Mahathuen Leasing Public Company

The Six - Month Report

As at for the Six-Month period ended June 30, 2023

The first Semi-Annual Report 20223

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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, Phonphanao Village, (kilometer 5) Kaisonphomvihan Road, Xaysettha District, Vientiane Capital
Foreign Investment License	:	Foreign Investment License, No: 196-11/MPI/IPD3 date 10 August 2011
Enterprise registration certificate	:	0789/ERO date 22nd March 2023
Enterprise tax certificate	:	725714405-9-00
Register capital	:	LAK 40.000.000.000
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 in to 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 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:

In 2019, the company has established a Service Center in Savannakhet province. Dong hen Service Center located at 254/259 Dong hen village, Road 9, Artsaphangthong District, Savannakhet Province Page 3 of 22

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.
2. change the par value from LAK 1,000 per a share to LAK 100 per a 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.

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 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.

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.

In 2022, the company has started the financial service for gold by cooperated with the biggest gold retail shop in Lao PDR., Kham Phou Vong, since November 2022.

In the first half of the year 2023, the company expand the financial service for gold to cover Savannakhet, Khoummoun, and Champasak provinces to serve the customer's requirements and also increase the company's gold portfolio.

2. Philosophy and the core business operation

2.1 Company Philosophy

(Slogan)

"All Finances are possible here"

(Vision)

"We will be one of the good corporate governance companies on the Lao Securities Exchange and the leader of the Leasing business in Lao PDR"

(Mission)

"All Financial are 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.

2.2 The core business operation

The Company has 4 types of leasing service such as:

1. New motorcycle leasing service
2. Used motorcycle leasing service

3. Refinance leasing service
4. Gold leasing service

2.2.1 New motorcycle leasing service

The Company provides motorcycle leasing service by focusing on well-know Japanese brands including HONDA, YAMAHA, SUSUKI, and other. Approximately, 90 percent of all motorcycle leases are HONDA that includes the target group of customers that fall under the low to medium income.

For the motorcycle leases service, customer may not have enough money to purchase a new motorcycle of the shop and require installment payment, in such case customers will need to pay initial payment or down payment (minimum amount) and the remaining amount will be in the leases contact with installment payment period. Once the contract is signed, customers can utilize the motorbike, but maintenance lies under the responsibility of the customers and the ownership of the motorbike will be under the company until the customers made payment in full and the ownership will be transferred to customers. If the installment left unpaid for three months, then contract will be canceled automatically and the motorbike must be returned to the Company.

In the process of leases service, there's a team specialized in evaluating the customer credit who constantly contracting the motorcycle partner in Vientiane Capital including big and small dealers covering more than 100 shops. When a customer is interested in purchasing a motorcycle through financing, the company will provide leasing information to the customer, evaluate the credit and qualification of the customer before approving the lease. For time saving, the Company have placed a representative at the motorcycle shops instead of asking the customer to come to the company.

2.2.2 Second- hand Motorcycle leasing service

The Company provides second-hand motorcycle leasing from confiscated motorcycles and the used motorcycle from second-hand dealer and individual. The process of credit evaluation is like the first-hand motorcycle leasing. Second-hand motorcycle leasing gave the Company the opportunity to expands its customer base also provides the opportunity to customer who want motorcycle but do not have enough fund to purchase first-hand.

2.2.3 Refinance leasing service

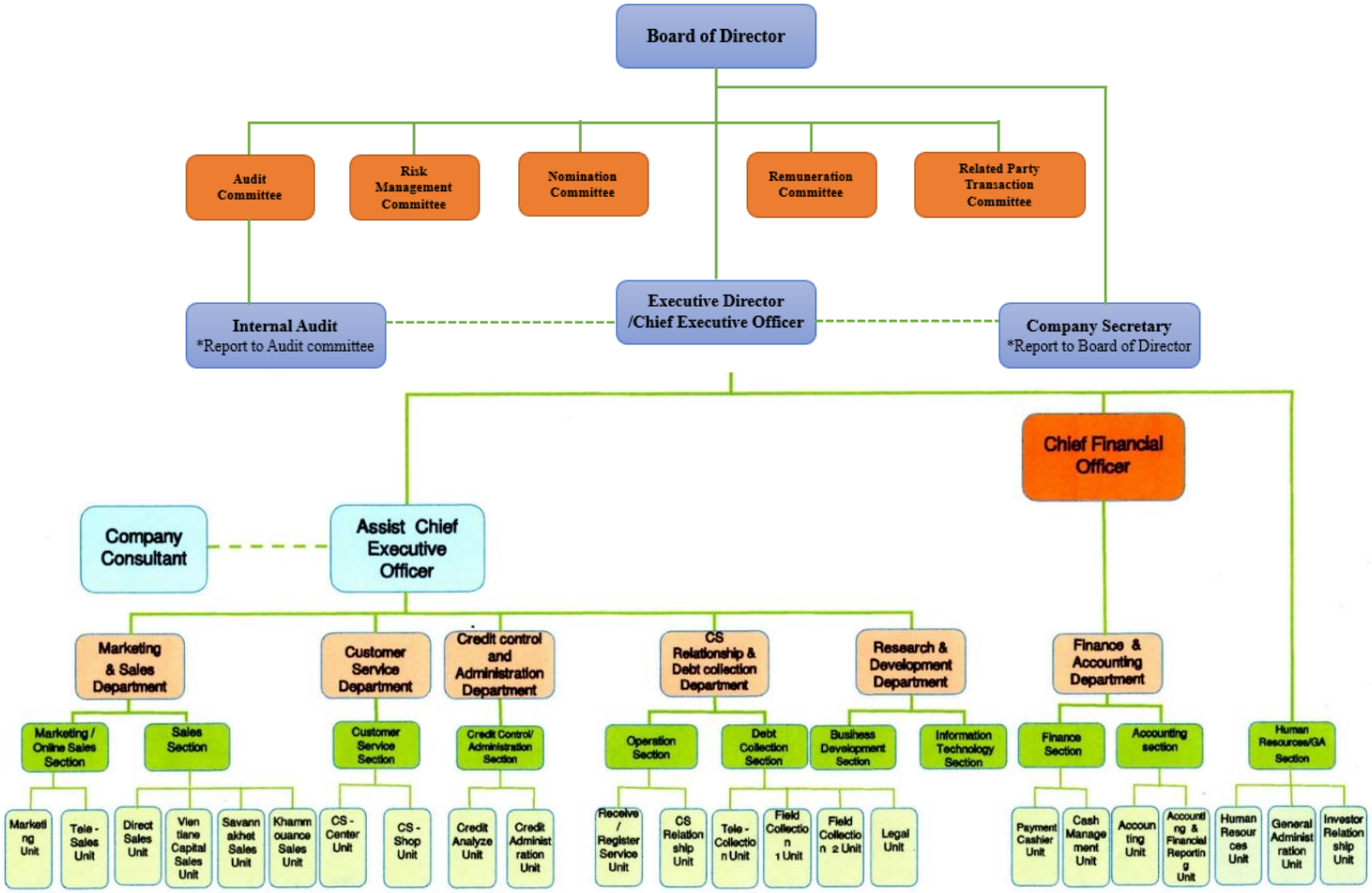
The Company provides refinancing service to customers with the existing loan either with the company or other financing companies by using the motorcycle under the loan contract as a collateral or the customer' own motorcycle. The applicant must be specific on the objective of refinance; the Company will evaluate the cost of motorcycle base on the Company's policy to calculation the interest rate and fees will be different form motorcycle leasing, but the procedures will be the same.

2.2.4 Gold leasing service

The company provided gold leasing for individuals. The process of credit is like the first-hand motorcycle leasing. The Gold leasing gave the company the opportunity to expands its customer base also provides the opportunity to customer who want to invest or saving money thru gold.

3. Management and Corporate Governance

3.1 Organization chart



3.1.1 Member in the Board of Directors

Table: Name list of Board of Directors

No.	Photo	(Board of Directors)	Nationality	Position
1		**Mr. Teera Chutivarapon**	Thai	Chairman
2		**Mr. Wichien Luknatin**	Thai	Vice Chairman
3		**Mr. Manop Tririthvilai**	Thai	Member of BOARD OF DIRECTORS/CEO
4		**Mr. Chakrit Naksorn**	Thai	Member of BOARD OF DIRECTORS
5		**Mr. Wairung Minakul**	Thai	Member of BOARD OF DIRECTORS
6		**Mr. Kovit Kerdsirirak**	Thai	Member of BOARD OF DIRECTORS
7		**Mr. Vankham Voravong**	Lao	Member of BOARD OF DIRECTORS (Independent)
8		**Mr. Theeramate Vuttipadhpibul**	Thai	Member of BOARD OF DIRECTORS (Independent)
9		**Mr. Winyou jeeraprapakan**	Thai	Member of BOARD OF DIRECTORS (Independent)

3.1.2. The Committee of the Board of Directors consist as following;

1. Audit Committee
2. Risk Management Committee
3. Nomination Committee
4. Remuneration Committee
5. Related party Transaction Committee

3.1.2.1 Audit Committee

Table: Name list Audit Committee

No.	Audit Committee	Nationality	Position
1	Mr. Vankham Voravong	Lao	Chairman
3	Mr. Theeramate Vuttipadhpibul	Thai	Audit Committee/Independent
4	Mr. Winyou Jeeraprapakan	Thai	Audit Committee/Independent

3.1.2.2 Risk Management Committee

Table: Name list Risk Management Committee

No.	Name list	Nationality	Position
1	Mr. Teera Chutivarapon	Thai	Chairman of Risk management committee
2	Mr. Wichien Luknatin	Thai	Risk management committee
4	Mr. Winyou Jeeraprapakan	Thai	Risk management committee/ Independent

3.1.2.3 Nomination Committee

Table: Nomination Committee

No.	Name list	Nationality	Position
1	Mr. Teera Chutivarapon	Thai	Chairman of Risk management committee

2	Mr. Wichien Luknatin	Thai	Risk management committee
4	Mr. Theeramate Vuttipadhpibul	Thai	Risk management committee/ Independent

3.1.2.4 Remuneration Committee

Table: Name list Remuneration Committee

No.	Name list	Nationality	Position
1	Mr. Teera Chutivarapon	Thai	Chairman of Remuneration Committee
2	Mr. Wichien Luknatin	Thai	Remuneration Committee
3	Mr. Winyou Jeeraprapakan	Thai	Remuneration Committee/Independent member

3.1.2.5 Related party Transaction Committee

Table: Name list Related party Transaction Committee

No.	Name list	Nationality	Position
1	Mr. Kovit Kerdsirirak	Thai	Chairman of Related Party Transaction Committee/Independent director
2	Mr. Wairung Minakul	Thai	Related party transaction committee
3	Mr. Theeramate Vuttipadhpibul	Thai	Related party transaction Committee/ Independent director

4. Business Performance

4.1 Marketing Performance

In the first 6 months of 2023 and 2022, The company has a number of new loans in the leasing business that were equal to 1.945 Contracts and 2.712 contracts respectively, decreasing 767 contacts or about -28,3 percent. In terms of value, the new loan of the leasing business equals LAK 30.960,0 million, and LAK 39.390,6 million respectively, decreasing LAK 8.340,6 million by about -21,4 percent compared with the first three months of 2022. In the first 6 months of 2023, the

company focuses to expand the gold portfolio, in which the proportion of new loans between gold and motorcycle leasing businesses equals 60:40 respectively.

Table: New loan of lease business

The new loan of lease for the first three-month of 2023 and 2022 comparison				
	First 6 months of 2023	First 6 months of 2022	Change	percent
Number of contract	1.945	2.712	-767	-28,3%
Loan Amount (Million Kip)	30.960,0	39.390,6	-8.430,6	-21,4%

4.2 Revenues

In the first 6 months of 2023 and 2022, the Company had total revenues of LAK **18.999,0** million, and LAK **16.038,8** million respectively, increased LAK **2,960.2** million or about **18.4** percent while compared with previous year. The main portion of revenue had been the Interest Revenues of LAK 18.228,0 million in 2023 while compared with 2022 was equal LAK 15.354,0 million, had increased LAK 2.874,0 million or 18,7 percent.

Table: Revenues

REVENUES	First 6 months of 2023		First 6 months of 2022		**Change**	
	LAK: Million	**%**	**LAK: Million**	**%**	**LAK: Million**	**%**
Interest income	18.228,0	96,0	15.354,0	95,7	+2.874,0	18,7%
Other incomes	771,0	4,0	684,8	4,3	+86,2	12,6%
Total Revenues	**18.999,0**	**100,0**	**16.038,8**	**100,0**	**+2,960.2**	**18.4%**

4.3 Expanses

In the first 6 months of 2023 and 2022, the Company had total expenses LAK **13.699,9** million and LAK **15.461,7** million Respectively, decreasing LAK **1.761,8** million or about **-11,3** percent. The percentage of decreasing on total expenses was 11,3 percent, while the percent of increasing on total revenues was 18,4 percent. It means that the company's performance is improved. The main decreasing expense came from the loss on exchange rate, which in 2023 loss equals LAK 1.545,5 million while in 2022 loss equals LAK 5.864,9 million.

Table: Expenses

Expanses	First 6 months of 2023		First 6 months of 2022		Changed	
	LAK:million	%	LAK:million	%	LAK:million	%
Administrative expense	9.462,4	69,1	7.221,0	46,7	+2.241,4	+31,0
Doubtful account expense	1.001,4	7,3	798,2	5,2	+203,2	+25,5
Net loss on change rate (Gain)	1.545,5	11,3	5.864,8	37,9	-4.319,4	-73,6
Finance cost	1.690,6	12,3	1.577,6	10,2	+113,0	+7,2
Total Expenses	**13.699,9**	**100,0**	**15.461,6**	**10 0,0**	**-1.761,8**	**-11,3**

4.4 Net profit

In the first 6 months of 2023, the company had a net profit of LAK 5.299,0 million while in the first 6 months of 2022, the company had a net loss of LAK 722,6 million, the net profit increased by LAK 6.021,6 million or about 833.3 percent.

5. Financial Position of the Company

5.1 Total Assets

In the first 6 months of 2023 and December 31, 2022 the Company had Total Assets equal to LAK 97. 537,7 million and LAK 109.061,1 million respectively, decreasing LAK 11.523,4 million or about 10,6 percent.

Table: Assets

ASSETS	June 30, 2023		December 31, 2022	
	LAK: million	%	LAK: million	%
Current assets				
Cash and cash equivalents	318,7	0.3	6.679,2	6,1
Current portion of finance lease receivables and installment loan receivables	59.939,8	61,4	56.170,1	51,5

Properties foreclosed	388,5	0,4	261,7	0,2
Other current assets	935,2	1,0	676,7	0,6
Total current assets	**61.582,2**	**63,1**	**63.787,7**	**58,5**
Non- current assets				
Cash deposit for Loan	2.000,0	2,1	2.000,0	1,8
Cash deposit at bank of Lao PDR	2.000,0	2,1	2.000,0	1,8
Finance lease receivables and installment loan receivables	31.158,9	31,9	40.436,8	37,1
Leasehold improvement and equipment	680,2	0,7	649,6	0,6
Intangible asset	91,3	0,1	129,3	0,1
Other non-current assets	25,1	0,0	57,7	0,1
Total non-current assets	**35.955,5**	**36,9**	**45.273,4**	**41,5**
Total assets	**97.537,7**	**100,0**	**109.061,1**	**100,0**

5.1.1 Current Assets

In the first 6 months of 2023 and December 31, 2022, the Company had current assets equal to LAK 61.582,2 million and LAK 63.787,7 million respectively or about 63,1 percent and 58,5 percent of total assets respectively, which the main asset is the current portion of finance lease receivables and installment loan receivables was equal to LAK 59.939,8 million and LAK 56.170,1 million respectively or about 61,4 percent and 51,5 percent of total assets respectively.

Beside current assets mentioned above, there are also cash and cash equivalents equal to LAK 318,7 million and LAK 6.679,2 million respectively or about 0,3 percent and 6,1 percent of total assets respectively. Properties foreclosed was equal to LAK 388,5 million and LAK 261,7 million or about 0,4 percent and 0,2 percent of total assets. Other current assets equal to LAK 935,2 million and LAK 676,7 million, or about 1,0 percent and 0,6 percent of total assets.

5.1.2 Non-current Assets

In the first 6 months of 2023 and December 31, 2022, the Company had non-current assets equal to LAK 35.955,5 million and LAK 45.273,4 million respectively or about 36,9 percent and 41,5 percent of total assets respectively which indicated that Non-current assets were decreasing from previous year by main assets were finance lease receivables and installment loan receivables, which were equal to LAK 31.158,9 million and LAK 40.436,8 million or about 31,9 and 37,1 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 or about 2,1 percent and 1,8 percent of total assets respectively. Restricted cash reserved for borrowing guarantee equal LAK 2.000,0 million and LAK 2.000,0 million or about 2,1 percent and 1,8 percent of total assets respectively. Leasehold improvement and equipment were equal to LAK 680,2 million and LAK 649,6 million or about 0,7 percent and 0,6 percent of total assets respectively.

5.2 Total Liabilities

In the first 6 months of 2023 and December 31, 2022, the Company has total liabilities of LAK 21,319.4 million and LAK 38,141.7 million respectively, or about 21,9 percent and 35.0 percent of total assets.

Table: Liabilities

Liabilities	June 30, 2023		December 31, 2022	
	LAK: million	%	LAK:million	%
Liabilities				
Current liabilities				
Trade and other payables	5.576,5	26,2	3.586,6	9,4
Income tax payables		-	2.541,9	6,7
Borrowings -current portion	6.285,4	29,5	22.429,3	58,8
Other non-current liabilities	47,7	0,2	46,3	0,1
Total current liabilities	**11.909,6**	**55,9**	**28.604,1**	**75,0**
Non - current liabilities				
Borrowings	9.192,0	43,1	9.330,0	24,5
Other non-current liabilities	217,8	1,0	207,6	0,5
Total non-current liabilities	**9.409,8**	**44,1**	**9.537,6**	**25,0**
Total liabilities	**21.319,4**	**100,0**	**38.141,7**	**100,0**

5.2.1 Current Liabilities

In the first 6 months of 2023 and December 31, 2022, the Company had current liabilities equal to LAK 11.909,6 million and LAK 28. 604,1 million respectively or 55. 9 percent and 75. 0 percent of total liabilities respectively. The decreasing came from the Borrowing – current portion, which decreased LAK 16.694,5 million.

Beside current liabilities mentioned above, trade and other payables are also included which equal to LAK 5.576,5 million and LAK 3.586,6 million or 26,2 percent and 9,4 percent of the total liabilities respectively. Income Tax payable equal to LAK 0.0 million and LAK 2.541,9 million respectively or 0,0 percent and 6,7 percent of the total liabilities respectively.

5.2.2 Non-Current Liabilities

In the first 6 months of 2023 and December 31, 2022, the Company had non-current liabilities equals to LAK 9.409,8 million and LAK 9.537,6 million respectively or 44,1 percent and 25.0 percent of total liabilities respectively.

Beside non-current liabilities mentioned above, Borrowings is also included which equal to LAK 9.192,0 million and LAK 9.330,0 million or 43,1 percent and 24,5 percent of the total liabilities respectively.

6. Taxes

MHTL is a public company and listed in Lao Securities Exchange (LSX) and operates its business under Lao PDR law. MHTL obligates to pay tax to the Government of Laos including Dividend Tax, VAT, Personal income tax, Others Income Tax, Rental Income Tax and Corporate Income Tax .The total amount of tax for in the first Six - month of 2023 was 648,2 million kip and represents as below:

Table: Taxes

NO.	Details	LAK: Million
1	VAT	89,6
2	Personal Income Tax	532,2
3	Others Income Tax	16,5
4	Rental Income Tax	9,9
5	Corporate Income Tax	-
Total Taxes		648,2

Chief Executive Officer.



Mr. Manop Triritvilai