

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

Application No: RHBIBL/BDM/0004/2017/0101

Branch/Region: Kbal Thnal

Borrower: Phar Big A Co., Ltd.

Group/ Parent Company: N/A

1.0 REQUEST TYPE		2.0 ACCOUNT INFORMATION	
New	<input checked="" type="checkbox"/>	From	KTL
Additional	<input type="checkbox"/>	Date of Submission to Cr Mgmt	27-06-2017
Renewal	<input type="checkbox"/>	Date Rec'd Complete Doc	22-06-2017
Amendment	<input type="checkbox"/>	Current Limit Expiry Date	N/A
Restructuring	<input type="checkbox"/>	Next Limit Expiry Date	N/A
Others	<input type="checkbox"/>	Relationship Since	New
For Affirmation by Group Credit Co	<input type="checkbox"/>	Account Status	New
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				
Phsar Big A Co., Ltd.	-	3				3
Rating Override	Yes	No	<input checked="" type="checkbox"/>			
If yes, how many notches?						
Remark (To provide reason for override)	N/A					
Corporate Guarantor	Current CRR Rating	New CRR Rating				
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
N/A			

4.0 DETAILS OF REQUEST

To seek approval for:-

- To request OD limit of USD6.4M to refinance loan from Kookmin Bank and use as working capital.
- To seek for approval on deviation age of Mr. Chan Vay > 60 years old, i.e. 78 years old.
- To waive on fully/partially settled loan before expiry date.

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5.0 FACILITY DETAILS (USD'000)

Facility Type	O/S as at	Existing Limit	Increase/ Decrease +/-	New Limit	Pricing	Purpose
OD New	-	-	+6,400	6,400	ECOF + 2.5% p.a. on monthly rest, subject to min. 8.00% p.a.	To refinance loan from Kookmin Bank and use as working capital.
Grand Total	-	-	+6,400	6,400		

6.0 REPAYMENT TERMS

Facility		Tenor/ Repayment Terms
OD (New)	Tenure	1 Year, subject to annual review
	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	waive
	Prepayment	waive

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7.0 COMMENTS ON CONDUCT OF ACCOUNT

Conduct on Bank Account Statement

Maybank			
Account Name: Phsar Big A Co., Ltd.			
Current account: 00006/02/000168/06			
OD Limit: USD1M			
IF Limit: USD8M			
Jam 2017 to May 2017			
Month	Debit (USD)	Credit (USD)	Balance (USD)
			-790,540.99
Jan-17	-8,837,426.83	8,984,045.00	-643,922.82
Feb-17	-8,905,494.48	8,672,987.00	-876,430.30
Mar-17	-7,872,907.52	7,892,340.27	-856,997.55
Apr-17	-5,158,055.69	5,043,463.70	-971,589.54
May-17	-6,362,608.80	6,489,873.00	-844,325.34
Total	-37,136,493.32	37,082,708.97	
Average	-7,427,298.66	7,416,541.79	-838,653.11
		OD approved limit	1,000,000.00
		OD Utilization rate	83.86%
Excluded Invoice Financing		16,947,100.50	
Total		20,135,608.47	
Average		4,027,121.69	

Comment:

- For last 5 months, the applicant had a total credit balance of USD37.1M and total debit of USD37.1M provided monthly average credit of USD7.42M and debit of USD7.43M respectively. The conduct of account is very active where common transactions are cash deposit, check withdrawal, and Invoice financing (IF), and monthly installment.
- By excluding the Invoice Financing, the applicant has average credit turnover of USD4.03M/month.
- The average utilization of OD is considered to be highly active with about 84% for the last 12 months period.
- Note that, there was no incidence of dishonored check or excess in the account.

Kookmin Bank

Account Name: Phsar Big A Co., Ltd.

Saving account: 655041002191

Jam 2017 to May 2017			
Month	Debit (USD)	Credit (USD)	Balance (USD)
May-16	20,625.00	20,000.00	2,121.55
Jun-16	18,563.61	20,000.00	1,496.55
Jul-16	16,413.19	20,000.00	2,932.94
Aug-16	17,359.72	15,000.00	6,519.75
Sep-16	17,480.56	20,000.00	4,160.03
Oct-16	16,977.09	12,000.00	6,679.47
Nov-16	2,518,487.50	2,517,500.00	1,702.38
Dec-16	330,143.25	330,400.00	714.88
Jan-17	27,369.44	27,000.00	971.63
Feb-17	24,754.92	26,000.00	602.19
Mar-17	24,028.25	24,000.00	1,847.27
Apr-17	10,105.56	11,000.00	1,819.02
Total	3,042,308.09	3,042,900.00	
Excluding TL drawdown of USD2.5M			
Total	542,308.09	542,900.00	
Average	45,192.34	45,241.67	

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Comment:

- For last 12 months, excluding TL limit drawdown of USD2.5M in Nov 2016, total turnover credit and debit were USD542.9K and USD542.3K derived monthly deposit and withdrawal of USD45.2K and USD45.1K respectively.
- Note that, conduct account has not been satisfactory as it is used for monthly installment only.

Conduct on Loan Repayment History

Bank: Kookmin

Conduct of TL: USD2.5M (Past 15 Months)

Account No. :

No.	Installment Amount	Due Date	Payment Date	Days Past Due	Remarks
1	15,104.17	26-01-2016	26-01-2016	-	
2	16,145.83	26-02-2016	26-02-2016	-	
3	16,145.83	26-03-2016	28-03-2016	2	
4	15,104.17	26-04-2016	26-04-2016	-	
5	15,625.00	26-05-2016	26-05-2016	-	
6	16,111.11	26-06-2016	27-06-2016	1	
7	14,600.69	26-07-2016	26-07-2016	-	
8	15,607.64	26-08-2016	26-08-2016	-	
9	15,607.64	26-09-2016	26-09-2016	-	
10	15,104.17	26-10-2016	26-10-2016	-	
11	2,516,614.58	26-11-2016	28-11-2016	2	
12	15,104.17	28-12-2016	28-12-2016	-	
13	16,614.58	28-01-2017	30-01-2017	2	
14	14,600.69	28-02-2017	28-02-2017	-	
15	14,097.22	28-03-2017	28-03-2017	-	

Bank: Kookmin

Conduct of TL: USD300K (Past 15 Months)

Account No. :

No.	Installment Amount	Due Date	Payment Date	Days Past Due	Remarks
1	1,937.50	09-01-2016	11-01-2016	2	
2	1,812.50	09-02-2016	09-02-2016	-	
3	1,812.50	09-03-2016	09-03-2016	-	
4	2,062.50	09-04-2016	11-04-2016	2	
5	1,750.00	09-05-2016	09-05-2016	-	
6	2,062.50	09-06-2016	13-05-2016	4	
7	1,812.50	09-07-2016	11-07-2016	2	
8	1,752.08	09-08-2016	09-08-2016	-	
9	1,872.92	09-09-2016	09-09-2016	-	
10	1,872.92	09-10-2016	09-10-2016	-	
11	1,872.92	09-11-2016	10-11-2016	1	
12	301,752.08	09-12-2016	09-12-2016	-	

Note: TL: USD300K was fully settled.

Comment: During the last 12 months (Mar 2016-Feb 2017), the repayment history of TL was satisfactory and normal conducted with few overdue incidences, which were still allowable grace period for the borrowers (under 7 days) as per lending policy of IBL. The long overdue from 03 to 06 days in repayment history because the company's accountant was busy with the collection and they would like to deposit only one time for both TL and OD by end of the month.

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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	N/A				
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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9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)	OMV	FSV	Value per CP
<u>Tangible Security</u>			
<u>New Property</u>			
1. Facility Agreement for OD of 6.4M as the principal instrument.			
2. 1 st party 3 rd legal charge over the following property as subsidiary instrument			
<u>Property 1</u>			
Title No: 12020708-0034			
Registered owner: Mdm. Chan Sarun			
Tenure: Freehold			
Encumbrances: Kookmin Bank			
Description: A parcel of land accommodating a double storey detached house.			
Address: No. 143, Corner of Street 63 and 240, 8 Village, Chaktumuk Commune, Daun Penh District, Phnom Penh City, Cambodia			
Land area: 557sqn			
Building: 721.53sqm			
Fire Insurance by: To be issued by the bank's panel			
Period of insurance: N/A			
<u>Verbal Check:</u>			
1. CARE in June 2017			
Land	: USD2,506,500		
Building	: USD230,800		
OMV	: USD2,737,300		
2. ARC in June 2017			
Land	: USD2,562,200		
Building	: USD252,500		
OMV	: USD2,814,700		
3. BGR in June 2017			
Land	: USD2,506,500		
Building	: USD216,459		
OMV	: USD2,722,959		
Comment: Branch adopts the indicative value by BRG since it is reasonable comparing to other valuers.			

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9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)	OMV	FSV	Value per CP												
Property 2: Title No: PP14561 Registered owner: Mdm. Chan Sarun Tenure: Freehold Encumbrances: Kookmin Bank Description: Vacant Land Address: Along National Road No. 1, Kbal kos Commune, Meanchey District, Phnom Penh City, Cambodia Land area: 9,246sqm Fire Insurance by: N/A Period of insurance: N/A Verbal Check: 1. CARE in June 2017 <table><tr><td>Land</td><td>: USD1,571,820</td></tr><tr><td>OMV</td><td>: USD1,571,820</td></tr></table> 2. ARC in June 2017 <table><tr><td>Land</td><td>: USD1,525,590</td></tr><tr><td>OMV</td><td>: USD1,525,590</td></tr></table> 3. BGR in June 2017 <table><tr><td>Land</td><td>: USD1,479,360</td></tr><tr><td>OMV</td><td>: USD1,479,360</td></tr></table> Comment: Branch adopts the indicative value by BRG since it is reasonable comparing to other valuers.	Land	: USD1,571,820	OMV	: USD1,571,820	Land	: USD1,525,590	OMV	: USD1,525,590	Land	: USD1,479,360	OMV	: USD1,479,360	1,479	1,183.2	739.5
Land	: USD1,571,820														
OMV	: USD1,571,820														
Land	: USD1,525,590														
OMV	: USD1,525,590														
Land	: USD1,479,360														
OMV	: USD1,479,360														
Property 3: Title No: PP14619 and PP14620 Registered owner: Mdm. Chan Sarun Tenure: Freehold Encumbrances: Kookmin Bank Description: 2 parcel of land accommodating with a single storey office, 2 unit of a single storey warehouse, and other ancillary building. Address: Along Street 114, Prek Eng Commune, Meahchey District, Phnom Penh City, Cambodia. Land area: 28,757sqm Building area: Office: 616sqm Warehouse (A): 684sqm Warehouse (B): 1,500sqm Fire Insurance by: To be issued by the bank's panel Period of insurance: N/A	5,422	4,337.6	3,795.4												

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9.0 SECURITY DETAILS (USD'000)

Description (Type, Location, Size, Owner's Name)	OMV	FSV	Value per CP
Verbal Check:			
1. CARE in June 2017			
Land : USD5,176,260			
Built-up : USD250,500			
OMV : USD5,426,760			
2. ARC in June 2017			
Land : USD5,463,830			
Built-up : USD250,000			
OMV : USD5,713,830			
3. BGR in June 2017			
Land : USD5,176,260			
Built-up : USD246,660			
OMV : USD5,422,920			
Comment: Branch adopts the indicative value by BRG since it is reasonable comparing to other valuers.			
Total	9,623	7,698.4	6,440.3
Security Coverage (times)	1.50x	1.20x	1.01x
Supporting Security N/A			

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

- The MOA at 66.51% or security coverage at 1.01x (Ascribe value) is considered to be acceptable and stands under the allowable lending policy guideline of RHBIBL.
- Property 1 is located in favorable location of Phnom Penh City. Within 1 km radius from the subject property, there are markets, schools, shops, banks, restaurants, hotels, apartments, condos, guesthouses, petrol stations, and residences. The disposability of the subject property in this location is considered to be easy to liquidate with high demand.
- Property 2 is located along National Road No. 1 which is a main road among the other road for economic connection between Cambodia and Vietnam. It is currently a vacant land. According to the site inspection, the property is considered as a favorable zone, potentially situated in developing area, surrounded by Borey Peng hout, Borey Sambath Mean Heng, Borey Hi-teach, and so on.
- Property 3 is located along Street No 114, connecting from National Road No. to National Road No. 2, surrounded by industrial area, TV station, Tiger Beer factory, etc.

10.0 PERSONAL/CORPORATE GUARANTEES:

Name	Risk Grade	Estimated Network	Remarks
Mr. Chan Vay			
Mdm. Chan Sarun			

11.0 EXISTING/ADDITIONAL 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	
New OD: USD6.4M 1. Acceptance of Letter of Offer 2. Payment of processing fee 3. Release of facilities subject to:- <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 Submission of valuation report on the properties from the bank's panel with total value of not less than USD9,623K 			✓ ✓ ✓ ✓ ✓
<u>Disbursement Method</u> OD limit of USD6.4M shall be disbursed with the following: <ul style="list-style-type: none"> After completion of legal documents: <ul style="list-style-type: none"> USD2.5M shall be released by issuing NBC' check to refinance loan with Kookmin Bank and redeem TD No. PP14619, PP14620, and PP14561, and No. 12020708-0034 to be charged with RHBIBL. After completion of blocking TDs: <ul style="list-style-type: none"> USD3.9M shall be released into the borrower' account maintained with RHBIBL to use as working capital in Phar Big A Co., Ltd. 			✓ ✓
<u>Post Drawdown</u> Submission of settlement letter from Kookmin Bank within 2 weeks after loan disbursement date for loan refinance.			✓
<u>New Covenants</u> N/A			

Explanation required if any existing terms & conditions are not complied with.
N/A

1.0 ACCOUNT INFORMATION	2.0 CLASSIFICATION
Date Established : September 2007	CIS No : New
Registration No : MOC-21309257	Sector Code : Whole Sale
Business Activity : Super market	Purpose Code :
	Exempt/Non-Exempt :
	Priority Sector :
Business Address : #12 (Paragon Market), St. 214, S/K. Chey Chomnas, Khan Daun Penh, Phnom Penh City	Staff Code :
	State Code :
Business Premise is : Owned	Schedule Code :
Premise Owned by : Related Co.	Race Code : Resident
Contact Person : Mdm. Chan Sarun	NRCC Status : NRCC/NotNRCC

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12.0 CONDITIONS PRECEDENT & COVENANTS

Details	Complied		To Comply
	Yes	No	
Contact No/ Fax : (855) 95 898 789			

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

Name	Age	Relation-ship	% share-holding	Years with Co	Experience/ Qualification
Mr. Chan Vay	78	Father	100%	10	
			100%		

4.0 KEY MANAGEMENT

Name	Age	Area of Responsibility	Years of Exp	Years with Co	Qualification
Mdm. Chan Sarun	55	President	20	10	
No. of Staff – (Full Time)		50			

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 Relationship	Terms of credit	Mode of Payment (DA, DP, LC, open a/c)
COFCO INTL (China)	30%	20 years	7 Days	OTT
Thai Fermentation Industry Co., Ltd. (Thai)	30%	20 years	7 Days	OTT
Bunge Asia Pte Ltd. (Singapore)	30%	20 years	7 Days	OTT

Sellers (Name / location / telephone) (top 3 in term of volume) Types of Product Traded	% of Total Purchases	Years of Relationship	Terms of credit	Mode of Payment (DA, DP, LC, open a/c)
Thai Fermentation Industry Co., Ltd. (Thailand)	N/A	N/A	7 Days	OTT
COFCO INTL (Singapore)	N/A	N/A	7 Days	OTT
ED & F Man Sugar Limited (Singapore/NewYork)	N/A	N/A	7 Days	OTT

6.0 MAIN COMPETITORS	TYPE OF PRODUCTS /SERVICES
Mr. Ly	MSG & Sugar
Mr. Cheu	MSG & Sugar
Mrs. Srey	MSG & Sugar

7.0 DETAILS OF OTHER BANKERS/ FINANCIAL INSTITUTIONS*

Name of Banker/ FI	Facility Type	Pricing (p.a.)	Monthly Installment (USD)	Total Facilities (USD'000)		Brief Description of Security
				Limit	O/s as at 31/05/17	
Phar Big A Co., Ltd.						
Maybank	OD	8% p.a.	6,666.66	1,000,000		Land & Building
Maybank	Invoice Financing (IF)	8% p.a.	53,333.33	8,000,000		Land & Building
Kookmin	TL	7.25%	14,097.22	2,500,000		Land & Building
Total			74,097.21	11,500,000		

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

Comments:

N/A

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1.0 Requests

- To request OD limit of USD6.4M to refinance loan from Kookmin Bank and use as working capital.
- To seek for approval on deviation age of Mr. Chan Vay >60 years old, i.e. 78 years old.
- To waive on fully/partially settled before expire date.

1.1 Rationale of Requests

To request OD limit of USD6.4M to refinance loan from Kookmin Bank and the balance to use as working capital

- Working Capital requirement (Phar Big A Co., Ltd)

Items	Historical 2016 (Monthly)	Projected 2017 (Monthly)	Remarks
Z) Monthly sales (USD) Thai product + Sugar + SMG	7,849,500.00	9,416,450.00	
A) Debtor turnover (days)	30	30	
B) Stockholding turnover (days)	30	30	
C) Creditor turnover (days)	7	7	
D) Asset Conversion Cycle = (A + B) – C/30	1.77	1.77	
E) Monthly WC need = (D x Z)	13,893,615.00	16,667,116.50	
Existing + proposed WC lines Maybank : USD9M RHBIBL: USD6.4M	15,400,000.00	15,400,000.00	
(Shortfall)/Excess in WC lines	1,506,385.00	-1,267,116.50	

The applicant has maintained OD of USD1M and IF limit of USD8M with Maybank and TL of USD2.5M with Kookmin Bank. Loans are used as working capital in Phsar Big A Co., Ltd.

Plus, the requested OD of USD6.4M with RHBIBL and subject to fully settle loan with Kookmin Bank, the monthly working capital need (WC) is a bit excess in WC line of about USD1.5M based on the past sale in Y2106 but it shall be still in line of WC requirement upon the average sale projection in Y2017.

Note that, the applicant has involved in selling sugar and MSG more over than 30 year. Generally, they purchase order Sugar is between of 5,000 Ton and 7,000 Ton per month while the MSG is between of 2,000 Ton and 3,000 Ton per month with total price of about USD8.8M per month while the shipping day must be taken up to 4 or 5 weeks from Thailand to Cambodia. Sometimes, sale is sold out upfront the good arrival and they have to purchase stock more to meet their customer' demand. In this method, the applicant is strongly need working capital to facilitate their trading as they have to pay the bill before good shipping. Therefore, OD facility is a main source to support their business.

Based on the furnished sale agreement and sale invoices, the figure is detail as follow:

Sale contract with suppliers				
Item	Suppliers	PO (Unit)	PO amount (USD)	Period
Sugar	COFCO Agri	15,000 Ton	7,155,0000	3 months
Sugar	BUNGE	5,000 Ton	2,385,000	
Total		20,000 Ton	9,540,000	

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Purchased Invoices

Item	Suppliers	PO (Unit)	PO amount (USD)	Period
Sugar	COFCO	14,500 Ton	7,147,105	3 months
Sugar	GUNGE	4,000 Ton	2,236,290	
SMG	Thai Fermentation Industry Co., Ltd.	1,558.20 Ton	3,524,653	
Total		18,500 Ton	12,908,048	
Average		6,167 Ton	4,302,683	

Note:

- Average PO is at USD4.3M, the applicant have to reserved fund for purchase with 2 or 3 times against the PO due to the turnaround time of shipping, collection day from their customers (A/R)
- Average sale of Sugar for last 2 months (Feb to Mar 2017) reached of USD9.87M, i.e. USD4.94M.
- Based on the conduct site visit on the premise and the applicant's disclosure, inventory, A/R, and A/P are expected to sum up of about USD3M, USD1M, and USD500K respectively as at 31-May-2017. Aging list and inventory are not property made since it is operated as a family business.

Mdm. Chan Sarun revealed that she has planned to sell out the properties where is currently charged with Maybank. It is under negotiation on purchase price. She further mentioned that if the properties sold, she may fully settle loan with Maybank and deposit FD with RHBIBL.

Purpose of loan to refinance USD2.5M from Kookmin Bank:

A short tenure of TL loan, i.e. 6 months. The loan will be repaid in full at the end of the maturity date. The applicant thinks that OD facility is more comfortable for their cash flow as well as convenience in trading business as their current business operating.

To waive on fully/partially settled loan before expiry date.

The applicant has many owned assets, saving from their business's income for more than 30 years. So, they request to waive on fully/partially settled loan before expiry date in case the property is sold.

2.0 Background Information on Borrower

Mr. Chan Vay (Age: 78) and Mdm. Chan Sarun (Age: 55) are related as father and daughter. They are residing in No. 8 Village, Chaktumuk Commune, Daun Penh District, Phnom Penh City, Cambodia, where is to be charged to RHBIBL (P1). They are active businessmen who are involved in trading business for more than 30 years. Note that, Mdm. Chan Sarun has a good profile and well-known with good relationship from the active potential businessmen in Cambodia. Moreover, she has owned company in Thailand for trading in Cambodia as well.

Presently, they have maintained loan with original limit of USD9M with Maybank and USD2.5M with Kookmin Bank under corporate loan account named "Phsar Big A Co., Ltd.". The applicants are also closed related to Thai Ambassador to Cambodia. They are sponsor and joint organizer for all the Thailand's products expo. in Cambodia.

The business information is briefed as follow:

Phsar Big A Co., Ltd.

Established in 2007, Phsar Big A Co., Ltd was founded by Mr. Chan Vay. The company is a single member private limited company under registration No. Co.10633 KH/2007 issued by Ministry of Commerce. Patent in 2017 also applied. Presently, the company has involved business operating in Paragon Market and Sugar & MSG wholesale.

Paragon Market

It is currently operated business in No. 12 (Paragon Market), Street 214, Chey Chamas Commune, Daun Penh District, Phnom Penh City. Beside the market, they also imports consumer goods to sell in the market and

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wholesale to dealers and supper markets in Phnom Penh. The stall market of Paragon being rented upon the square meter area between price of USD8 to USD74/sqm. Presently, the occupancy rate is about 30% as the applicant wants to renovate the market based on the site visit. So far, the rental agreement was made but the renewal contracts are not made recently since the applicant plans to renovate market to make more interest from tenants and customers as well. Presently, some tenants are agreeable and still operating their businesses subject to no rental agreement. The applicant further revealed that they don't make agreement as they think it is easy to give tenants only one or two month-notice in advance when they want to start a renovation. Besides, the applicant imports good from Thailand and distribute daily consumer products to local dealers such as Bayon Market, Tai Hourt Market, Aeon Mall, Lucky Supermarket, etc. Most products are shampoo, plats, plastic goods, pots, hygiene products, and so on, which are the popular products in Thailand.

Sugar and Monosodium Glutamate (MSG)

The applicant is also a sole importer of Monosodium Glutamate (MSG) with "Spoon" trade mark from Thailand and Refined Sugar from Thailand and China. The applicants are engaged in the Thai goods importation for over 30 years with a strong reputation in the Cambodian market.

The products are as below:

MSG is a famous product in Cambodia especially food and restaurant industry with a trade mark of "Spoon" and presented in Cambodia for over 30 years. The applicants claimed that their product is a top brand following "Ajinomoto" packaged in Cambodia and "Spoon on plate" imported from Vietnam. The MSG imported from Thai Fermentation Industry Co., Ltd. through Keo Pos Port and stored at their two warehouses, one is at Kbal Chroy Village, Sangkat Prek Eng Commune, Meanchey District, Phnom Penh, and another one is at Trapaing Chhuk Villag, Tomnup Tek Commune, Chamkarmon District, Phnom Penh City (warehouse for MSG and Sugar) for distributing to local dealers both Phnom Penh and some provinces in Cambodia who sub-sale to retailer. The payment method is made through OTT service with Maybank. Mdm. Sarun revealed that the payment have to be paid upfront the goods shipping to Cambodia with 5%-10% deposit for purchase order. A/P day is at 7 days while A/R days is at 30 days. Generally, the purchase order is made at least once or twice per month with the shipping of 30 days or 45 days per PO. Sometime, the turnaround time of shipping makes the applicant a short fall on cash flow of working capital as they have to pay fully payment to their suppliers first and collect bill from their customers up to 30 days then. Sometime, the goods have been ordered from their customers before goods arrival. So, they have to make more PO again and again upon their customer's order too. In this view, a short fall of working capital is raised however it is cycle of trading.

Below is the cost and price of MSG:

Products	Cost (USD/50Kg)	Price (USD/50Kg)	Gain (USD/50Kg)	PO(Ton/month)
MSG	113	128	15	2,000-3,000

Note: 1Ton = USD2,260 (Buy), 1Ton = USD2,560 (Sale)

Refined **Sugar** is also the high demand products for Cambodian such as foods, restaurant and other industry. It was imported by the applicants for over 30 years from COFCO Resources Pte. Ltd, and Bunge Asia Pte. Ltd. based in Singapore. However, the sugar are imported from Thailand and China through Keo Pos Port and stored at warehouse at Kbal Chroy Village, Sangkat Prek Eng, Khan Meanchey, Phnom Penh for distributing to main dealers in Phnom Penh for sub-sale. Below is their list of buyers:

Below is the cost and price of Sugar:

Products	Cost (USD/T)	Price (USD/T)	Gain (USD/T)	PO(Ton/month)
Sugar	477-580	520-615	43-35	5000-7000

The market strategy and good importation are managed by Mdm. Chan Sarun with assistant from Mr. Kim Chhay, General Manager. For over 30 years, they have gained a strong network and clientele base in Cambodia with a strong confidence in the Thai products from Cambodian people.

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Below are the top 3 buyers:

- Mr. Yong Kampot Province.
- Te Tech Long Phnom Penh City
- Mr. Sun Sarat Phnom Penh City
- Mr. Ngeap Sea Phnom Penh City
- Ms. Sim Hay Phnom Penh City

Customers List:

- Mr. Yong
- Te Techlong
- Sim You Hour
- Sun Sarat
- Dealers in Pharagon Market
- Bayon Super Market
- Thai Hourt Super Market
- Others retail

Supplier List:

- Thai Fermentation Industry Co., Ltd. (Thailand)
- COFCO Resources Pte Ltd. (Singapore)
- GUNGE Agritrade S.A. (Thailand)
- Madow Thailand Co., Ltd. (Thailand)
- Chamber Co., Ltd. (Thailand)
- Hygiene Co., Ltd (Thailand)
- V.A.S Trading Co., Ltd. (Thailand)
- Horizon Forward Trading Pte Ltd (Singapore)
- K.S.L Export Trading Co., Ltd. (Thailand)
- Khonburi Sugar Plc "KBS" (Thailand)
- ED & F Man Sugar Limited (Singapore/NewYork)
- The Thai Sugar Trading Corporation Ltd. (Thailand)

Competitor

As compared to the last year report, Borrower is still perceived as the market leader and largest supplier based in Phnom Penh out of the following competitors:

No.	Company	Number of years in operation	Product
1	Mr. Ly	25 years	Sugar & MSG
2	Mr. Cheu	20 years	
3	Ms. Srey	15 years	

Other businesses: Black Canyon Café shop, O'Chha Restaurant, and Private Petroleum Importation

Verbally disclosed by the applicant, they are also running a café shop "Black canyon" and restaurant "O'Cha" where are located along National Road No. 1, Niroat Commune, Meanchey District, PhnomPenh City, attached in PTT Gasoline Station. Mdm. Sarun said that she has a strong relationship with PTT's owner in Thailand and has opportunity to jointly business venture so far. For instance, she also generates income (commission fee) on Petroleum transportation from Thailand to Cambodia when the local dealers purchase order through the applicant.

Those are just a more information of the applicant's businesses; however, the income statement are not provided or detailed from the applicant as it is not the main business and not the purpose of this loan application; however, the site visit of the premises was conducted.

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3.0 Financial Highlights

Phsar Big A Co., Ltd	Income Statement			
	2014	2015	2016	2017
	12-Month	12-Month	12-Month	First 5-Month
Revenue				
Stall rental fee -Paragon Market	233,280.00	259,200.00	216,000.00	90,000.00
Daily consumer products	255,765.00	300,900.00	354,000.00	162,250.00
Sale (Sugar)	31,631,490.00	35,244,000.00	39,600,000.00	19,800,000.00
Sale (SMG)	43,934,400.00	48,816,000.00	54,240,000.00	27,120,000.00
Total revenue	76,054,935.00	84,620,100.00	94,410,000.00	47,172,250.00
COGS				
Sugar	29,100,970.80	32,424,480.00	36,432,000.00	18,216,000.00
Monosodium Glutamate	38,222,928.00	42,469,920.00	47,188,800.00	23,594,400.00
Total COGS	67,323,898.80	74,894,400.00	83,620,800.00	41,810,400.00
Gross Profit	8,731,036.20	9,725,700.00	10,789,200.00	5,361,850.00
Expense				
Operating exp.	4,557,600.90	4,992,201.81	5,538,096.36	2,752,237.61
Salary exp.	419,089.74	459,053.04	509,250.24	253,079.32
Other exp.	261,931.09	286,908.15	318,281.40	158,174.58
Total exp.	5,238,621.72	5,738,163.00	6,365,628.00	3,163,491.50
EBIT	3,492,414.48	3,987,537.00	4,423,572.00	2,198,358.50
Average EBIT	291,034.54	332,294.75	368,631.00	439,671.70

Comment on Y2017:

- Revenue from stall rental of Paragon Market is still unchanged comparing to the previous year 2016 with occupancy rate of 30% . A lower occupancy rate is because the applicant has planned to renovate the market and that is why the rental agreements are not made recently. However, the stall rental income is still generated with some tenants who are agreed with no-contract. (Some old agreements are enclosed)
- Revenue from daily consumer products is operated as usual. Note that, sale increased by 10% comparing to the previous year. The products are distributed to super markets such as Thai Hourt, Bayon, AEON, etc.
- Revenue from sugar & SMG are satisfactory increased by 20% comparing to previous year.
- Total revenue of Phsar Big A Co., Ltd. reported of USD47.2M. i.e. USD9.4M (Average) with the following justification:
 - Average rental fee of **USD15.9K** based on the furnished rental agreement in the past year.
 - Average purchase order (PO) of sugar and SMG reached of **USD4.3M** based on the furnished 3 months invoices.
 - Average sale of Sugar for last 2 months (Feb to Mar 2017) reached of USD9.87M, i.e. **USD4.9M**. per month (Invoices are enclosed)
 - Average monthly deposit reported of USD4M channel with Maybank excluding IF amount. With an average PO is at USD4.3M, the applicant have to reserved fund for purchase with 2 or 3 times against the PO due to the turnaround time of shipping, collection days from their customers (A/R).

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Income Projection from 2017 to 2019

Phsar Big A Co., Ltd		Income Projection		
		2017	2018	2019
		12-Month	12-Month	12-Month
Revenue				
	Stall rental fee -Paragon Market	216,000.00	226,800.00	238,140.00
	Daily consumer products	389,400.00	428,340.00	471,174.00
	Sale (Sugar)	47,520,000.00	53,222,400.00	59,609,088.00
	Sale (MSG)	65,088,000.00	72,898,560.00	81,646,387.20
	Total revenue	113,213,400.00	126,776,100.00	141,964,789.20
COGS				
	Sugar	43,718,400.00	48,964,608.00	54,840,360.96
	Monosodium Glutamate	56,626,560.00	63,421,747.20	71,032,356.86
	Total COGS	100,344,960.00	112,386,355.20	125,872,717.82
Gross Profit		12,868,440.00	14,389,744.80	16,092,071.38
Expense				
	Operating exp.	6,605,370.25	7,386,256.01	8,260,060.24
	Salary exp.	607,390.37	679,195.95	759,545.77
	Other exp.	379,618.98	424,497.47	474,716.11
	Total exp.	7,592,379.60	8,489,949.43	9,494,322.11
EBIT		5,276,060.40	5,899,795.37	6,597,749.26
Average EBIT		439,671.70	491,649.61	549,812.44

Comment:

- Total revenue is projected to increase by 20%, 12%, 12% for the next 3 years based on the past revenue record and as per loan approval.
- COGS of sugar and MSG are expected to remained unchanged while the total expenses is projected to increase by 20%, 12%, 12% for the next 3 years based on the revenue projection.
- Moreover, the applicant plans to set up a home-pro located in the property 3 to be charged with RHBIBL as it is situated in a wide location offering a convenience service for their customer to look for variety products in home-pro. Noticeably, the property 3 is located in good zone with total area of 28,757sqm.

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Repayment Analysis

Repayment Analysis Phar Big A Co., Ltd.	2016	2017	2018	2019
Average Monthly EBIT (USD)	368,631.00	439,671.70	491,649.61	549,812.44
RHBIBL OD: USD6.4M	42,666.66	42,666.66	42,666.66	42,666.66
Maybank OD: USD1M	6,666.66	6,666.66	6,666.66	6,666.66
Maybank IF: USD8M	53,333.33	53,333.33	53,333.33	53,333.33
Total commitment	102,666.65	102,666.65	102,666.65	102,666.65
DSR (X)	3.59x	4.28x	4.79x	5.36x

In worst case, 30% drop of EBITDA:

Repayment Analysis Phar Big A Co., Ltd.	2016	2017	2018	2019
Average Monthly EBIT (USD)	258,041.70	307,770.19	344,154.73	384,868.71
RHBIBL OD: USD7M	42,666.66	42,666.66	42,666.66	42,666.66
Maybank OD: USD1M	6,666.66	6,666.66	6,666.66	6,666.66
Maybank IF: USD8M	53,333.33	53,333.33	53,333.33	53,333.33
Total commitment	102,666.65	102,666.65	102,666.65	102,666.65
DSR (X)	2.51x	2.99x	3.35x	3.75x

4.0 Key Credit Issues

4.1 Industry Risk

N/A

Sector (please specify): Wholesale		Subsector (please specify): N/A Import			
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 :					

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4.2 Other Risks and Mitigation

Risk	Mitigation
Sectorial Risk	The business is mainly focusing on wholesale of sugar and SMG importing from China, Singapore, and Thailand which are the strong position of developed country in ASEAN. So, the applicant's business is not risked as they are trading with those countries.
Unaudited financial Statement	The financial statements of the applicant are unaudited as it is still operated as a family business. But there are supporting documents such as invoices and sale agreement.
Supplier risk	The borrowers have maintained good relationship with suppliers for over 30 years so there is no supplier concentration risks.
Competition Risk	Borrowers are the market leader and largest supplier of sugar and SMG in Cambodia. There is a few competitors who invested
Repayment Risk	N/A
The business Risk	The refined sugar and SMG is the main product for food taste, drink, sweet, etc. Market demand is strongly needed for daily consumers especially for food and beverage sector.

SUMMARY & RECOMMENDATIONS

- The customer is considered potential VIP customer for RHBIBL while they are a potential supplier in Cambodia. And they are also a VIP customer with Maybank as well.
- Borrowers are the market leader and largest supplier of sugar and SMG in Cambodia with more than 30-years' experience, its reputation and track record are well-known by local dealers/distributor and the manufacturers/suppliers from China.
- Based on financial submitted, Borrowers have reported profitability as at Dec 2016, which is translated to a DSR of 3.59 times and more than sufficient for the Borrower to service their monthly obligations at all the banks.
- The offered security is in the good locations surrounded by housing development within the high developing location.

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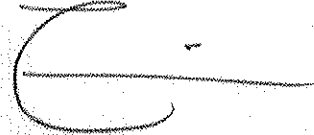
RECOMMENDATION BY LENDING UNIT



Assistant Manager
Sok Ratanak
Date: 29-06-2017



Senior Manager
Chiv Hak
Date: 29-06-2017



Branch Manager
Nhim Borey
Date: 29-06-2017