ or such other documents as may be required by the Bank and/ or its solicitors shall have been executed by the Borrower and/or the relevant security parties, registration fee duly paid registered at such registries as the Bank may deem necessary.	✓		
5. TL4: USD100K and OD: USD150K			
• Acceptance of Letter Offer	✓		
• Payment of processing fee 1% of approved limit	✓		
• Release of facilities subject to:-			

RHB INDOCHINA BANK LTD
CREDIT APPLICATION FORM CA-1
(PART I – FACILITY SUMMARY)

Application No: RHBIBL-0002-2014-0007-4

Branch: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

<ul style="list-style-type: none"> ➢ Compliance of Terms under Condition Precedent. ➢ Completion of relevant security documentation. All loan/ security documents which are required herein and/ or such other documents as may be required by the Bank and/ or its solicitors shall have been executed by the Borrower and/or the relevant security parties, registration fee duly paid registered at such registries as the Bank may deem necessary. 	<div>✓</div> <div>✓</div>		
<p><u>Existing Covenants (Continuing Covenants)</u></p> <ul style="list-style-type: none"> • Undertaking from borrower to channel all the rental proceeds to our bank • Wavier of submission of formal valuation reports subject to a site visit to all the properties confirming no adverse finding and no deterioration in OMV prior to drawdown of the OD. • No synchronize of other group accounts' review date with borrower. Lending Unit is to conduct group review separately as agreed. • Others as recommended by CED. 	<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>		
<p><u>New Covenants</u></p> <ul style="list-style-type: none"> • To submit a formal valuation of P3 and P4 with total value of not less than USD1,208K from our bank' panel prior to discharge TD of P1 and P2. 			✓
<p><i>Explanation required if any existing terms & conditions are not complied with.</i> N/A</p>			

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

1.0 ACCOUNT INFORMATION	2.0 CLASSIFICATION
Date Established : 2005	CIS No : 200001923
Registration No : N/A	Sector Code :
Business Activity : 1). Head of Production and Admin & Human Resource Director. 2). Plastic Roll Importer 3). Property Rental	Purpose Code : Exempt/Non-Exempt : Priority Sector :
Business Address : No. 168, Street 598, Sangkat Chrang Chamras 2, Khan Russey Keo, Phnom Penh.	Staff Code : State Code : Schedule Code : eg13-Pte Ltd
Business Premise is : Rented / Owned	Race Code : Resident/ Non-Resident
Premise Owned by : Borrower/ Director / Related Co	NRCC Status : NRCC/NotNRCC
Contact Person :	
Contact No/ Fax :	

3.0 SHAREHOLDERS (S)/ DIRECTORS (D)/ GUARANTORS (G) DETAILS

Name	Age	Relation-ship	% share-holding	Years with Co	Experience/Qualification
Mr. Kung Chung Heng	36	Husband	50%	2010	
Mdm. Bo Srey Pov	28	Wife	50%	2010	
			100%		

4.0 KEY MANAGEMENT

Name	Age	Area of Responsibility	Years of Exp	Years with Co	Qualification
Mr. Kung Chung Heng	36	Sale	5	2010	
No. of Staff – (Full Time): 10					
Succession Plan for Key Personnel: N/A					

5.0 DETAILS OF KEY SUPPLIERS/ BUYERS

Buyers (Name / location / telephone) (top 3 in terms of volume)	% of Total Sales	Years of Relation-ship	Terms of credit	Mode of Payment (DA, DP, LC, open a/c)
Julie Julie Co., Ltd.	N/A	2005	30 days	N/A
Honest Juice Co., Ltd.	N/A	2005	30 days	N/A
Funny Blue Juice Co., Ltd.	N/A	2005	30 days	N/A
Sellers (Name / location / telephone) (top 3 in term of volume) Types of Product Traded	% of Total Purchases	Years of Relation-ship	Terms of credit	Mode of Payment (DA, DP, LC, open a/c)
Saigon Trading & Packaging Co., Ltd	N/A	2005	7 days	N/A
Dao Tien Production Trading Joint Stock Company (Vietname)	N/A	2005	7 days	N/A

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

6.0 MAIN COMPETITORS	TYPE OF PRODUCTS /SERVICES
1) Yang Sue Group Co., Ltd.	Plastic rolling
2) Hong Da Co. Ltd.	Plastic rolling
3) Hop Pach Thai Co., Ltd	Plastic rolling

7.0 DETAILS OF OTHER BANKERS/ FINANCIAL INSTITUTIONS*

Name of Banker/ FI	Facility Type	Pricing	Total Facilities (USD'000)				Brief Description of Security
			Secured Portion	Clean Portion	Total	O/s as at <u>28/02/17</u>	
First Commercial Bank	10-Year TL	N/A	120	-	120	118.6	N/A
Total			120	-	120	118.6	

**Only for Borrower, group borrowings to be reflected in Executive Summary (Appendix).*

Credit Bureau Findings: Beside RHBIBL the borrowers have maintained loan with First Commercial Bank in purpose of purchase land. While, group exposure is summarized as above on page 10 in 9.1 security details.

Worldcheck: There is similarly matched name of guarantor, Mdm. Sok Eng against with Suk Sam Eng who is related to member of the National Assembly.

1.0 Request / Rationale

- To annual review all TL and OD facilities.
- To discharge TD No. 12040408-0106 (P1) and TD No. 12040408-0114 (P2) subject to fully settle existing TL1 and TL2 with total outstanding of USD476,557.52 as at 30-Mar-2017 by cash as the borrowers have surplus fund from business to partial settlement. Further, they requests to charge 1% on penalty fee for per-payment as they have a good relationship with RHBIBL since 2014 and the group of their family also has banking relationship with RHBIBL since 2009. The borrowers would like to discharge the above properties and keep it by themselves.
- To notify 3-month notice for existing TL4 to be fully settled in July 2017 before loan maturity date subject to 1% penalty on outstand balance of TL4 as the borrowers have maintained loan with us since 2014 with good repayment record. The approval is to maintain a good relationship with the borrower.

2.0 Background Information on Borrower

- Mr. Kung Chung Heng (Age: 36) and Mdm. Bo Srey Pov (Age: 28) are related as husband and wife. While, Mdm. Bo Srey Pov is a daughter of Mr. Bo Reth who is a main shareholder of LIM HEANG YU ENTERPIRSE Co., Ltd. The company is also our existing loan customer with RHBIBL since February 2009. Moreover, Mdm. Srey Pov is a shareholder of the company with 10% shares.
- Mr. Kheng Kong (Age: 69) and Mdm. Sok Eng (64) are the borrower' parents and guarantor as well.
- The couple have maintained loan with RHBIBL since March 2014.
- Presently, borrowers have involved in their employment and businesses as follows:

➤ **Employment:**

Borrowers	Position	Serviced Year	Gross Salary (USD)
Mr. Kung Chung Heng	Head of Production	2007	5,910
Mdm. Bo SreyPov	Admin and Human Resource Director	2005	8,115
Total			14,025

Note: The above incomes were not included the dividend sharing at the end of each year.

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

➤ **Property rental:**

Property charged 1

Lessee	: Mr. Mr. Kung Chung Heng and Mdm. Bo SreyPov
Lessor	: Kampuchea Food Corporation Co., Ltd.
Tenure	: 12 years (01-03-2009 to 01-03-2021)
Monthly Rental Fee	: USD3,000/month subject to 10% increase for every 3 years

Property Charged 2

Lessee	: Mr. Mr. Kung Chung Heng and Mdm. Bo SreyPov
Lessor	: Kampuchea Food Corporation Co., Ltd.
Tenure	: 7 years (01-11-2014 to 01-03-2021)
Monthly Rental Fee	: USD1,100/month subject to 10% increase for every 3 years, Starting from March 2015

Note:

- The monthly rental income will be deposited into Borrowers' account with RHBIBL (1-01-0002-000000354). "Additional agreement dated on 16 October 2014 is enclosed for reference"
- Under the same building, it is divided into three title deeds as Property 1 and 2.
- P1 & P2 is to be discharged by full settlement of TL1 and TL2 as per request above.

Property Charged 4

Lessee	: Mr. Mr. Kung Chung Heng
Lessor	: Amazon Café
Tenure	: 10 years (01-05-2016 to 30-04-2026)
Monthly Rental Fee	: 1 st to 5 th year: USD2,600, start from 01-05-2016 to 30-04-2021 : 6 th to 10 th year: USD2,860, start from 01-05-2021 to 30-04-2026

Note:

- The monthly rental income will be deposited into Borrowers' account with RHBIBL-1-01-0002-000000354. (Lease agreement is enclosed)

➤ **Plastic Rolling Importer:**

The business is responsible for supporting plastic items to local companies who order them to identify the branch name of their products. Presently, there are variety types of item that their customers have ordered such as juice/drink wrappers, fresh water wrappers, seasoning bags, and plastic baskets. The raw materials are imported directly from the supplier in Vietnam and also deliver directly to local customers.

Sample of plastic item is required from the customers first and the borrower will send it to supplier in Vietnam to ask for quote and design-making mould. Mr. Chhung Heng revealed that he has to deposit of 30% to 50% of mould price/purchase order in advance to the supplier before shipping while his local customers will be paid to him after getting goods. So, the borrowers have a slightly trouble of cash flow management in a short period sometimes. Mr. Chhun Heng further added that sale agreements will be made before purchase order to Vietnam. Normally, goods' shipping is about 3 or 4 weeks after ordering.

The purchasing order is made via an e-mail or phone call as a rapid and efficient way of dispatching orders to overseas suppliers by sometimes using RHBIBL for outward TT. The main suppliers are Vietnamese company, Saigon Trading & Packaging Co., Ltd which has exclusive right contract. In the contract, the Borrowers have to remit fund to supplier via their account maintained with RHBIBL.

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

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2. Mr. Oeng Marady and Mdm. Bo Vannary

Presently, the borrower has expanded their business by connecting with some top company in Cambodia such as Mineral Water- Vital, Eurotech, Funny Blue, AD milk and tea. Those projects under process and negotiation; however, they are expected to success this year. Presently, the business is offered not only bottle's plastic roller but bottle's cover is also. (Please refer to the site visit report for some photo of products).

➤ Plastic Basket Importer:

It is a new product which has been operated since July 2015. All materials are supported from Vietnam as same as the plastic rolling product (Sales contract is enclosed). Mr. Chung Heng stated that this product came up idea from his customers who need them to add up service on their products by using plastic basket for packaging juice/drink instead paper where consumers also enjoy 2 items in the same time (both Juice and plastic basket).

Presently, there are several existing customers who supported plastic basket such as Ariya Juice Co., Ltd., Wang Shi Qiang, Funny Blue Juice Co., Ltd., Soreth Juice Co., Ltd., Four Star Co., Ltd.

Previously, inventory was stocked at the borrower's resident. But now it is kept in warehouse at Vietnam where it is widely zone for keeping the final products. Those are shipped from Vietnam and directly delivered to local customers through Agency (Transportation Agency Clearance). Normally, transportations are made at least twice per week, disclosed by Mr. Kung Chung Heng.

3.0 Financial Highlights

Income Statement

Description	Income statement		
	2014	2015	2016
	12 Months	12 Months	12 Months
Sale Plastic Rolling	1,893,041.28	2,219,288.02	2,596,566.98
Cost of Goods Sold	1,609,085.09	1,886,394.81	2,207,081.93
Gross Profit (Plastic Rolling) (A)	283,956.19	332,893.20	389,485.05
Sale Plastic Basket	-	550,564.89	594,610.08
Cost of Goods Sold	-	495,508.40	535,149.07
Gross Profit (Plastic Basket) (B)	-	55,056.49	59,461.01
Total profit (A+B)	283,956.19	387,949.69	448,946.06
Operating Expenses			
Staff Salary	12,741.63	13,150.13	13,807.63
Transportation	30,202.37	31,170.66	32,729.19
Utilities	2,520.00	2,600.79	2,730.83
Foods	3,780.00	3,901.19	4,096.25
Travelling	2,520.00	2,600.79	2,730.83

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

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Phones	360	371.54	390.12
Others	19,820.31	20,455.75	21,478.54
Total Expenses	71,944.31	74,250.85	77,963.39
Net profit	212,011.89	313,698.85	370,982.67
Net Salary-Kung Chung Heng	54,035.99	60,285.60	63,299.88
Net Salary-Bo Srey Pov	74,195.99	81,453.60	85,526.28
Property Rental (Leased to KFC)	40,700.00	56,760.00	56,760.00
Property Rental (Leased to Amazon Café)	-	-	20,800.00
Total Income	380,943.86	512,198.05	597,368.83
Average	31,745.32	42,683.17	49,780.74

Comment:

- The business is stable and profitable from year to year. For last year 2016, total revenue from plastic roll and plastic basket was increased by 15.5% to USD3.19M (2015: USD2.76M).
- Noted that the average revenue was USD265.9K. It is justified based on the following:
 - Average monthly deposit was USD138.7K, i.e. 52.16% while the balance was used to OTT to suppliers (Vietnam) through a money exchanger (some slips are enclosed) and some was kept in hand for daily operating expenses. The borrower has also enjoyed OTT service with us, i.e. USD52.4K (Average monthly).
 - Based on summary sale invoice for latest 3 months (Jan to Mar/2017), the average sale reported of USD202K, i.e. 76% against to USD265.9K (monthly revenue).
- Profit margin is still remained unchanged, i.e. 15% and 10% for plastic roll and basket respectively.
- Besides business, borrowers also earn more income from their employment from Lim Heang Yu Enterprise as well as rental incomes from properties where are financed from RHBIBL.

Projected Income

Description	Income Projection		
	2017	2018	2019
	12 Months	12 Months	12 Months
Sale Plastic Rolling	3,115,880.38	3,645,580.04	4,265,328.65
Cost of Goods Sold	2,648,498.32	3,098,743.03	3,625,529.35
Gross Profit (Plastic Rolling) (A)	467,382.06	546,837.01	639,799.30
Sale Plastic Basket	654,071.09	719,478.20	791,426.02
Cost of Goods Sold	588,663.98	647,530.38	712,283.42
Gross Profit (Plastic Basket) (B)	65,407.11	71,947.82	79,142.60
Total profit (A+B)	532,789.17	618,784.83	718,941.90
Operating Expenses			
Staff Salary	14,498.02	15,222.92	15,984.06

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

Transportation	36,002.11	37,802.21	39,692.32
Utilities	4,096.25	4,301.06	4,516.11
Foods	4,301.06	4,516.11	4,741.92
Travelling	3,003.91	3,154.11	3,311.82
Phones	429.13	450.59	473.12
Others	22,552.46	23,680.09	24,864.09
Total Expenses	84,882.94	89,127.08	93,583.44
Net profit	447,906.23	529,657.74	625,358.46
Net Salary-Kung Chung Heng	66,464.87	69,788.12	73,277.52
Net Salary-Bo Srey Pov	89,802.59	94,292.72	99,007.36
Property Rental (Leased to KFC)	56,760.00	58,080.00	58,080.00
Property Rental (Leased to Amazon Café)	31,200.00	31,200.00	31,200.00
Total Income	692,133.70	783,018.58	886,923.34
Average	57,677.81	65,251.55	73,910.28

Comment:

- The sale revenue of plastic roll and plastic basket are expected to increase by 18% in 2017, 16% in 2018 and 2019 based on the past sale record and the new projects in 2017 such as Mineral Water- Vital, Eurotech, Funny Blue, AD milk and tea, confirmed by Mr. Kung Chung Heng.
- Total expenses is projected to increase by 9% based on the increase of sale in 2017 and increase by 5% in 2018 and 2019 based on the past record.
- The salary basis is expected to increase by 5% based on annual review as the forecast of economic growth and company's business performance. As per the rental agreements, the rental fee will be increased based on rental agreement.

Repayment Analysis after approval

Description (USD)	2016	2017	2018	2019
Average monthly income	49,780.74	57,677.81	65,251.55	73,910.28
RHBIBL's monthly instalment				
TL3: USD420,000	4,612.57	4,612.57	4,612.57	4,612.57
TL4: USD100,000	1,765.56	1,765.56	1,765.56	1,765.56
OD1: USD170,000	1,204.16	1,204.16	1,204.16	1,204.16
OD2: USD150,000	1,062.50	1,062.50	1,062.50	1,062.50
FCB's monthly instalment				
TL: USD120,000	1,411.93	1,411.93	1,411.93	1,411.93
Total	10,056.75	10,056.75	10,056.75	10,056.75
DSR	4.94x	5.73x	6.48x	7.34x

Note: Assume OD1 & OD2 are fully utilized.

We assumed that borrowers will have a **50% drop** in all their average monthly income so the repayment will be as below:

Description (USD)	2016	2017	2018	2019
Average monthly income	24,890.37	28,838.90	32,625.77	36,955.14

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4

Branch/Region: CMO

Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov

Group/ Parent Company:

1. Lim Heang Yu Enterprise Co., Ltd.

2. Mr. Oeng Marady and Mdm. Bo Vannary

RHBIBL's monthly instalment				
TL3: USD420,000	4,612.57	4,612.57	4,612.57	4,612.57
TL4: USD100,000	1,765.56	1,765.56	1,765.56	1,765.56
OD1: USD170,000	1,204.16	1,204.16	1,204.16	1,204.16
OD2: USD150,000	1,062.50	1,062.50	1,062.50	1,062.50
FCB's monthly instalment				
TL: USD120,000	1,411.93	1,411.93	1,411.93	1,411.93
Total	10,056.75	10,056.75	10,056.75	10,056.75
DSR	2.47x	2.86x	3.24x	3.67x

Financial Evaluation/Comments:

Items	Historical 2016 (Monthly)	Projected 2017 (Monthly)	Remarks
Z) Monthly sales (USD)	265,931.42	314,162.62	
A) Debtor turnover (days)	15	15	
B) Stockholding turnover (days)	35	35	
C) Creditor turnover (days)	7	7	
D) Asset Conversion Cycle = (A + B) – C/30	1.60	1.60	
E) Monthly WC need = (D x Z)	381,168.37	450,299.76	
Existing + proposed WC lines	320,000	320,000	
(Shortfall)/Excess in WC lines	(61,168.37)	(130,299.76)	

Based on the WC table above, the cash conversion cycle is 1.60 Month (48 Days). It is considered as a good collection since the debtor turnover day is reduced from 30 days to 15 days while the stockholding turnover is at 35 days.

4.0 Key Credit Issues

4.1 Industry Risk

Cambodia mainly imports petroleum products, fabrics, vehicles, wholesale yarn, cigarettes, electrical communications equipment and medicine. Cambodia's main import partners are China, Thailand, Hong Kong, Viet Nam, Taiwan and South Korea. Imports in Cambodia decreased to 3634.50 KRH Billion in September from 3889.50 KRH Billion in August of 2015. Imports in Cambodia averaged 5410.24 KRH Billion from 2009 until 2015, reaching an all time high of 10591 KRH Billion in December of 2013 and a record low of 2285.10 KRH Billion in February of 2014. It is reported by the National Bank of Cambodia.

Cambodia goods are gaining significant traction in Vietnam, as prices for Vietnamese products rapidly increase. Vietnamese products are still trailing behind Thai products in Cambodia due to unfriendliness. Vietnam-made products have become the second-most favored products in the neighboring market of Cambodia, just after Thai goods, a survey has found. However, Vietnam could be dislodged from the second position if it does not come up with suitable business strategies for the market. Due to the acceptable and acknowledgeable quality and price of Vietnamese products in Cambodia market, the Borrower has business relationship with Vietnamese Company to import plastic roll and basket to supply in Cambodian market.

Sector : Import

Subsector: N/A

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4				Branch/Region: CMO	
Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov					
Group/ Parent Company: 1. Lim Heang Yu Enterprise Co., Ltd. 2. Mr. Oeng Marady and Mdm. Bo Vannary					
Sector Lending Direction	<input checked="" type="checkbox"/>	Get Market Share	<input type="checkbox"/>	Accelerate	<input type="checkbox"/>
			<input type="checkbox"/>	Organic	<input type="checkbox"/>
				Slowdown	<input type="checkbox"/>
				Reduce	<input type="checkbox"/>
Subsector Outlook	<input type="checkbox"/>	Strong	<input checked="" type="checkbox"/>	Neutral	<input type="checkbox"/>
				Weak	
If Sector Falls Under Slowdown or Reduce, Justification for Maintain or Increase Exposure : N/A					

4.2 Product Risks

- Plastic roll and basket are imported from Vietnam.
- Product could get a slightly damage while it is on way to Cambodia.

4.3 Suppliers Risk

- There is a single major vendor, Vietnam only.
- Payment must be paid priority to shipping

4.4 Buyers' Risk

- Sale contracts are made with a short tenure between of 12 months to 18 months. However, it will be renewal after maturity date as disclosed by borrowers.

4.5 Collection profile

- Payments are offered in credit-term within 30 days; however, they are good in payment.

SUMMARY & RECOMMENDATIONS

- Borrowers are part of the enlarged group of Lim Heang Yu Enterprise Group. Both of them are full time staff in the family confectionary business, Lim Heang Yu Enterprise, is well known as a leading biscuit manufacturer in Cambodia, branded “Flying Horse”.
- Borrowers have gained more big customers, mostly foods and juice manufacturers, which is a growing industry in Cambodia with mass market demand.
- Besides employment and business, they also have other income from properties rental which are the properties charged to RHBIBL.
- Borrowers have a strong financial performance with DSR of 4.94x in term of full settlement TL1 and TL2. The bank statement was satisfactory conduct without any distress.
- The charged properties are in good location. And it has acceptable with security coverage of 1.19x (ascribe value) after discharge P1 and P2, and full settlement of TL1, TL2, and TL4 with MoA: 58.75%.

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
(PART III – CREDIT ANALYSIS MEMORANDUM)

Application No: RHBIBL-0002-2014-0007-4	Branch/Region: CMO
Borrower: Mr. Kung Chung Heng and Mdm. Bo Srey Pov	
Group/ Parent Company: 1. Lim Heang Yu Enterprise Co., Ltd. 2. Mr. Oeng Marady and Mdm. Bo Vannary	

RECOMMENDATION BY LENDING UNIT

Prepared by: <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Mr. Sok Ratanak Assistant Manager Date: 06-04-2017	Recommended by: <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Mr. Keang Chanveasna Branch Manager Date: 06-04-2017	Recommended by: <hr style="border: 0; border-top: 1px solid black; margin: 5px 0;"/> Mr. Chiv Hak Senior Manager Date: 06-04-2017
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