

ບໍລິສັດ ມະຫະທຶນ ເຊົ່າສິນເຊື່ອ ມະຫາຊົນ

Mahathuen Leasing Public Company

ບົດສະຫຼຸບການເຄື່ອນໄຫວທຸລະກິດ ປະຈຳປີ 2021

Annual Report 2021

ບ້ານ: ໂພນພະເນົາ ນມ5 ເລກທີ: 628

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Annual Report 2021

(Slogan)
"All Financial is possible here"

(Vision)

"We will be a good governance company on Lao Securities Exchange and the leader of Leasing business in Lao PDR"

(Mission)

"All Financial is possible here" a commitment in our business operation for stakeholders with this mission below:

For client	:	To win customer's heart with excellent customer service by a professional team with financial innovations
For staff	:	To promote professional development and stability on work – life balance
For shareholder's	:	To be a good governance company on Lao securities Exchange and give good returns.
For partner	:	To build trust with business partners who are ready to grow and succeed together.
For society	:	To be an alternative investment for Lao people

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1. Mahathuen Leasing Public Company

1.1 General Information of Company

Company Name	:	Mahathuen Leasing Public Company
Business type	:	Financial Leasing
Symbol	:	MHTL
Registered Office	:	House number 628, (kilometer 5) Kaison Road, Phonphanao Village, Xaysettha District, Vientiane Capital
Foreign Investment License	:	Foreign Investment License, No: 196-11/MPI/IPD3 date 10 August 2011
Enterprise registration certificate	:	0930/ERO date 24 June 2021
Enterprise tax certificate	:	725714405-9-00
Register capital	:	40.000.000.000 Kip
Number of share	:	400.000.000 shares
Email	:	info@mahathuen.com
Website	:	www.mahathuen.com
Tel	:	(856) 21 418065
Fax	:	(856) 21 418066

1.2 Company Background

Mahathuen Leasing Public Company (hereinafter "the Company" or "MHTL"). The Company was established as a limited company on 02 September 2011 with a registered capital of USD 300,000 and enterprise registration certificate No. 3151/RO with the business category of financial leasing (non-real estate). MHTL has been established by two experienced individuals who have more than 20 years of experience in doing business in Lao PDR; Mrs. Inthavilay Oudom, a Lao investor, which held 12% in the Company and Mr. Chakrit Naksorn, a Thai investor held 88%.

To establish a Leasing business in Lao PDR a business license from the Bank of Lao PDR is required therefore the Company is under the supervision of Financial Institution Supervision Department of the Bank of Lao PDR.

MHTL is engaged in the leasing business in Lao PDR, particularly retail finance (non-real estate) since the establishment of the company. In the early stage, the Company mainly

focused on Japanese made motorcycle financing such as HONDA, SUZUKI, YAMAHA and others to build client base, obtain knowledge, gain experience for the organization, develop capacity building and appropriate working system, as well as learning about consuming behaviors and business operation in Lao PRD before expanding its investment in other retail financial products.

During the first three years of business operations and Company's short-term plan, MHTL was focusing on the development of the organization culture and capacity building. Therefore, the business policy was more conservative in terms of marketing with a concrete action plan for financial leasing evaluation and approval. A proper plan for small size leasing with low capital investment by professional approach was established, which led to the internal working policy, regulations as well as other requirements for the consideration of leasing approvals, however the process can be flexible according to the market situation and business competition.

From 2014 – 2016, the Company focused on expanding customer base by strengthening customer relationships and build market leadership, by increasing the proportion of market share in order to expand more branches and service units in Vientiane capital in the future. In addition, the Company also planned to broaden its products such as: financing of used motorcycles including refinancing for existing customers base on payments history to build customer base for expansion to other products.

Since 2017, the Company plans to expand its branches and service units to other provinces in Lao PDR including other products by having the Company listed in Lao Securities Exchange to raise capital fund. In preparation for the Company to be listed in Lao Securities Exchange, an increase of aggressive business strategy will need to be implemented including a strong internal control and risk management as well as good corporate governance to strengthen the business operations by creating a balance between the stakeholders such as customers, partners, investors and shareholders of the Company.

The Company converted into a public Company on 20 November 2017, with a registered capital of LAK 27,760,000,000, and has been operating as financial leasing (non-real estate) under the Law of Lao PDR (hereinafter "Conversion date") with the Company's shares held by MAHATHUEN Holding Company Limited Thailand totaling 97.5792507204611%, Mrs. Inthavilay Oudom, Lao individual 2.420432276571% and 11 other shareholders at approximately 0.0003170028818%.

Before IPO of MHTL, the Company had increased its registered capital 6 times. On the date of establishment, the registered capital was USD 300,000 and in 2012 it was converted into Lao kip currency at around LAK 5.6 billion. In 2014 the Company raised additional capital twice, to LAK 12.8 and LAK 17.76 billion. In 2015 the Capital was raised up to LAK 23.36 billion and in 2016, the Capital also increased to LAK 25.6 billion and LAK 27.76 billion.

In 2018, the company had increased its registered capital 12.240.000 Shares with a par value of LAK 1,000 per share for Initial Public Officering and Approval by Lao Securities Commission Office on 13 June 2018, after the company completed IPO 40.000.000 Shares or Capital LAK 40.000.000.000 which the company is list company in Lao Securities Exchange on 18 September 2019 and the and MHTL was the eighth company to list. Please see the details of capital increasing on the table below:

In 2019, the company has established a service center in Savannakhet province at Donghen subdistrict, which got the approval from Bank of Lao P. D. R on dated 28 October 2021

In June 2019, the company has started the financial service for Agricultural Equipment, which focused on the hand tractor as a trial project and expected to expand the financial service to cover more kinds of Agricultural Equipment further.

In 2020, the company has started the new financial service, which has provided the refinance for Used car since September 2020.

On December 4, 2020, the Extra-ordinary General Shareholders meeting no.1 of the year 2020 has approved with special resolution as below.

1. to amend the proportion of the Promoters' share and change the proportion of floating shares in the Lao Security Exchange, which as much as possible with be allowed by the related Laws and the Regulations. And authorize the Executive Director of the company to have the authority in any activity such as the decision making, the signing in any documents, etc. to process.
2. change the par value from LAK 1,000 per share to LAK 100 per share by increase the number of total shares to 400,000,000 shares from 40,000,000 shares with the registered and paid-up capital is equal to LAK 40,000,000,000, which remains unchanged. And to authorize the Executive Director of the company to have the authority in any activity such as the decision making, the signing in any documents, etc. to process.

In 2021, the company had completed stock split since June 24th, 2021 which the par value is equal LAK 100 a share and the number of total shares is equal 400,000,000 shares.

On October 25, 2021, the company launched the M HUK Mobile application, which is an application that facilitates the retrieval of customer credit information and is also a channel for introducing the company's products via smartphone, as well as for faster communication between customers and the company.

On August 13, 2021, the Board of Directors approved the company has expanded the additional service area in Khammouane province to provide financial services for customers. Khammouane office located at No. 190, Unit 13, Viengvilai Village, Thakhek District, Khammouane Province.

Summary of highlight events

Year	Summary highlight events
2011	Mahathuen Leasing Public Company was established as a limited company on 02 September 2011 with a registered capital of USD 300,000. The Company had enterprise registration certificate No. 3151/RO, and the business category was financial leasing (non-real estate). Mahathuen Leasing Company Limited was established by Mrs. Inthavilay Oudom, a Lao investor, which held 12% in the Company and Mr. Chakrit Naksorn, Thai investor held 88%.

2012

In 2012 the Company changed register capital currency from US dollar to Lao Kip and increased register capital from USD 300,000 to LAK 5.6 billion or about USD 700,000. The Company revoked the enterprise registration certificate No. 3151/ RO, Dated 02 September 2011 and changed to enterprise registration certificate No. 1346/RO, Dated 09 October 2012.

2014

In 2014 the Company changed the enterprise registration certificate in 3 occasions:

Firstly, the Company changed from enterprise registration certificate No. 1346/ RO dated 09 October 2012 to enterprise registration certificate No. 007/ERO dated 06 January 2014 due to Mr. Chakrit Naksorn transferred 616,000 shares equal LAK 4,928,000,000 at 8,000 kip per share to Mahathuen holding Co., Ltd.

Secondly, the Company increased register capital and share number, resulting in change in shareholding proportion:

The increased the register capital of Mahathuen Leasing Company Limited by LAK 7,200,000,000 from LAK 5,600,000,000 to LAK 12,800,000,000 which the new shareholders structure as follows:

Shareholders	Number of shares before paid up capital	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding company Limited	616,000 shares	88.00%	1,516,000 shares	94.75%
Mrs. Inthavilay Oudom	84,000 shares	12.00%	84,000 shares	5.25%
Total	700,000 shares	100 %	1,600,000 shares	100%

Par value 8,000 kip per share

Due to the new shareholders structure, the Company changed to a new enterprise registration certificate No. 210 /ERO dated 27 May 2014 and had increased registered capital for the 3rd time in 2014 by LAK 4,960,000,000, which increased from LAK 12,800,000,000 to LAK 17,760,000,000, and the new shareholders structure was created as per following:

Par value 8.000 kip per share

Shareholders	Number of shares before paid up capital	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding company Limited	1,516,000 shares	94.75%	2,136,000 shares	96.22%
Mrs. Inthavilay Oudom	84,000 shares	5.25%	84,000 shares	3.78%
Total	1,600,000 shares	100%	2,220,000 shares	100%

Therefore, the Company changed to a new enterprise registration certificate No. 435/ERO dated 24 October 2014.

2015

In 2015 the Company increased register capital, shares and changed shareholder proportion.

Mahathuen Leasing Company Limited increased register capital by LAK 5,600,000,000 from LAK 17,760,000,000 to LAK 23,360,000,000 which the structure of shareholder as following

Shareholders	Number of shares before paid up capita	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding company Limited	2,136,000 shares	96.22%	2,836,000 shares	97.12%

Mrs. Inthavilay Oudom	84,000 shares	3.78%	84,000 shares	2.88%
Total	2,220,000 shares	100 %	2,920,000 shares	100%

Par value 8.000 kip per share

According to the shareholder meeting dated 22 August 2015, the Company changed to a new enterprise registration certificate No. 649/ERO dated 17 October 2015.

2016

In 2016 the Company changed the enterprise registration certificate in 3 occasions:

Firstly, The Company increased registered capital by LAK 2,240,000,000 from LAK 23,360,000,000 to LAK totaling 25,600,000,000, increased share numbers, and changed in shareholder proportion:

Shareholders	Number of shares before paid up capita	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding Company Limited	2,836,000 shares	97.12%	3,116,000 shares	97.38%
Mrs. Inthavilay Oudom	84,000 shares	2.88%	84,000 shares	2.62%
Total	2,920,000 shares	100%	3,200,000 shares	100 %

Par value 8.000 kip per share

Therefore, the Company changed to a new enterprise registration certificate No. 067/ERO dated 28 January 2016.

Secondly, due to the increased of register capital, share number and changing in shareholding the register capital amount was increased by LAK 2,160,000,000 from LAK 25,600,000,000 to LAK 27,760,000,000, with the new shareholders structure as follows:

Par value is 8.000 kip per share

Shareholders	Number of shares before paid up capita	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding company Limited	3,116,000 shares	97.38%	3,386,000 shares	97.58%
Mrs. Inthavilay Oudom	84,000 shares	2.62%	84,000 shares	2.42%
Total	3,200,000 shares	100%	3,470,000 shares	100%

As a result, the Company changed to a new enterprise registration certificate No. 480/ERO dated 15 June 2016.

Thirdly, due to the change of managing director, adding more directors and board members, according to the Board of Directors report dated 17 June 2016, seven directors were appointed:

- Mr. Chakrit Naksorn Chairman of the Board of Director
- Mrs. Inthavilay Oudom Vice Chairwoman of the Board of Director
- Mr. Manop Tririthvilai Chief Executive Officer
- Mr. Chatphonchai Panyathambodee Chief Operating Officer
- M.L. Thongthawal Thongtham Director
- Mr. Kriengkrai Nissyan Director
- MS Prathana Naksorn Director

As a result, enterprise registration certificate was changed to No. 578/ERO dated 13 July 2016.

2017

In 2017 the Company changed enterprise registration on one occasion, according to the first resolution shareholders' meeting dated 25 July 2017. At the meeting, Mrs. Inthavilay Oudom aims to transfer 11 shares worth 11of total value of LAK 88,000, equivalent to 0.00031702% of total shares to external parties, with the following details:

Shareholders	Number of shares before paid up capital	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding company Limited	3,386,000 shares	97.58%	3,386,000 shares	97.5792507204611%
Mrs. Inthavilay Oudom	84,000 shares	2.62%	83.989 shares	2.4204322766571%
MS Thanonglack Oudom	-	-	1 share	0.0000288184438%
Mr. Thanongsack Oudom	-	-	1 share	0.0000288184438%
Mr. Sangkhom Chansouk	-	-	1 share	0.0000288184438%
Mr. Chakrit Naksorn	-	-	1 share	0.0000288184438%
MS Prathana Naksorn	-	-	1 share	0.0000288184438%
MS Jittima Naksorn	-	-	1 share	0.0000288184438%
MS Suthida Naksorn	-	-	1 share	0.0000288184438%
Mr. Kriengkrai Nissyan	-	-	1 share	0.0000288184438%
Mr. Manop Tririthvilai	-	-	1 share	0.0000288184438%
M.L. Thongthawal Thongtham	-	-	1 share	0.0000288184438%
Mr. Chatphonchai Panyathambodee	-	-	1 share	0.0000288184438%
Total	3,470,000 shares	100%	3.470.000 shares	100%

Par value 8.000 kip per share

The Company held the 2nd shareholders meeting on 10 August 2017 to consider and endorse the change of the share value from 8,000 kip to 1,000 kip and converted from the limited Company to public Company in preparation for the first initial public offering (IPO) and to be listed on the Lao Securities Exchange (LSX), with the following table below:

Shareholders	Number of shares before paid up capita	Percentage (%)	Number of shares after paid up capital	Percentage (%)
Mahathuen holding Company Limited	3,386,000 shares	97.5792507204611%	27,088,000 shares	97.5792507204611%
Mrs. Inthavilay Oudom	83.989 shares	2.4204322766571%	671.912 shares	2.4204322766571%
MS Thanonglack Oudom	1 share	0.0000288184438%	8 shares	0.0000288184438%
Mr. Thanongsack Oudom	1 share	0.0000288184438%	8 shares	0.0000288184438%
Mr. Sangkhom Chansouk	1 share	0.0000288184438%	8 shares	0.0000288184438%
Mr. Chakrit Naksorn	1 share	0.0000288184438%	8 shares	0.0000288184438%
MS Prathana Naksorn	1 share	0.0000288184438%	8 shares	0.0000288184438%

	MS Jittima Naksorn	1 share	0.0000288184438%	8 shares	0.0000288184438%
	MS Suthida Naksorn	1 share	0.0000288184438%	8 shares	0.0000288184438%
	Mr. Kriengkrai Nissyan	1 share	0.0000288184438%	8 shares	0.0000288184438%
	Mr. Manop Tririthvilai	1 share	0.0000288184438%	8 shares	0.0000288184438%
	M.L. Thongthawal Thongtham	1 share	0.0000288184438%	8 shares	0.0000288184438%
	Mr. Chatphonchai Panyathambodee	1 share	0.0000288184438%	8 shares	0.0000288184438%
	Total	3,470,000 shares	100%	27,760,000 shares	100%
2018	In 2018, the company had increased its registered capital 12.240.000 Shares, Value LAK 1.000 for Initial Public Officering and Approval by Lao Securities Commission Office on 13 June 2018, after the company completed IPO, capital of LAK 40 million and 40.000.000 shares with a par value of LAK 1,000 per share which the company is list company in Lao Security Exchange on 18 September 2019 and the and MHTL was the eighth company to list. Please see the details of capital increasing on the table below:				
2019	In 2019, the company has established a Service Center in Savannakhet province. Donghen. In June 2019, the company has started the financial service for Agricultural Equipment, which focused on the hand tractor as a trial project and expected to expand the financial service to cover more kinds of Agricultural Equipment further.				
2020	In 2020, the company has started the new financial service, which has provided the refinance for Used car since September 2020.				
2021	In 2021, the company had completed stock split since June 24th, 2021 which the par value is equal LAK 100 a share and the number of total shares is equal 400,000,000 shares. On October 25, 2021, the company launched the M HUK Mobile application, which is an applicaton that facilitates the retrieval of customer credit information and is also a channel for introducing the company's products via smartphone, as well as for faster communication between customers and the company. On August 13, 2021, the Board of Directors approved the company has expanded the additional service area in Khammouane province to provide financial services for customers. Khammouane office located at No. 190, Unit 13, Viengvilai Village, Thakhek District, Khammouane Province.				

2. Risk Factor

Investing in any business may entail risks. Prior to making any judgment to invest, and with regards to the risks described below, investors should carefully review all information in this Prospectus. The following sections describe numbers of possible risks that might affect the Company and the value of the investment in the Company. Although the Company tried to review all possible significant risks, there may be other risks of which the Company is unaware of and those risks can impair the Company's business operations, financial condition, results of operations and prospects. This Prospectus also contains forward looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements because of the uncertainties, including the risks faced by the Company described below and elsewhere in this Prospectus.

Lao PDR may be thought of as a "frontier market" and investing in newly established stock exchanges may entail risks that may not happen in the "emerging markets". Thus, in addition to issues relating to the Company (quality of management and assets, cash flow generation, financial liquidity, regulation of the telecommunications market and so forth), investors should pay careful attention to the issues relating to the new stock exchange, including but not limited to regulation, taxation, liquidity and transaction costs.

In addition to the other information contained in this Prospectus, prospective investors should consider the risks described below before making any investment decision. The following describes some of the significant risks that could affect the Company and the value of any investment in the Company. Moreover, additional risks may be known to the Company, or risks that the Company currently deems immaterial, may have a similar adverse effect and investors could lose all or part of their investment.

The risks faced by the Company are competed below:

a. Business risk
   - Macroeconomic risk
   - Marketing and competitive risk
   - Revenue risk form non-diversified products

b. Financial risk
   - Risk from Nonperforming Loan (NPL)
   - Risk on a single source of fund
   - Risk on interest rate
   - Risk on increasing debt
   - Currency risk
   - Product leasing risk or collateral risk

c. Management and operational risk
   - Risk by the Director
   - Risk from Controlling by major shareholders
   - Risk by the Computer system
   - Risk of Staff fraud or other Parties

3. Risk Management Administration Policy

3.1 Risk Management Policy

1) Risk Management Philosophy

2) Determine Philosophy follow as: ''Everyone, every events Effect to Company's Performance, so all staff shall avoid any incident by foresee to future''

3.2 Risks Appetite

1) Risk events divides into 4 matters as following:
   - Financial
   - Reputation
   - Regulator relationship/ against the law
   - Safety and Environment
2) Risk level divides into 5 level as following:
   - Worst
   - Severe
   - Major

- Moderate
- Minor

3.3 Risk Management Structure: Divides into 3 level as following:

3.3.1 Board of Committee

3.3.2 Risk Committee

3.3.3 Management and Function head

3.4 Risk Management Process: There are 3 steps as following:

1) Identify risks and opportunities
2) Manage risks and opportunities
   - Share Risk
   - Transfer Risk
   - Reduce Risk
   - Avoid Risk
3) Monitor and report risks and opportunities

3.5 Risk management plan: Consists as following:

1) Risk Management Report
2) Risk Management Plan
3) Risk Appetite
4) Impact and Damage Evaluation Report
5) Risk Heat Map
6) Risk Assessment Form

4. Leasing

4.1 Leasing Policy

The Company leasing policy depending on the customer qualifications such as age, occupation, income, installment payment amount, payment period, current address, resume, guarantor and other legal documents signed by the chief of village, the Notary office (in some cases) to confirm the legality. However, the Company's leasing policy will change according to the conditions of the market, industry and economic situation in order to keep its competitiveness and customer base in the future.

4.2 Approval process for leasing

The Company has 2 steps of leasing approval process including 1) Consideration of leasers' qualifications and 2) Leasing approval, with details as follows:

4.2.1 Consideration of leaser's qualifications

1) Customer shows intention to buy a motorcycle from the dealer
2) Credit staff will inform leasing information such as motorcycle type, down payment, leasing term, installment payment, fees and leasing application document.
3) Credit staff will check information on the application form filled by customer including attachments such as of identification card, family registration book, bank statements (savings account to show movement of salary transactions as a confirmation of customer's regular income). All documents must be presented in original with a guarantor in a person when submitting the application.

In case customer does not have bank documents, the credit staff will check the information with the village office and visit the customer's house, workplace, taking pictures and obtain information from neighbors.

4) Credit staff will coordinate with the Credit Analysis and Approval Department at the Company's headquarter by informing details of the customer's information to be saved in the computer system to check the customer's history with the Company and forward the information to the Credit Analysis and Approval Department. If the record shows that particular customer has a bad record in the, the Credit analyst will inform to the Credit staff to refuse that lease application immediately

4.2.2 The leasing approval

1) The Head of Credit Analysis and Approval Department will check the information in the computer system according to a credit analyst's inspection which base on the criteria standards of the Company such as: the customer must have the ability to pay debt, have stable occupation, clear address and other conditions according to Company's standard.

Even though, the Customer has a good history record from the Customer's data, the Company can refuse the application form if it looks like the customer will not be able to pay the installment or found out that the customer is having a bad record from other leasing company. In the consideration of leasing approval from the above factors the Company has following principles:

- In case Customer does not have any financial documents: The Company will consider the Customer and the guarantor from the original copy of ID card to the credit analyst and confirmation of physically checked with village office, visit the Customer's house, take picture of the Customer and house, ask information from neighbors.

- In case of customer who have financial document: The Company will consider from customer and guarantor from the original copy of the following: ID card, family registration book and financial statement (saving account showing salary transactions) and confirmation of salary letter; all documents must be presented to the Credit staff in person.

2) The lease approval amount will be determined by the price, brand and model of motorcycles that customer has chosen from the dealer but has to be one of the motorcycles on the Company's list.

3) After the lease is approved, the Credit staff will inform the outcome of the analysis and the lease amount to the customer.

4.3 Process after approval

The process after lease approval:

1) follow up with motorcycle registration and hand all important documents to the customer

After lease approval, the Company will pay the remaining amount of the motorcycle to the dealer and the dealer will process with the registration that will take around 90 days after signing the contract with the Company. At the same time, the Company will provide motorcycle loan documents to the customer. After the installment payments are completed, the motorcycle registration will be transferred to the customer's name.

If the registration process is delayed or take more than 90 days, the Credit staff will inform to the Head of Credit and Marketing Department to find a solution.

2) Follow up and debt collection

The Company has a Debt Collection and Debt Management Department to follow up closely on the payment or the installment collection including the customer and the guarantor. In case the motorcycle is the collateral was transferred to other person; the Company staff will follow up with the person who's using the motorcycle. For the installment payment, customers have four options to pay:

- Pay directly at the Company.
- At the motorcycle partner dealer with "Pay point" counter
- Pay through the bank transfer.
- Make appointment with the Company staff to pick up the payment with additional fee from the Company.

3) Debt management and motorcycle confiscation

The Company is using a computer program system to manage the lease in managing debts and track lease collateral efficiently. In case there a late payment, the computer program will alert the officer to follow up with the following principles:

- If a customer is late in payment for 3-5 days, the staff will follow up by phone to inform for the payment and record the conversation or make an appointment to meet if necessary.
- If a customer is late in payment over 30 days or 1 period, the staff will follow up in person.
- If a customer skips the payment over 90 days or 3 periods, the staff will confiscate motorcycle by visiting customer at home or workplace and guarantor house or workplace. Moreover, the Company may cancel the leasing agreement immediately if the circumstance shows that customer will not be able to pay the installments in the future.

4) Sale off the confiscated motorcycle

After the confiscation, the Company will redeem the right of the motorcycle. If the right is expired, the motorcycle will be auction out to the market and evaluate the appropriate price base on the market price.

If the motorcycle is sold undervalue and cannot cover the debt, the Company will negotiate and make an agreement with the customer and the guarantor to pay for the rest. If the negotiation failed, the Company would proceed to the next step according to the laws.

If the motorcycle is sold more than the contractual debt, the Company will pay back the excess amount to the customer.

5) Closing account and transferring the right to others

The company will close the account in 2 cases as follows:

- Closing the account due to maturity date: this case will occur when customers completed with all payments and fee, including other expenses related to the payment to the Company then the Company will submit all related documents to the customer.
- Closing account before maturity date: The Company allows customers to pay their debts before the contract end date and customers will also receive 50% discount from the interest payable. This will generate the motivation of customers (debtors) to pay debt before the deadline, but the discount rate will depend on the Company's policy in each period.

5. Capital Structure

In 2021, the company had completed stock split since June 24th, 2021 which the par value is from LAK 1.000 to LAK 100 a share and the number of total shares is from 40.000.000 shares to 400,000,000 shares,with a registered capital of LAK 40,000,000,000 It is currently in the process of changing to the relevant parties.

5.1 Shareholding Structure

Table Company's shareholding structure before and after Split Par

Shareholders	**Before** Split Par		**After** Split Par	
	No. of shares	**%**	**No. of shares**	**%**
Existing shareholders	27.760.000	69,4%	277,600,000	69.40
Mahathuen holding company Limited	27.088.000	67,72000%	270,880,000	67.72000

Mrs. Inthavilay Oudom	671.912	1,67978%	6,719,120	1.67978
MS Thanonglack Oudom	8	0,00002%	80	0.00002
Mr. Thanongsack Oudom	8	0,00002%	80	0.00002
Mr. Sangkhom Chansouk	8	0,00002%%	80	0.00002
Mr. Chakrit Naksorn	8	0,00002%	80	0.00002
MS Prathana Naksorn	8	0,00002%	80	0.00002
MS Jittima Naksorn	8	0,00002%	80	0.00002
MS Suthida Naksorn	8	0,00002%	80	0.00002
Mr. Kriengkrai Nissyan	8	0,00002%	80	0.00002
Mr. Manop Tririthvilai	8	0,00002%	80	0.00002
Mr. Thongthawal Thongtham	8	0,00002%	80	0.00002
Mr. Chatphonchai Panyathambodee	8	0,00002%	80	0.00002
Investors from IPO	12.240.000	30,60000%	122,400,000	30.60000
Total	**40.000.000**	**100**	**400,000,000**	**100**

On December 4, 2020, the Extra-ordinary General Shareholders meeting no.1 of the year 2020 has approved with special resolution as below.

1. to amend the proportion of the Promoters' share and change the proportion of floating shares in the Lao Securities Exchange, which as much as possible with be allowed by the related Laws and the Regulations. And to authorize the Executive Director of the company to have the authority in any activity such as the decision making, the signing in any documents, etc. to process.
2. change the par value from LAK 1,000 per share to LAK 100 per share by increase the number of total shares to 400,000,000 shares from 40,000,000 shares with the registered and paid-up capital is equal to LAK 40,000,000,000, which remains unchanged. And to authorize the Executive Director of the company to have the authority in any activity such as the decision making, the signing in any documents etc. to process.

5.2 Dividend Policy

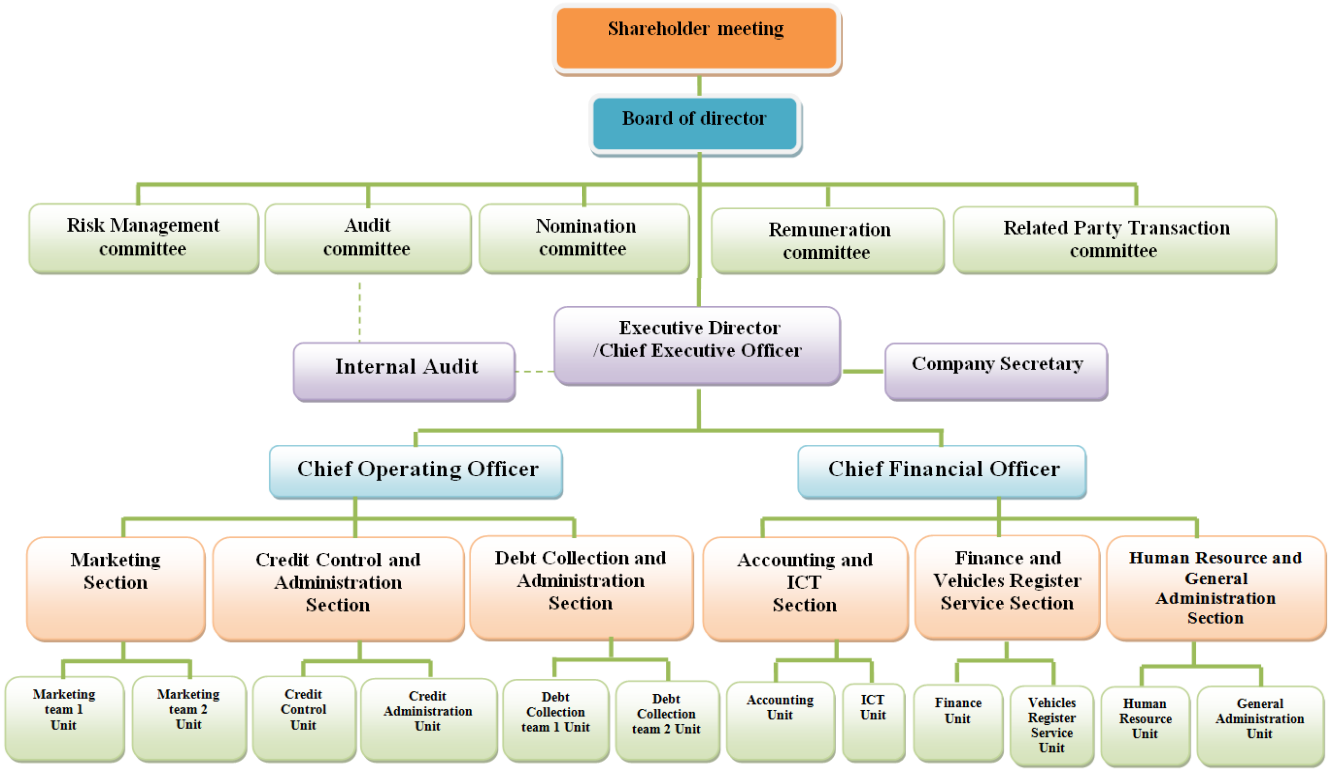
The Company will pay dividend not less than 50 percent of the available net profit after deducting for legal reserve fund. However, the dividend payment will depend on the investment plan, the necessity and the other appropriateness of the business. For future dividend payments, once the Board of Directors agree to pay annual dividend, the decision must be shared in the shareholders meeting to consider and approve, except dividend payment

during the year authorization must be given to the Board of Director from the shareholders meeting for payments; however, payments must be notified in the shareholders meeting and authorization needs to be granted for future payments.

6. Management and Corporate Governance

6.1 Organization chart

Organization chart



6.2 Board of Directors

6.2.1 Board of Directors Structure.

On 29th May 2020, the Annual General Shareholders Meeting for the year 2019 has approved to appoint the new members of the Board of Directors to replace the previous one because of end of term as below.

No.	Photo	(Board of Directors)	Nationality	Position
1		Mr. Chakrit Naksorn	Thai	Chairman
2		Mrs. Inthavilay Oudom	Lao	Vice Chairwoman
3		Mr. Manop Tririthvilai	Thai	Member of BOARD OF DIRECTORS/CEO
4		Mrs. Prathana Naksorn	Thai	Member of BOARD OF DIRECTORS
5		Miss Sutida Naksorn	Thai	Member of BOARD OF DIRECTORS
6		Mr. Kriengkrai Nissyan	Thai	Member of BOARD OF DIRECTORS
7		Mr. Winyou jeeraprapakan	Thai	Member of BOARD OF DIRECTORS (Independent)
8		Mr. Nantapat Ngamplung	Thai	Member of BOARD OF DIRECTORS (Independent)
9		Mr. Theeramate Vuttipadhpibul	Thai	Member of BOARD OF DIRECTORS (Independent)

6.2.2 Board of Directors's meeting

- The first time's meeting on 22nd January 2021
- The second time's meeting on 10th March 2021
- The third time's meeting on 21st May 2021
- The fourth time's meeting on 13th August 2021

6.3 Committees of the Board of Directors

6.3.1 Audit Committee

No.	Audit Committee	Nationality	Position
1	Mr. Kriengkrai Nissyan	Thai	Chairman
2	Mr. Nantapat Ngamplung	Thai	Audit Committee / Independent
3	Mr. Theeramate Vuttipadhpibul	Thai	Audit Committee / Independent
4	Mr. Winyou Jeeraprapakan	Thai	Audit Committee / Independent

In 2021, Audit Committee had a meeting 5 time follow as:

- The first time's meeting on 20th January 2021
- The second time's meeting on 09th March 2021
- The third time's meeting on 10th May 2021
- The fourth time's meeting on 06th August 2021
- The fifth time's meeting on 05th November 2021

6.3.2 Risk Management Committee

No.	Name list	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman of Risk management committee
2	Mr. Manop Tririthvilai	Thai	Risk management committee
3	Mr. Theeramate Vuttipadhpibul	Thai	Risk management committee/ Independent
4	Mr. Winyou Jeeraprapakan	Thai	Risk management committee/ Independent

In 2021, Risk Management Committee had a meeting 2 time follow as

- The first time's meeting on 17th May 2021
- The second time's meeting on 10th August 2021

6.3.3 Nomination Committee

No.	Name list	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman of nominating committee
2	Mr. Kriengkrai Nissyan	Thai	Nominating committee
3	Mr. Nantapat Ngamplung	Thai	Nominating committee/ independent member

In 2021, Nomination Committee had a meeting 2 time follow as:

- The first time's meeting on 4th October 2021
- The second time's meeting on 17th December 2021

6.3.4 Remuneration Committee

No.	Name list	Nationality	Position
1	Mr. Chakrit Naksorn	Thai	Chairman of Remuneration Committee
2	Mr. Kriengkrai Nissyan	Thai	Remuneration Committee
3	Mr. Theeramate Vuttipadhpibul	Thai	Remuneration Committee/ Independent member

In 2021, Remuneration Committee had a meeting 3 time follow as:

- The first time's meeting on 15th January 2021
- The second time's meeting on 13th May 2021

6.3.5 Related Party Transaction Committee

No.	Name list	Nationality	Position
1	Mr. Theeramate Vuttipadhpibul	Thai	Chairman of Related Party Transaction Committee/ Independent director
2	Mr. Kriengkrai Nissyan	Thai	Related party transaction committee
3	Mr. Nantapat Ngamplung	Thai	Related party transaction Committee/ Independent director

In 2021, Related Party Transaction Committee had a meeting 4 time follow as:

- The first time's meeting on 5th March 2021
- The second time's meeting on 3rd August 2021

❖ **Report on the direct and indirect shareholding of the members of the Board of Directors of the Company are as follows:**

NO	Name list	Position	Number of share	%
1	Mr. Chakrit Naksorn	Chairman	8	0,0002%
2	Mrs. Inthavilay Oudom	Vice Chair woman	732,420	1,83105%
3	Mr. Manop Tririthvilai	Member of BOARD OF DIRECTORS	296,408	0,74102%
4	Mrs. Prathana Naksorn	Member of BOARD OF DIRECTORS	154,908	0,38727%
5	Miss Sutida Naksorn	Member of BOARD OF DIRECTORS	179,208	0,44802%
6	Mr. Kriengkrai Nissyan	Member of BOARD OF DIRECTORS	450,008	1,12502%
7	Mr. Nantapat Ngamplung	Member of BOARD OF DIRECTORS (Independent)	0	0,0%
8	Mr. Theeramate Vuttipadhpibul	Member of BOARD OF DIRECTORS (Independent)	62,500	0,15625%
9	Mr. Winyou Jeeraprapakan	Member of BOARD OF DIRECTORS (Independent)	0	0,0%

Indirect shareholding in the spouses or children of a board member includes:

1. Mrs. Inthavilay Oudom, Vice Chairwoman of the BOARD OF DIRECTORS, Indirect shareholding by relationship Husband, wife or children have 96,016 shares
2. Mr. Manop Tririthvilai, Chief Executive Officer and a member of the BOARD OF DIRECTORS, Indirect shareholding by relationship Husband, wife or children have 156,000 shares
3. Mr. Kriengkrai Nissyan, a member of the BOARD OF DIRECTORS, Indirect shareholding by relationship Husband, wife or children have 126,200 shares

6.4 Remuneration of Board Members

1. Monthly Salary for the directors to determine the Company Direction and Policy and Monitors the company performance are as following.

a. Chairman: 11.250.000 kip per month /person

b. Member of the Board of Directors: 6.250.000 kip per month/person

2. The Allowance for attend the Meeting are as following:

a. Board of Director's meeting

i. Chairman: 2.500.000 kip per time/person

ii. Member of the Board of Directors: 1.500.000 kip per time/person

b. Sub Committees of the Board of Directors as following:

i. Chairman: 1.500.000 kip per time/person

ii. Member of the Board of Directors: 1.000.000 kip per time/person

3. The yearly bonus for the Board of Directors to encourage all member to contribute the time to determine the Company Policy and follow up on the management to manage the Company's operating. Therefore, the yearly bonus for the Board of Director should define to relate with the forecasting of net profit for the year, which is equal 3 percent from the net profit after tax expense, which may consider increasing or decreasing according to actual performance.

The year of 2021, the company paid the total 805,000,000 kip for the remuneration of the members of the Board of Directors.

The remuneration as above is excluded the salary, bonus, and other benefit of the Executive director, who is perform as daily operation. The Executive director's salary, bonus and other benefit have been included in the company's Business Plan of year.

6.5 Related Parties Transaction.

The Company has prepared a report on the shareholding transactions of the members of the Board of Directors who have held shares in other related companies in the annual financial statements with the details as follows:

Account name/Company's name	Relationship	2021	2020
		LAK	LAK
Trade payables			
JB Honda	(1)	208,660,000	99,375,000
JB Honda Nonsavang	(1)	104,546,000	79,604,000
JB Honda Thangon	(1)	-	11,096,000
		313,206,000	**190,075,000**
Other payables			
JB Honda	(1)	21,250,000	13,020,000
JB Honda Nonsavang	(1)	17,500,000	9,410,000
JB Honda Thangon	(1)	-	5,706,000
		38,750,000	**28,136,000**

Accrued guarantee expense			
Mahathun Holding Co.,Ltd	Shareholder	-	367,549,304
Total		-	**367,549,304**

Account name/Company's name		**2021**	**2020**
	Relationship	**LAK**	**LAK**
Purchase of leasing assets			
JB Honda	(1)	3,006,647,000	3,357,246,000
JB Honda Nonsavang	(1)	2,685,163,000	2,168,491,000
JB Honda Thangon	(1)	332,538,000	800,688,000
		6,024,348,000	**6,326,425,000**
Commission expense			
JB Honda	(1)	164,250,000	207,250,000
JB Honda Nonsavang	(1)	148,750,000	136,950,000
JB Honda Thangon	(1)	18,750,000	53,400,000
		331,750,000	**397,600,000**
Other expense			
JB Honda	(1)	58,198,000	26,832,000
JB Honda Nonsavang	(1)	53,830,000	14,861,500
JB Honda Thangon	(1)	7,020,000	19,072,100
		119,048,000	**60,765,600**

Transactions for the year consist of the following.

		2021	**2020**
	Relationship	**LAK**	**LAK**
Interest expense			

Ms. Inthavilay Oudom	Shareholder and director	-	122,228,021
Mahathun Holding Co.,Ltd	Shareholder	-	723,288,207
		-	**845,516,228**

Guarantee expense

Mahathun Holding Co.,Ltd	Shareholder	1,793,954,174	367,549,304
Total		**1,793,954,174**	**367,549,304**

(1) The director of the company is the shareholder of the entity.

Managements remuneration for the year consists of the following:

	2021	2020
	LAK	LAK
Short-term benefits	805,000,000	829,630,856

7. Business Performance of 2021

7.1 Revenues

In 2020 and 2021 the Company had total revenues of LAK 25.589,8 million, LAK 27.451,2 million respectively, increased at about 7,3 percent.

Table: Revenues

REVENUES	2020		2021		Changed	
	LAK: million		LAK: million	%	LAK: million	%
Interest income	24.401,2	95,4	26.137,5	95,2	+1.736,3	+7,1
Other incomes	1.188,6	4,6	1.313,7	4,8	+125,1	+10,5
Total Revenues	**25.589,8**	**100,0**	**27.451,2**	**100,0**	**+1.861,4**	**+1,7**

During 2020-2021, there were increased in total revenues which were from the existing of finance lease portfolio as the Company had a strategy to promote marketing such as increased of marketing staff to penetrate groups of customers, access to customers and increase numbers of dealer network. In addition, the Company had also gained trust from dealers in Lao PDR, who choose the Company to be their number choice when advising customers to a finance leasing company and have been continuously increase revenue to the company.

7.2 Expenses

In 2020 and 2021, the Company had total expenses including financial expenses of LAK 16.720,7 million and LAK 18.560,1 million respectively. These total expenses increased along with the increased of annual revenue. However, when considering with the proportion of total expenses to total revenues for 2020, and 2021 which were equal to 65,3 percent and 67,6 percent respectively. The main expenses of the Company were administrative expenses which equal to LAK 12.618,3 million and LAK 13.644,2 million respectively or 75,5 percent and 73,5 percent to total payment.

Table: Expenses

Expenses	31 Dec 2020		31 Dec 2021		Changed	
	LAK: million	%	LAK: million	%	LAK: million	%
Administrative expenses	12.618,3	75,5	13.644,2	73,5	+1.025,9	+18,1
Doubtful account expense	1.367,3	8,2	1.334,5	7,2	-32,8	-2,4
Net loss on exchange rate	537,6	3,2	1.611,8	8,7	+1.074,2	+199,8
Finance cost	2.197,5	13,1	1.969,6	10,6	-227,9	-1,0
Total Expenses	**16.720,7**	**100,0**	**18.560,1**	**100,0**	**+1.839,4**	**+11,0**

In 2021, the Company had an expense structure that included administrative expenses which were equal to LAK 13.644,2 million or 73,5 percent, doubtful account which were equal to LAK 1.334,5 million or 7,2 percent, loss on exchange rate equal to LAK 1.611,8 million or 8,7 percent and finance cost equal to LAK 1.969,6 million or 10,6 percent.

In 2021, the Company had a loss on exchange rate increase of 1,074.2 million Kip or an increase of 199.8 percent due to the Company having a loan in US dollars, which has set a provision for loss on exchange rate as at 31 December 2021.

Administrative expenses that included: employee expenses, management expense, utility expense, marketing expense, Net loss on Properties foreclosed, professional fee, depreciation, amortization and other expenses. In 2021 Total expenses increased by 11,0 percent, while the revenue increased by 7,3 percent.

In 2020 and 2021 the Company has doubtful account and bad debt equal to LAK 1.367,3 million and LAK 1.334,5 million respectively or 8,2 percent and 7,2 percent respectively compare to total expenses.

Table: Non-Performing Loans

Detail	Unit	31 Dec 2020	31 Dec 2021	Change
Doubtful account	LAK: million	1.367,3	1.334,5	-32,8
Doubtful account to total revenues	%	5,3	4,9	-0,4

The ratio of doubtful account and bad debt to total revenues in 2020 and 2021 equaled to 5,3 percent and 4,9 respectively. Overall, according to the past business operations, the Company had been able to control the doubtful account and bad debt at a sufficient level.

7.3 Net profit and Net profit Margin

In 2020 and 2021 the Company had net profit equal to LAK 7. 744,8 million and LAK 7.591,6 million respectively, or 30,3 percent and 27,7 percent comparing to total revenues respectively And the net profit before income tax expense also decreased from LAK 8. 869,1 million to LAK 8.891,0 million.

8. Financial Position of the Company

8.1 Total Assets

In 2020, and 2021 the Company had Total Assets equal to LAK 88. 739,4 million and LAK 96.930,0 million respectively. The main asset was finance lease receivables and installment loan receivables equal to LAK 72. 715,5 million and LAK 79.787,3 million respectively increased LAK 7.071.8 million or 81,9 percent and 82,3 percent comparing to total assets.

Table: Assets

ASSETS	31 Dec 2020		31 Dec 2021	
	LAK: million	%	LAK: million	%
Current assets				
Cash and cash equivalents	12.404,3	14,0	13.057,2	13,5
Current portion of finance lease receivables and installment loan receivables	47.412,9	53,4	47.696,1	49,2
Properties foreclosed	187,6	0,2	262,8	0,3
Other current assets	334,6	0,4	503,1	0,5

Total current assets	**60.339,4**	**68,0**	**61.519,2**	**63,5**
Non- current assets				
Cash deposit at bank of Lao PDR	2.000,0	2,2	2.000,0	2,1
Finance lease receivables and installment loan receivables	25.302,6	28,5	32.091,2	33,1
Leasehold improvement and equipment	1.037,4	1,2	939,4	1,0
Intangible asset	60,0	0,1	205,8	0,2
Other non-current assets	-	0,0	174,5	0,2
Total non-current assets	**28.400,0**	**32,0**	**35.410,8**	**36,5**
Total assets	**88.739,4**	**100,0**	**96.930,0**	**100,0**

8.1.1 Current Assets

In 2020 and 2021, the Company had current assets equal to LAK 60. 339,4million and LAK 61.519,2 million respectively or 68,0 percent and 63,5 percent of total assets respectively, which the main asset is the current portion of finance lease receivables and installment loan receivables equal to LAK 47. 412,9 million and LAK 47.696,1 million respectively or 53,4 percent and 49,2 percent of total assets respectively.

Beside current assets mentioned above, there are also cash and cash equivalents equal to LAK 12. 404,3 million and LAK 13.057,2 million respectively or 14,0 percent and 13,5 percent of total assets respectively. Properties foreclosed equal to LAK 187,6 million and LAK 262,8 million or 0,2 percent and 0,3 percent of total assets. Other current assets that include pre- payment, receivables from related parties and other parties equal to LAK 334,6million and LAK 503,1 million, or 0,4 percent and 0,5 percent of total assets.

8.1.2 Non-current Assets

In 2020 and 2021 the Company had non- current assets equal to LAK 28. 400,0 million and LAK 35.410,8 million respectively or 32,0 percent and 36,5 percent of total assets respectively which indicated that Non-current assets are increasing from previous year by main assets were finance lease receivables and installment loan receivables equal to LAK 25. 302,6 million and LAK 32.091,2 million or 28,5 and 33,1 percent of total assets respectively.

Beside non- current assets mention above, there's cash deposit at the bank of Lao PDR equal to LAK 2. 000,0 million and LAK 2. 000,0 million respectively or 2,2 percent and 2,1 percent of total assets respectively. Leasehold improvement and equipment equal to LAK 1. 037,4 million and LAK 939,4 million respectively or 1,2 percent and 1,0 percent of total assets respectively.

8.2 Total Liabilities

In 2020 and 2021, the Company has total liabilities of LAK 17,979.3 million and LAK 24,778.3 million, respectively, or 20,3 percent and 25.6 percent of total assets. In the year 2021, The company has borrowed from banks or financial institutions an additional LAK 5,958 million, which the increasing of borrowing had related with the increasing of the company portfolio.

Table: Liabilities

Liabilities	31 Dec 2020		31 Dec 2021	
	LAK: million	%	LAK: million	%
Liabilities				
Current liabilities				
Trade and other payables	4.074,9	22,7	4.580,8	18,2
Current portion of liability under a finance lease agreement	78,3	0,4	-	0,0
Income tax payables	1.722,5	9,6	2.041,9	8,2
Other current liabilities	26,8	0,1	44,0	0,2
Total current liabilities	**5.902,5**	**32,8**	6.666,7	26,9
Non - current liabilities				
Liabilities under a loan agreement from Bank	11.936,4	66,4	**17.894,4**	**72,2**
Long-term borrowing from related parties	-	0,0	-	0,0
Other non-current liabilities	140,4	0,8	217,6	0,9
Total non-current liabilities	**12.076,8**	**67,2**	**18.111,7**	73,1
Total liabilities	**17.979,3**	**100,0**	**24.778,3**	**100,0**

8.2.1 Current Liabilities

In 2020 and 2021 the Company had current liabilities equal to LAK 5.902,5 million and LAK 6.666,7 million respectively or 32,8 percent and 26,9 percent of total liabilities respectively.

Beside current liabilities mentioned above, trade and other payables are also included which equal to LAK 4.074,9 million and LAK 4.580,8 million respectively or 22,7 percent and 18,5 percent respectively.

8.2.2 Non-current Liabilities

In 2019 and 2020 the Company has non-current liabilities equal to LAK 12.076,8 million and LAK 18.111,7 million respectively or 67,2 percent and 73,1 percent of total liabilities respectively.

9. Marketing Performance of 2021

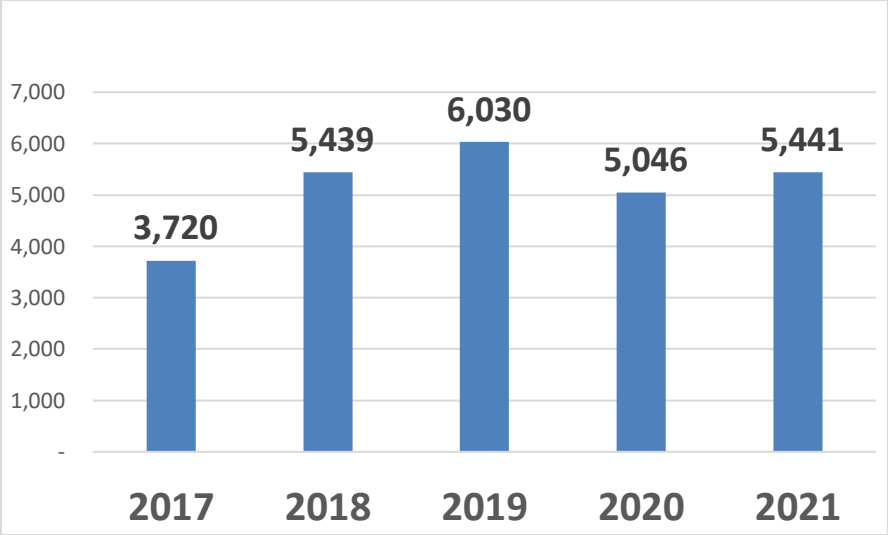
9.1 The new loan of motorcycle leasing business

Table: New loan of motorcycle lease

The new loan of motorcycle lease for 2020 and 2021 comparison				
	2020	**2021**	**Change**	**Percent**
Number of contract (Units)	5.046	5.441	+395	+7,8
Loan Amount (Million Kip)	58.485	70.332	+11.847	+20,3

In 2021 The Company has the number of new booking of leasing business equal to 5.441 units or LAK 70.332 million decreased 395 units from 2020 or 7,8 percent in term of contracts while decreased LAK 11.847 million or 20,3 percent in term of amount.

Table: 5 years of the new booking for motorcycle leasing



9.2 Start the financial Service for the used car.

The company has started the new financial service, which has provided the refinance for the used car since September 2020.

10. Business Plan of 2022

10.1 Marketing.

The company plans to increase the number of new loans by about 20 percent by 2021, which is slice growth, but also plans to hedge the risk of technological change from gasoline to electric vehicles.

1. Maintain market share in Vientiane Capital, Savannakhet Province and accelerate credit growth in new areas in Khammouane Province
2. Develop emerging marketing channels through social media and emerging technologies.

3. Develop the use of Mobile Application to facilitate the application of credit by allowing old customers to use the menu as much as possible and bring new products together to help communicate between customers and the company.

10.2 Borrowing.

Based on the Business plan for 2022, which the Company want to expand business therefore the Company need the new loan facility about LAK 14.000 million.

10.3 Investment.

Type of investment	kip
Office Building and decoration	70,000,000
Vehicle (Car and Pickup)	260,000,000
Main Computer Hardware and Peripherals and Software	441,250,000
Office Equipment + replacement	140,000,000
Investment for new branch (facility and equipment)	35,000,000
Total	**946,250,000**

10.4 Employee

Employee	persons
Number of management employees	3
number of Function head employees	12
number of senior staff	17
number of junior staff	90
Total	**122**

At the end of the year 2022 the Company has the number of staffs equal to 122 persons, which increased from 2021 about 10 persons and the total remuneration of staff for year 2022 is equal to LAK 9.433.456.938 due to business expansion.
