

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

Application No: RHBIBL/0001/2009/0040/2	Lending Unit: RHBIBL	Branch/Region: Phnom Penh Main
Borrower : Lim Heang Yu Enterprise Co.,Ltd		
Group/ Parent Company: 1. Mr. Kung Chung Heng and Mdm. Bo Srey Pov 2. Mdm. Bo Vannary and Mr. Oeng Marady		

1.0 REQUEST TYPE		2.0 ACCOUNT INFORMATION	
New		From	N/A
Additional		Date of Submission to Cr Mgmt	31/03/2017
Renewal	✓	Date Rec'd Complete Doc	30/03/2017
Amendment		Current Limit Expiry Date	19/04/2017
Restructuring		Next Limit Expiry Date	19/04/2018
Others		Relationship Since	Feb-2009
For Affirmation by Group Credit Co		Account Status	Normal
Connected Party	NO	EAM	NO
Exceptional Credit	NO	AST Monitoring	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			
Lim Heang Yu Enterprise Co.,Ltd		4	4			4
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)	N/A					

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

Group	Current Rating	New Rating	Core Business & Group Activities
Mr. Kung Chung Heng and Mdm. Bo Srey Pov	-	-	-
Mdm. Bo Vannary and Mr. Oeng Marady	1	1	1

4.0 DETAILS OF REQUEST
<ul style="list-style-type: none"> - To annual review of the existing facilities. - To reduce the interest rate from 8.50% p.a to 8% p.a for TL1.

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5.0 FACILITY DETAILS (USD'000)						
Facility Type	O/S as at 31/03/2017	Existing Limit	Increase/ Decrease +/-	New Limit	Pricing (ECOF@5.25%)	Purpose
TL1	1,011.89	1,011.89	-	1,011.89	ECOF + 3.25% p.a monthly rest, subject to min. 8.50% p.a	To partial financing the purchase of land, machineries and warehouse construction
TL2	1,495.07	1,495.07	-	1,495.07	ECOF + 2.75% p.a monthly rest, subject to min. 8% p.a	To part finance the purchase a double storey building
Total	2,506.96	2,506.96	-	2,506.96	-	-

6.0 REPAYMENT TERMS	
Facility	Tenor/ Repayment Terms
TL1 (Existing)	<ul style="list-style-type: none"> - Tenor: 10 years - Repayment: 120 monthly installment of USD18,571.67 - Processing fee: 1% on the approved limit - Repayment: 1st to 3rd year- 3% 4th to 10th year- 1%on the prepayment amount if the facility is fully/partially settles before expiry date
TL2 (Existing)	<ul style="list-style-type: none"> - Tenor: 10 years - Repayment: 120 monthly installment of USD20,387.93 - Processing fee: 1% on the approved limit - Repayment: 1st to 3rd year- 3% 4th to 10th year- 1%on the prepayment amount if the facility is fully/partially settles before expiry date

7.0 COMMENTS ON CONDUCT OF ACCOUNT					
RHBIBL Current Account Account Name: Lim Heang Yu Co.,Ltd Account No. 10100010000689					
Month	No.	Deposit	No.	Withdrawal	Month-End Balance
Mar-16	3	38,495.50	4	77,909.42	924.11
Apr-16	2	39,000.00	2	38,954.71	969.40
May-16	2	39,000.00	2	38,954.71	1,014.69
Jun-16	2	39,000.00	2	38,959.71	1,054.98
Jul-16	3	51,617.37	3	51,763.16	909.19
Aug-16	2	39,000.00	2	39,163.16	746.03
Sep-16	3	39,782.20	2	38,959.60	1,568.63
Oct-16	2	38,500.00	2	38,959.60	1,109.03
Nov-16	2	39,000.00	2	38,959.60	1,149.43
Dec-16	2	39,000.00	3	38,964.60	1,184.83
Jan-17	2	39,000.00	2	38,959.60	1,225.23
Feb-17	2	39,000.00	2	38,959.60	1,265.63
Total	27	480,395.07	28	519,467.47	-
Average p.m	2	40,032.92	2	43,288.96	-

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RHBIBL

Conduct of TL1 (Past 12 Months)

Account No. : 4-0001-00030240000-0

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	18,571.67	30/03/2016	30/03/2016	-
2	18,571.67	29/04/2016	30/04/2016	1
3	18,571.67	30/05/2016	31/05/2016	1
4	18,571.67	30/06/2016	30/06/2016	-
5	18,571.67	29/07/2016	29/07/2016	-
6	18,571.67	30/08/2016	30/08/2016	-
7	18,571.67	29/09/2016	29/09/2016	-
8	18,571.67	31/10/2016	31/10/2016	-
9	18,571.67	30/11/2016	30/11/2016	-
10	18,571.67	30/12/2016	30/12/2016	-
11	18,571.67	30/01/2017	30/01/2017	-
12	18,571.67	28/02/2017	28/02/2017	-

Comment: During the last 12 months, TL1 was promptly paid.

RHBIBL

Conduct of TL2 (Past 7 Months)

Account No. : 4-0001-00137710000-0

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	20,383.04	31/03/2016	31/03/2016	-
2	20,383.04	29/04/2016	30/04/2016	1
3	20,383.04	31/05/2016	31/05/2016	-
4	20,383.04	30/06/2016	30/06/2016	-
5	20,591.49	29/07/2016	29/07/2016	-
6	20,591.49	31/08/2016	31/08/2016	-
7	20,387.93	29/09/2016	29/09/2016	-
8	20,387.93	31/10/2016	31/10/2016	-
9	20,387.93	30/11/2016	30/11/2016	-
10	20,387.93	30/12/2016	30/12/2016	-
11	20,387.93	31/01/2017	31/01/2017	-
12	20,387.93	28/02/2017	28/02/2017	-

Comment: During the last 7 months, TL2 was promptly paid.

Maybank

Account Name: Lim Heang Yu Enterprise

Account No. 00001/02/001352/01

OD: USD1,275,000.00

Month	No.	Deposit	No.	Withdrawal	Month-End Balance
Jan-16	2	66,000.00	3	46,583.82	(953,703.93)
Feb-16	2	65,000.00	5	84,521.77	(973,225.70)
Mar-16	2	65,000.00	4	65,785.35	(974,011.05)
Apr-16	2	66,000.00	3	46,413.20	(954,424.25)
May-16	2	66,000.00	6	385,322.60	(1,273,746.85)
Jun-16	3	66,790.00	3	48,012.29	(1,254,969.14)
Jul-16	3	67,500.00	4	67,425.10	(1,254,894.24)
Aug-16	2	68,000.00	4	67,434.57	(1,254,328.81)
Sep-16	3	67,239.50	4	67,155.48	(1,254,244.79)
Oct-16	3	71,500.00	5	86,588.23	(1,269,333.02)

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Nov-16	2	68,500.00	4	53,047.06	(1,253,880.08)
Dec-16	2	67,000.00	4	67,861.87	(1,254,741.95)
Total	28	804,529.50	49	1,086,151.34	(1,160,458.65)
Average p.m	2	67,044.13	4	90,512.61	

Maybank

Account Name: Mr. Bo Reth and Mdm. Kong Sokun (shareholder and guarantor of Lim Heang Yu)
Account No. 00001/02/001782/09

Month	No.	Deposit	No.	Withdrawal	Month-End Balance
Jan-16	25	472,357.40	11	353,911.21	160,139.04
Feb-16	23	352,971.90	12	291,076.34	222,034.60
Mar-16	28	473,275.10	16	392,467.21	302,842.49
Apr-16	17	353,605.00	7	163,746.79	492,700.70
May-16	32	682,464.20	15	988,855.37	186,309.53
Jun-16	29	633,961.50	10	336,616.33	483,654.70
Jul-16	33	793,096.10	14	536,353.65	740,397.15
Aug-16	30	543,971.10	19	858,331.10	426,037.15
Sep-16	27	635,982.90	18	525,500.06	536,519.99
Oct-16	28	695,868.50	17	472,224.11	760,164.38
Nov-16	25	588,783.20	29	864,490.15	484,457.43
Dec-16	29	618,135.29	28	701,291.62	401,301.10
Total	326	6,844,472.19	196	6,484,863.94	5,196,558.26
Average p.m	27	570,372.68	16	540,405.33	433,046.52

ACLEDA

Account Name: Mr. Bo Reth (shareholder and guarantor of Lim Heang Yu)
Account No. 0001-00-723168-8-8

Month	No.	Deposit	No.	Withdrawal	Month-End Balance
Jun-16	24	80,381.23	13	86,662.07	4,523.90
Jul-16	28	105,804.70	8	92,425.34	17,903.26
Aug-16	24	70,250.09	8	68,275.16	19,878.19
Sep-16	18	68,364.83	12	72,489.42	15,753.60
Total	94	324,800.85	41	319,851.99	58,058.95
Average p.m	24	81,200.21	10	79,963.00	14,514.74

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)	OMV	FSV	Value per CP
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Lim Heang Yu Enterprise Co.,Ltd

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2. Mdm. Bo Vannary and Mr. Oeng Marady

9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)	OMV	FSV	Value per CP
<u>Tangible Security</u>			
<u>Existing for TL1</u>			
1. Facility Agreement for USD1.5M as the principal instrument.			
2. Supplementary Mortgage Agreement			
3. 3 rd party 1 st legal charge over the following properties as subsidiary instrument:-.			
<u>Existing for TL2</u>			
4. Facility Agreement for USD1.68M as the principal instrument.			
5. Joint and Several Guarantee for USD1,680,000 by Mr. Bo Reth, Mrs. Kong Sokun, Mr. Bo Vannak, Mr. Bo Vannaroth, Mrs. Bo Vannary and Mrs. Bo Srey Pov.			
6. Joint Hypothec Agreement as a subsidiary instrument			
7. 3 rd party 1 st legal charge over the following properties as subsidiary instrument:-			
<u>Existing Property 1</u>			
Title No	ក.ស 006269 (DV 0198)		
Registered owner	Mr. Bo Reth and Mdm. Kong Sokun (husband & wife)		
Tenure	Freehold		
Land area	52,130sqm		
Building area	N/A		
Encumbrances	Charged to RHBIBL		
Description	A parcel of vacant land		
Address	Trapaing Krosang Village, Khsem Khsan Commune, Udong District, Kampong Spue Province		
Existing OMV	USD287,000		
Certificate of valuation	KRE dated 14/01/2016 OMV: USD287,000		
Verbal valuation	KRE dated 17/03/2017 OMV: USD287,000 (land: USD5.5psqm)		
Verbal valuation	CARE dated 17/03/2017 OMV: USD287,000 (land: USD5.5psqm)		
Fire Insurance	By: Nil Expiry date: Nil		
<u>Existing Property 2</u>			
Title No	ក.ស 006293 (DV 0199)		
Registered owner	Mr. Bo Reth and Mdm. Kong Sokun (husband & wife)		
Tenure	Freehold		
Land area	1,800sqm		
Building area	N/A		
Encumbrances	Charged to RHBIBL		
Description	A parcel of vacant land		
	287.00	229.60	143.50

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2. Mdm. Bo Vannary and Mr. Oeng Marady

9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)		OMV	FSV	Value per CP
Address	St.51, Bat Deoung Village, Khsem Khsan Commune, Udong District, Kampong Spue Province.	162.00	129.60	81.00
Existing OMV	USD144,000			
Certificate of valuation	KRE dated 14/01/2016 OMV: USD162,000			
Verbal valuation	KRE dated 17/03/2017 OMV: USD171,000 (land: USD95psqm)			
Verbal valuation	CARE dated 17/03/2017 OMV: USD162,000 (land: USD90psqm)			
Fire Insurance	By: Nil Expiry date: Nil			
Existing Property 3		99.00	79.20	49.50
Title No	គ.ស 006296 (DV0200)			
Registered owner	Mr. Bo Reth and Mdm. Kong Sokun (husband & wife)			
Tenure	Freehold			
Land area	3,297sqm			
Building area	N/A			
Encumbrances	Charged to RHBIBL			
Description	A parcel of vacant land			
Address	St.51, Bat Deoung Village, Khsem Khsan Commune, Udong District, Kampong Spue Province.			
Existing OMV	USD99,000			
Certificate of valuation	KRE dated 14/01/2016 OMV: USD99,000			
Verbal valuation	KRE dated 17/03/2017 OMV: USD115,000 (land: USD35psqm)			
Verbal valuation	CARE dated 17/03/2017 OMV: USD115,395 (land: USD35psqm)			
Fire Insurance	By: Nil Expiry date: Nil			
Existing Property 4				
Title No	គ.ស 15170 (ប III 0088)			
Registered owner	Mr. Bo Reth and Mdm. Kong Sokun (husband & wife)			
Tenure	Freehold			
Land area	4,191sqm			
Building area	4,218sqm			
Encumbrances	Charged to RHBIBL			
Description	A parcel of land with double storey workshop & building			
Address	Street No. 598, Sangkat Chrang			

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9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)		OMV	FSV	Value per CP
<div> <div>Chomrest 2, Khan Russey Keo, Phnom Penh.</div> <div>Existing OMV</div> <div>Formal valuation</div> <div>Verbal valuation</div> <div>Verbal valuation</div> <div>Fire Insurance</div> </div>	<div>USD1,889,000</div> <div>KRE dated 12/02/2014</div> <div>OMV: USD2,159,000</div> <div>KRE dated 17/03/2017</div> <div>OMV: USD3,547,000 (land: USD650psqm and building: USD195psqm)</div> <div>CARE dated 17/03/2017</div> <div>OMV: USD2,223,390 (land: USD450psqm and building: USD80psqm)</div> <div>By: Forte Insurance (Cambodia) Plc</div> <div>Expiry date: 20/04/2017</div>	2,159.00	1,727.20	1,511.30
Existing Property 5		2,715.35	2,172.28	1,900.74
Title No	គណ 06341 (ផ VI 0548)			
Registered owner	Mr. Bo Reth and Mdm. Kong Sokun (husband & wife)			
Tenure	Freehold			
Land area	2,695sqm			
Building area	2,123sqm			
Encumbrances	Charged to RHBIBL			
Description	A parcel of land with a double storey office building			
Address	Street 598, Phum Toul Kork, Sangkat Toul Sangke, Khan Russey Keo, Phnom Penh.			
Existing OMV	OMV: USD2,686,750			
Formal valuation	KRE dated 07/08/2015			
	OMV: USD2,849,000			
Verbal valuation	KRE dated 17/03/2017			
	OMV: USD3,090,000 (land: USD950psqm and building: USD250psqm)			
Verbal valuation	CARE dated 17/03/2017			
	OMV: USD2,715,350 (land: USD850psqm and building: USD200psqm)			
Fire Insurance	By: Forte Insurance (Cambodia) Plc			
	Expiry date: 30/08/2016			
Total		5,422.35	4,337.88	3,686.04
Security Coverage (times)		2.16 times	1.73 times	1.47 times

Supporting Security			No value ascribed
N/A			

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Security Analysis (covers risk of disposability, valuation, location, restrictions-in-interest etc)

Property 1 is located in residence area. Within 4km radius from the subject property, there are college, market, shops, residences, vacant land, etc.

Property 2 & Property 3 is also located in residence area. Within 3km radius from the subject property, there are market, shops, restaurants, residences, vacant land, etc.

Property 4 is located in commercial area. Within 2 km radius from the subject property, there are market, shops, factory, house, vacant land and etc.

Property 5 is well located in commercial area surrounded by restaurants, school, shophouse and other business activities.

10.0 PERSONAL/CORPORATE GUARANTEES:

Name	Risk Grade	Estimated Networth	Remarks
Mr. Bo Reth (age 68), Mrs. Kong Sokun (age 66), Mr. Bo Vannak (age 37), Mr. Bo Vannaroeth (age 35), Ms. Bo Vannary (age 33) and Mrs. Bo Srey Pov (age 27).	-	-	-

11.0 EXISTING SECURITY DOCUMENTATION COMPLIANCE

Item	Compliance			Explanations If Answer Is Negative And Actions Taken To Rectify
	Yes	No	N/A	
Existing Security Documentation Checked And Confirmed To Be Completed And In Order/ Intact (For Renewal/ Enhancement CAs)	✓			

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12.0 CONDITIONS PRECEDENT & COVENANTS

Details	Complied		To Comply
	Yes	No	
<u>Borrowers: Lim Heang Yu Enterprise Co.,Ltd.</u>			
<u>Existing Conditions Precedent</u>			
TL1: USD1,500K			
<ul style="list-style-type: none">• Acceptance of Letter Offer	✓		
<ul style="list-style-type: none">• Payment of processing fee 1% of approved limit	✓		
<ul style="list-style-type: none">• Release of facilities subject to:-<ul style="list-style-type: none">➢ Compliance of Terms under Condition Precedent.	✓		
<ul style="list-style-type: none"><ul style="list-style-type: none">➢ 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.	✓		
<ul style="list-style-type: none"><ul style="list-style-type: none">➢ Transfer the ownership on the Title Deed No. PP 09999 from Mr. Pen Narith & Mdm. Tuy Kim Orn; Mr. Yan Bophay and Mdm. Preap Sutha to Mr. Bo Reth and Mdm. Kong Sokun	✓		
<ul style="list-style-type: none"><ul style="list-style-type: none">➢ Receipt of valuation report from RHBIBL's panel valuer on the subject property (P6 below) to be purchased not less than USD1,000,000	✓		
TL2: USD1,680K			
<ul style="list-style-type: none">• Acceptance of Letter Offer	✓		
<ul style="list-style-type: none">• Payment of processing fee 1% of approved limit	✓		
<ul style="list-style-type: none">• Release of facilities subject to:-<ul style="list-style-type: none">➢ Compliance of Terms under Condition Precedent.			
<ul style="list-style-type: none"><ul style="list-style-type: none">➢ 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, duly stamped and registered at such registries as the Bank may deem necessary	✓		
<ul style="list-style-type: none"><ul style="list-style-type: none">➢ Formal valuation from Banks' panel valuer of the new property i.e P6 to be charged not less than USD2.4M	✓		

Existing Covenants (Continuing Covenants)			
1. CA approval dated 19/05/2015			
<ul style="list-style-type: none"> Borrower's primary operating account to be maintained with IBL instead Latest site visit report on P2 & P3 Branch to check with MOC on the shareholding/directorship. To issue LOO if no changes to the set up 	✓		
	✓		
	✓		
2. Memo approval dated 04/01/2016			
<ul style="list-style-type: none"> 1% prepayment fee on the settlement of OD to stay Updated valuation report to be conducted on P1, P2 & P3 Next review to be conducted in May 2016 	✓		
	✓		
	✓		
3. Last Credit Review approval dated 25/05/2016			
<ul style="list-style-type: none"> Next group review to be conducted on 19 April 2017 	✓		
New Covenants			
N/A			
Explanation required if any existing terms & conditions are not complied with.			

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1.0 ACCOUNT INFORMATION	2.0 CLASSIFICATION
Date Established	CIS No : N/A
Registration No : N/A	Sector Code : Foods Products Manufacturing
Business Activity : Manufacturing of biscuits	Purpose Code : N/A
	Exempt/Non-Exempt : N/A
	Priority Sector : N/A
Business Address : No. 168Eo, Street 598, Sangkat Chrang Chomrest 2, Khan Russey Keo, Phnom Penh	Staff Code : N/A
	State Code : N/A
Business Premise is : Owned	Schedule Code : N/A
Premise Owned by : Borrowers	Race Code : Resident
Contact Person : Mr. Bo Reth	NRCC Status : NRCC
Contact No/ Fax : 023 864 118	

3.0 SHAREHOLDERS (S)/ DIRECTORS (D)/ GUARANTORS (G) DETAILS					
Name	Age	Relation- ship	% share- holding	Years with Co	Experience/ Qualification
Mr. Bo Reth	69	Parents, son and daughter	35%	16	16 years experience in Manufacturing of biscuits
Mdm. Kong Sokun	67		25%	16	16 years experience in Manufacturing of biscuits
Mr. Bo Vannak	38		10%	11	N/A
Mr. Bo Vannaroth	36		10%	11	N/A
Ms. Bo Vannary	34		10%	9	N/A
Ms. Bo Srey pov	28		10%	8	N/A
Total			100%	-	-

4.0 KEY MANAGEMENT					
Name	Age	Area of Responsibility	Years of Exp	Years with Co	Qualification
Mr. Bo Reth	69	Overall business operation	16	16	16 years experience in Manufacturing of biscuits
Mdm. Kong Sokun	66	Assist Mr. Bo Reth in business operation	16	16	16 years experience in Manufacturing of biscuits
No. of Staff – (Full Time)					
<u>Succession Plan for Key Personnel:</u> As the business is under family manner there are no actual management structure of their company. Mr. Bo Reth is the prime mover of business operation and being assisted by their son and daughter.					

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)
Low and medium income customers in Phnom Penh and other province	N/A	N/A	N/A	N/A

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

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Borrower : Lim Heang Yu Enterprise Co.,Ltd		
Group/ Parent Company: 1. Mr. Kung Chung Heng and Mdm. Bo Srey Pov 2. Mdm. Bo Vannary and Mr. Oeng Marady		

Sellers (Name / location / telephone) (top 3 in term of volume)	% of Total Purchases	Years of Relation-ship	Terms of credit	Mode of Payment (DA, DP, LC, open a/c)
Types of Product Traded				
Tong Yuan Packaging	N/A	N/A	N/A	N/A
Resource Food Supplies	N/A	N/A	N/A	N/A
Mong Rithy Group Co.,Ltd	N/A	N/A	N/A	N/A

6.0 MAIN COMPETITORS	TYPE OF PRODUCTS/SERVICES
Ly Ly Company	Manufacturing of biscuits
SB Company	Manufacturing of biscuits

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 31/12/16	
Maybank	OD	8%	1,275.00	-	1,275.00	1,254.74	N/A
	TL1	N/A	1,500.00	-	1,500.00	536.76	N/A
	TL2	N/A	2,450.00	-	2,450.00	158.41	N/A
Total	-	-	5,225.00	-	5,225.00	1,949.91	

Based on CBC report dated 24/03/2017 under shareholders, it revealed that they have maintained credit facilities with other bank as below:-

Name of bank	Facility (ies)	Approved Limit	Outstanding Balance	Conduct of Account
First Commercial Bank (under name of Mr. Bo Vannak)	TL1	USD150,000.00	USD130,557.53	Prompt
	TL2	USD130,000.00	USD117,045.61	Prompt
Hong Leong Bank (under name of Mr. Bo Vannaroth)	HL	USD170,000.00	USD164,396.00	Prompt
MayBank (under name of Mr. Bo Vannary)	TL	USD330,000.00	USD328,944.70	Prompt

1.0 Request / Rationale

- To seek approval for annual reviews the existing facilities.
- To seek approval for interest rate reduction from 8.50% p.a to 8% p.a for TL1.

During the review, borrower has requested for fully settlement of TL1 @ 8.50% p.a and maintains the TL2 @ 8% p.a with our bank due to competitive interest rate offered by other i.e Maybank who is convincing to refinance from us with proposing low interest rate at 8% p.a for refinance package with additional limit. Since they are our VIP customer with good repayment track record so far, branch have discussed/negotiated with borrower by proposed them to reduce the interest rate of TL1 from 8.50% p.a to 8% p.a. To intend to maintain the relationship, the request is strongly recommended as following ground:-

- i. They are our existing borrowers since Feb-2009 with good borrowing track record so far.
- ii. High security coverage at 2.16 times.

RHB BANK BERHAD CREDIT APPLICATION FORM CA-1 (PART III – CREDIT ANALYSIS MEMORANDUM)		
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- iii. The charged interest rate at 8% is still acceptable for existing borrower who have good borrowing track record meanwhile other bank are maintaining good relationship with their existing customers by providing low interest rate ranging from 7.5% to 8%.
- iv. The interest rate reduction is proposed to anti-attrition.

2.0 Background Information on Borrower

Lim Heang Yu Enterprise Co., Ltd is an investment private limited Company with a paid-up capital of USD2,000,000. The company's license no. Inv.1429/09P was issued on 05-Jan-2009 by the Ministry of Commerce with the registered trademark namely "Flying Horse".

In 2001 Mr Bo Reth commenced the business via a cottage industry manner with simple processes and the biscuits were largely made by hand to meet orders from friends and regular customers. Encouraged by the response to his affordable but tasty products, he garnered more support and by 2009, the Lim Heang Yu Enterprise was formed as described above.

The following year in 2010 saw the company established the new factory on a 6 hectares of land located along National Road 51, Talak Village, Khsem Khsan Commune, Udong District, Kampong Speu Province. The land, factory and imported machineries valued about USD10,000,000 were partly financed by Maybank Cambodia. This is in addition to the company's existing factory located at Street No. 598, Sangkat Chrang Chomrest 2, Khan Russey Keo, Phnom Penh which was built in year 2001.

The borrower advised that both factories in Khan Russey Keo & National Road No. 51 operation hour are from 07.00 am to 06.00 pm or maybe later in order to fulfill advance booking and huge demand from their dealers. Currently, there are over 600 workers in different shifts on the production line where the number of labor forces has tripled the size compared to the figure of 2009.

With the high capacity of machines which are purchased from Italy and China, the borrower advised that the factory uses raw materials to produce biscuits approximately 10 tons a day. The machines are available to produce over 60 kinds of biscuits and other confectioneries such as Snacks, Green Peas, Crackers, Cuttlefish Cracker, Grilled Corn Cracker, Lala Breakfast Snack, Potato Snack, Prawn Cracker, Biscuit Cakes, Bread, Durian Candy and so forth.

During the discussion, the borrower advised that currently company has more than one thousand customers' base in the city and provinces which were accorded 2 weeks collection grace period. Whereas, the raw materials is purchased from the following suppliers which offered 45 days payment period. Currently, the company have 12 trucks for delivery within Phnom Penh.

Their top ten customers are list as below:-

No.	Name	Address	Telephone
1	Hea Try	Chba Ampov Market, Phnom Penh, Cambodia	012 82 57 10
2	Shop 36	Olympic Market, Phnom Penh, Cambodia	012 89 76 91
3	Shop 215	Olympic Market, Phnom Penh, Cambodia	012 95 17 17
4	Shop 206	Olympic Market, Phnom Penh, Cambodia	012 80 44 58
5	Kou Cheng Heng	Kompong Cham Province, Cambodia	012 86 03 10
6	Y Huy Meng	Soung Market, Kompong Cham Province, Cambodia	012 20 03 38
7	Hea Srun	Prek Leap, Khan Russey Keo, Phnom Penh, Cambodia	012 83 85 96
8	Shop 212	Olympic Market, Phnom Penh, Cambodia	017 27 35 72
9	Shop 209	Olympic Market, Phnom Penh, Cambodia	012 96 67 03
10	Lyna-Chba Ampov	Chba Ampov Market, Phnom Penh, Cambodia	017 74 50 56

RHB BANK BERHAD
CREDIT APPLICATION FORM CA-1
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The source of local and foreign suppliers are:-

No.	Name	Address	Telephone
1	TONG YUAN PACKAGING Co.,Ltd	Song Than I Industrial Zone, Binh Duong Province, Viet Nam	84-650-3742-250
2	Resource Food Supplies (M) SDN BHD	Lot No. 2, Jalan Tiang U8/92, Selangor Darul Ehsan, Malaysia	603-78467564
3	Men Sarun Flour Factory Co.,Ltd	#12, Mao Tse Toung Blvd, Khan Chamkarmon, Phnom Penh, Cambodia	023 218 505
4	B.P.C Trading Co., LTD	Street Monireth, Khan Meanchey, Phnom Penh, Cambodia	098 336 678
5	Mong Rithy Group Co., Ltd	Boueng Bayab, Khan Russey Keo, Phnom Penh, Cambodia	016 568 015
6	Trung Song	Le Minh Xuan Industrial Zone, Ho Chi Ming City, Viet Nam	(84-8)-38564022
7	Te Huy Meng	No. 58A, Street 348, Khan Chamkarmon, Phnom Penh, Cambodia	092 909 986
8	Kim Heng	No. 212DEo, Street 182, Khan Toul Kork, Phnom Penh, Cambodia	012 991 245
9	Yi Xiang Co., Ltd (Wen Yun)	PPSEZ, Khan Dangkor, Phnom Penh, Cambodia	012 799 668
10	Harta Packaging Industries	Phum Ang, Khan Porsenchey, Phnom Penh, Cambodia	024 399 933

To date the company advised that they have successfully captured a good market share of approximately 70% and the Flying Horse is a well-known brand in the market. Based on local market knowledge, the company is the domestic leader in the confectionery industry. There are 02 local producers i.e. Ly Ly Company and SB Company competing in the same market. However, Lim Heang Yu Enterprise Co. Ltd outclassed these competitors by way of the technology, range of products, marketing & promotion channels and distribution network.

No.	Company	Market Share
1	Lim Heang Yu Enterprise	70%
2	Ly Ly Company	15%
3	SB Company	15%

3.0 Financial Highlights

Income statement

Income Statement (USD)	2013	2014	2015	2016
Revenue	12,759,992.74	16,878,562.69	13,357,662.95	13,895,495.07
Cost of Sale	8,145,696.27	10,602,345.84	8,102,153.52	7,717,043.70
Gross Profit	4,614,296.47	6,276,216.85	5,255,509.43	6,178,451.37
Expense				
Operation Expenses & other	651,928.73	1,252,327.17	1,013,300.77	908,140.43
Staff Salary & other allowance	937,443.69	1,454,663.86	1,202,723.49	1,293,714.68
Advertising Expenses	53,674.90	58,505.61	23,145.50	14,846.20
Total Expenses	1,643,047.32	2,765,496.64	2,239,169.76	2,216,701.31
EBITDA	2,971,249.15	3,510,720.21	3,016,339.67	3,961,750.06
Depreciation Expenses	1,544,342.45	1,455,496.55	729,477.41	818,567.45
EBIT	1,426,906.70	2,055,223.66	2,286,862.26	3,143,182.61

RHB BANK BERHAD CREDIT APPLICATION FORM CA-1 (PART III – CREDIT ANALYSIS MEMORANDUM)		
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Interest Expenses	536,121.36	354,137.61	310,502.52	369,017.07
Profit Before Tax	890,785.34	1,701,086.05	1,976,359.74	2,774,165.54
Tax Expenses	31,037.06	41,538.80	41,293.81	46,845.49
Net Profit	859,748.28	1,659,547.25	1,935,065.93	2,727,320.05
Gross Profit Margin	36.16%	37.18%	39.34%	44.46%
Profit Margin	6.74%	9.83%	14.49%	19.63%

Comment: The total sales in 2016 have been increased by 4.03% compared to total sales in 2015 while due to increasing order demand from customers. The gross profit margin and net profit margin has increased from 39.34% and 14.49% to 44.46% and 19.63% respectively due to sales discount from suppliers and lower operating expense.

The average monthly sales of USD1,157,957.92 (2016) was substantiated via combination monthly deposit of USD758,649.94 under Lim Heang YU Enterprise Co.,Ltd and Mr. Bo Reth & Mdm. Kong Sokun account maintained with RHBIBL, Maybank and ACLEDA Bank which is about 65.51% of the reported sales. Borrower informed that the amount deposit to bank's account is some of their sales transactions while they kept some cash in hand for their daily operation expense.

Average Monthly EBITDA for 2016	USD330,145.84
RHB's monthly installment	
- Existing TL1 monthly installment	USD18,571.67
- Existing TL2 monthly installment	USD20,387.93
Total	USD38,959.60
Maybank's monthly installment	
- OD (assuming full utilization @ 8% p.a)	USD8,500.00
- Existing TL1 monthly installment	USD19,166.00
- Existing TL2 monthly installment	USD40,084.00
Total	USD67,750.00
Total loan repayment	USD106,709.60
DSR	3.09times

Income Projection

Income Statement (USD)	2017	2018	2019
Revenue	14,585,023.14	15,309,124.29	16,068,761.20
Cost of Sale	8,114,463.86	8,525,347.05	8,956,774.40
Gross Profit	6,470,559.28	6,783,777.24	7,111,986.80
Expense			
Operation Expenses & other	953,667.47	1,001,313.04	1,051,378.69
Staff Salary & other allowance	1,358,400.42	1,426,320.44	1,497,636.46
Advertising Expenses	15,588.51	16,367.94	17,186.34
Total Expenses	2,327,656.40	2,444,001.42	2,566,201.49
EBITDA	4,142,902.88	4,339,775.82	4,545,785.31
Depreciation Expenses	818,567.45	818,567.45	818,567.45
EBIT	3,324,335.43	3,521,208.37	3,727,217.86
Interest Expenses	331,972.77	331,972.77	331,972.77
Profit Before Tax	2,992,362.66	3,189,235.60	3,395,245.09
Tax Expenses	49,151.77	51,647.16	54,229.52
Net Profit	2,943,210.89	3,137,588.44	3,341,015.57

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Gross Profit Margin	44.36%	44.31%	44.26%
Profit Margin	20.18%	20.49%	20.79%

Comment: Borrower projected a conservative average 5% growth in the business turnover for next following year.

Sensitive Analysis

In the event that their projected income has been decreased 20%, the DSR will be:-

Description	2017	2018	2019
20% Dropped of Income Projection (USD)	276,193.52 (Average Monthly EBITDA)	289,318.38 (Average Monthly EBITDA)	303,052.35 (Average Monthly EBITDA)
Total Monthly Installment (USD)	106,709.60	106,709.60	106,709.60
DRS Calculation	2.59 times	2.71 times	2.84 times

4.0 Key Credit Issues

4.1 Industry Risk

Sector (please specify): Rental & Operational Leasing				Subsector (please specify): Market Operator		
Sector Lending Direction	<input type="checkbox"/> Get Market Share	<input type="checkbox"/> Accelerate	<input checked="" type="checkbox"/> Organic	<input type="checkbox"/> Slowdown	<input type="checkbox"/> Reduce	
Subsector Outlook	<input checked="" type="checkbox"/> Strong		<input type="checkbox"/> Neutral		<input type="checkbox"/> Weak	
If Sector Falls Under Slowdown or Reduce, Justification for Maintain or Increase Exposure :						

4.2 Competitor Risk

Biscuits manufacturing business is currently facing with tight competitive on the market due to importing biscuits from Thailand and Vietnam. However, borrowers' business is still captured a good market share in this business due to long business established with good reputation as well.

4.3 Financial Risk

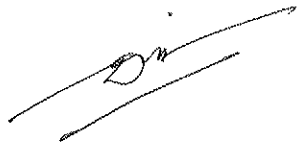
There is no audited financial statement were furnished besides internal company's financial statement. The risk of non-financial audited is mitigated by monthly deposited to bank's account ie. RHBIBL, Maybank and ACLEDA of USD758,649.94 which reflected 65.51.09% of the reported sales while all credit facilities are promptly paid so far.

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SUMMARY & RECOMMENDATIONS

- The borrower's business is still remaining unchanged without adverse notice.
- They are our existing borrowers since Feb-2009 with strong relationship with the bank.
- Good repayment capacity with DSR at 3.09 times.
- The property charged to us is adequate to secure with us provided the current security coverage at 2.16times.

RECOMMENDATION BY LENDING UNIT



Assistant Manager

Name: Chim Chandara

Date: 03/04/2017



Senior Branch Manager

Name: Hourt Ang

Date: 03/04/2017