Annual Report

For the year 2019

As of 31th December 2019

PetroTrade
ບໍລິສັດ ປີໂຕຣລ້ຽມເທຣດດິ້ງລາວ ມະຫາຊົນ
ຖະໜົນກຳແພງເມືອງ, ບ້ານໂພນທັນ,ເມືອງໄຊເສດຖາ,ນະຄອນຫຼວງວຽງຈັນ
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ວິໄສທັດ/ Vision

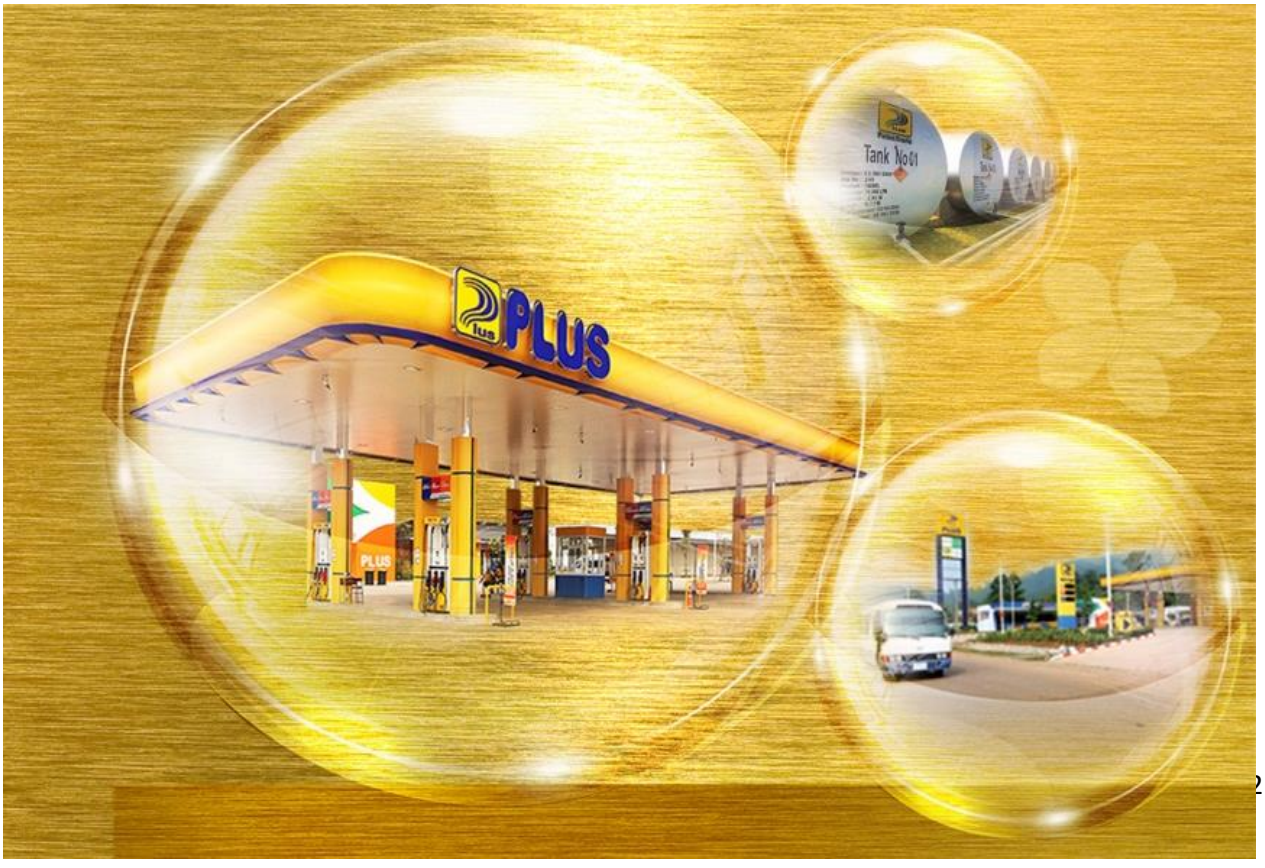
ເປັນບໍລິສັດຊັ້ນນຳ ທາງດ້ານພະລັງງານເຊື້ອໄຟ ທີ່ຄົບວົງຈອນດ້ານຜະລິດຕະພັນYearໂຕຣລ້ຽມ ໃນ ສປປ ລາວ ແລະ ເຊື່ອມໂຍງການຄ້າໃນລະດັບອາຊຽນ ພາຍໃນ 5 Year.

Be a leader of Petroleum business in Lao PDR andlink the commcercial with ASEAN within 5 years.

ພາລະກິດ / Mission

ສ້າງທຸລະກິດພະລັງງານເຊື້ອໄຟຂອງເອກະຊົນລາວທີ່ຄົບວົງຈອນເປັນທີ່ຍອມຮັບແລະເຊື່ອໝັ້ນຂອງສັງຄົມ ສາມາດເຊື່ອມໂຍງການຄ້າໃນລະດັບພູມມິພາກ, ສ້າງ ແລະ ແບ່ງປັນຜົນປະໂຫຍດຕໍ່ຜູ້ທີ່ມີສ່ວນກ່ຽວພັນ ແລະ ສັງຄົມ.

Create Lao private sector's petroleum business fully integration with accpepted and confidence for the end users, linked commercial in the region, create and sharing profitibilities of those involved and to the societies.





Petroleum Trading Lao Public Company in Brief

Petroleum Trading Lao Public Company ("Company" or "PTL"), was established by Mr. ChanthoneSitthixay and his wife Mrs. SavanhthongPhongsavanh whose are well-known businessperson in Lao PDR. They both have high experiences in many kinds of business, such as import/export business of various products in Lao PDR.

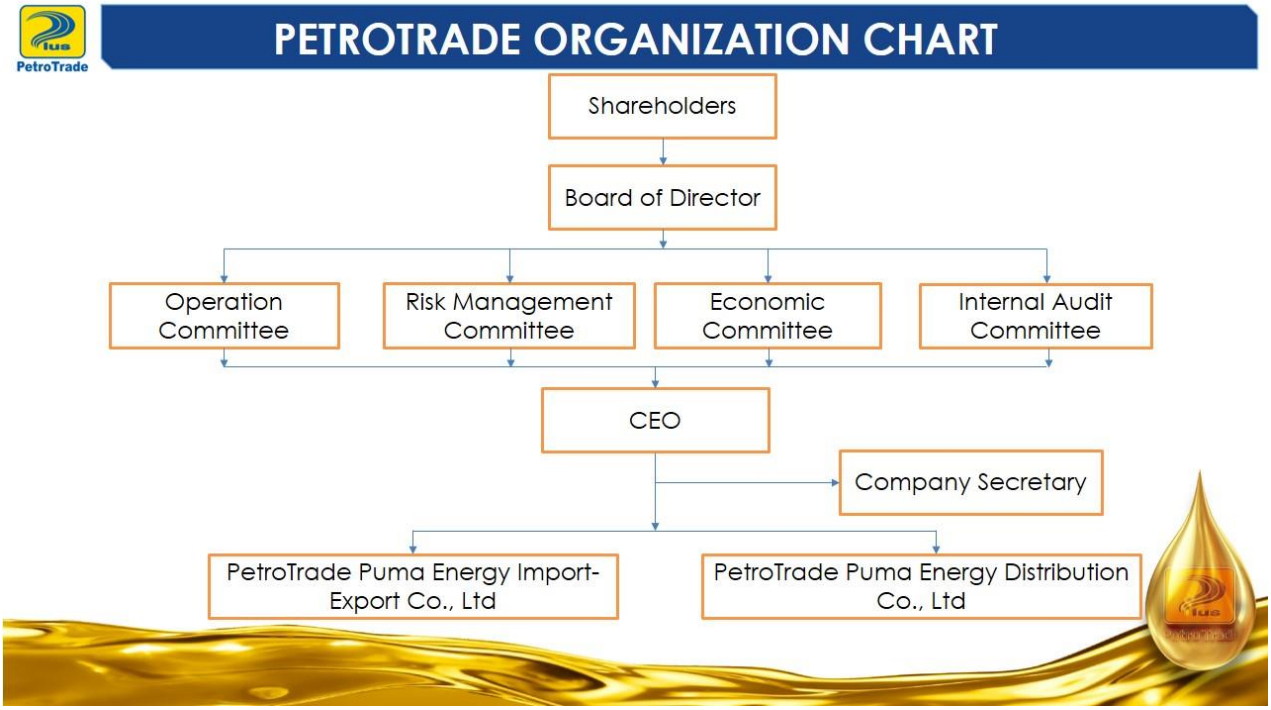
They have been to many area of the country, both urban area and remote area. Therefore, they have found the obstacle to access the source of energy or petroleum, especially in remote area. And the petroleum sold in the remote area would often be more expensive than the price that was set by government's organization causing them to realize the great level of consumption needed parallel with the growth of the economy which petroleum is an important factor in the country's development. With an intention of creating a gas station where it offers a good quality at a fair price, hence, PTL was founded by Mr. Chanthone on 3rd October 2008 with registered capital of LAK 28.8 billion to operate the business of importing petroleum and sell it through retail gas station, construction project, and Infrastructure project with head office at Ban Soununtha, Kaisonepomvihan district, Savannakhet province.

The Company has been importing the petroleum from well-known suppliers, such as, Chevron (Thailand) Limited (Chevron), ESSO (Thailand) Public Company Limited (ESSO), IRPC Public Company Limited (IRPC) and The Shell Company of Thailand Limited (Shell).

Year		Summary of highlighted events
2008	:	➢ Petroleum Trading Lao Public Company Limited (PTL) was established with registered capital: LAK 28.80 billion, 75% of shares were held by Mr. ChanthoneSitthixay and 25% were held by his wife Mrs. SavanhthongPhongsavanh. The business objectives are import and distribute petroleum products through the gas stations in Lao PDR.
2009	:	➢ Launched the first high standard gas station at Phon Than that is called the gas station "PLUS 1" ➢ Launched the first depotwhich is able to store the oil up to 700,000 liters in Savannakhet province
2010	:	➢ The Company has received the certificates of the international standard from United Kingdom Accreditation Service (UKAS), three types: ISO 9001:2008 Quality Management System,ISO 14001:2004Environmental Management Systems,and OHSAS 18001:2007Occupational Health and Safety Management Systems. ➢ Launched a depot at Vientiane Capital City, oil capacity: 1,120,000 liters and another depot at MeungNgeun, Sayaboury Province, and oil capacity: 700,000 liters.
2011	:	➢ The Company has increased registered capital to LAK 75.60 billion in order to support the expansion of gas station coverall area of Lao PDR ➢ Launched the first PLUS Gold Gas Stationin Vientiane Capital city ➢ Launched the Paksan depot in Bolikhamxay province, oil capacity: 350,000 liters. ➢ The Company took the position into the second largest fuel distributor in Lao PDR by market share
2012	:	➢ Launched the first PLUS Platinum Gas Station (PTN) in Vientiane Capital city, namely: PLUS Done Koy gas station at Done Koy village, Sisattanak District,Vientiane Capital city. ➢ The Company can maintain the position of the second largest fuel distributor in the Lao PDR by market shares. ➢ The Company applied the modern technology to enhance and manage the sale division by using Electronic Data Capture (EDC) and store data from the center to every branches throughout the country by developing ERP System. ➢ The Company invested in developing fuel sale system by using electronic card instead of cash payment (Fleet Card) which became the first company in Lao PDR that initiated to bring the high technology to control and manage the cost in business operation. The card is able to use for gas paymentin the Company stations.
2013	:	➢ The Company has increased the registered capital to LAK 350.00 billion in order to support the Company's growth, and the expansion of investment

		to be the top of gas station service in Lao PDR. And to support the growth in demand for fuel consumption in Laos and the ASEAN Economic Community (AEC). ➢ The Company has received the extension of certificates of the international standard from United Kingdom Accreditation Service (UKAS), three types are: ISO 9001:2008,ISO 14001:2004, OHSAS 18001:2007. ➢ The Company has clearly restructured the Company and the related companies in order to meet the growth in long term. ➢ The Company can maintain the position of the second largest fuel distributor in the Lao PDR by market shares.
2014	:	➢ The Company became a member of Lao Petroleum and Gas Association ➢ According to Annual General Shareholders' Meeting in 2014 on18th June 2014 has agreed in the important issues such as: – Reduce par value per that is stated fromLAK 350,000,000 per share to LAK 2,000 per share that is made the number of share increasefrom 1,000 shares to 175,000,000 shares. – The shares are distributed from two shareholders to 9 shareholders to meet the requirements of public company establishment. ➢ According to Extraordinary General Shareholders' Meeting 1/2014, on 9th October 2014,the shareholders have agreed on the issues as follows: – Approved to increase registered capital LAK 470 billion by issuing common shares: 60,000,000 shares, par: LAK 2,000, distribution: Initial Public Offering (IPO). – To establish Petroleum Trading Lao Public Company and submitting to be listed in the Lao Securities Exchange




PETROTRADE ORGANIZATION CHART
PetroTrade
Shareholders
Board of Director
Operation Committee
Risk Management Committee
Economic Committee
Internal Audit Committee
CEO
Company Secretary
PetroTrade Puma Energy Import-Export Co., Ltd
PetroTrade Puma Energy Distribution Co., Ltd


PetroTrade



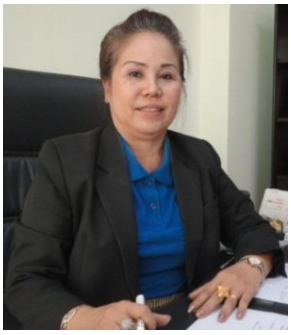
PTL Board of Directors



Mr. Chanthone Sitthixay / Chairman of Board of Directors



Mrs. SavanhthongPhongsavanh
Vice Chairman



Mrs Chanthadom Meksavanh
Vice Chairman



Mr. NoophanMahaphon
Independent Director



Mr. Phoxay Chanthavongsa
Independent Director



Mr. BounthanhChittavong
Director



Mrs. Daly Pholsena
Independent Director

Business operation in general

In the year of 2019 PTL has expanded business line from current business activities, initially businesses has been signed the MOUs of big projects to extending business operation as below:

In the annual 2018 and 30th anniversary of Lao National Chamber of Commerce on 23rd January 2019 PTL has been awarded as the best company in supporting the development of infastructure of Lao PDR the event which hornored attended of His Excellency Thongloun Sysoulith, Prime Minister of Lao PDR.





The Memorandum of Understanding Signing ceremony to conduct the feascibilities studyon investment and development of Thanaleang dry port and Vientiane logistics park project between Lao PDR government and Sitthi Logistics Lao Co., Ltd on 5th April 2019, Sitthi Logistic Co., Ltd is sister companies of Petro Leum Trading Lao Public Company with trust by Lao PDR government to carry on the development of dry port and logistic park in Vientiane capital.





It's remarkable of histories the business collaboration between Phongsavanh Group and Indonesia State Enterprises which extending the visit of His Excellency Thongloun Sisoulith Prime Minister of Lao PDR and His Excellency JOKO WIDODO President of Indonesia on October 2017 in order to strengthening both countries economics and trading. The MOUS has been signed on 25 June 2019 with 3 projects of business oppotumities business:

1. Infastructure Development and Transportation Project between Petroleum Trading Lao Public Company and Indonesia Railway Development Consortium, the first phase will be joined the railway project from Thakheak of Khammouane province to Vung Ang port of Vietnam.

2. Joined Mining Industry Development between Petroleum Trading Lao Public Company and PT Timah TBK State Enterprise and Pupuk Indonesia State Enterprise for the Potassium and Tin mine.

3. Supply and Trading coal between Petroleum Trading Lao Public Company and Bukit Asam State Enterprise, these coal will be supplying to the Coal-Fire Power Plants 2,000MW in Khammouane province of Lao PDR.



The Petroleum Trading Lao Public Company has successfully signed a MOU with Lao Government represented by Ministry of Planing and Investment on feasibility study - design survey of railway project from Thakhek district, Khammouane province, Lao PDR to Laos-Vietnam border on 15th October 2020 at Land Mark Riverside Hotel. The railway project from Lao –Vietnam which start from Thakeak of Khammouane province to VungAng sea port of Hatinh province of Vietnam to linking the regoin and internationally. The timeline of the project will be done within 8 to 12 months and expected to contruct in the ending of 2021.

The railway is about 240 to 270km for the first phase will study from Thakeak municipality to Lao-Vietnam border, after get the approval from Vietnam's Government will be continue study from Vietnam border to Vung Ang sea port, the railway in Lao length 150km and in Vietnam length 120km. In the near future if PTL grant the approval from Lao and Vietnam Government we could start construct this railway by ending of 2021 and expect to finish this project within 3 years or by 2024. It's international standard single train system for passengers and for the trucking goods with approximate speed from 90 to 120km/h by using the equipment and technology from Indonesia. The investment will be on the BOT or PPP it's will be based on the survey and study done. For the value of investment in this project after done the feasibility study we will announce later.

Event which took place in Bangkok Thailand on 20 September 2019, Petroleum Trading Lao Public Company won an international award - Asia's Best Performing Companies 2019 at the Asia Corporate Excellent & Sustainability Awards (ACES) event which result from jury and award committee decision based on the 10 years leading in business and contribution to the social economic development from the services satisfaction from retail gas stations, construction projects, mining, industry and public transport customers.

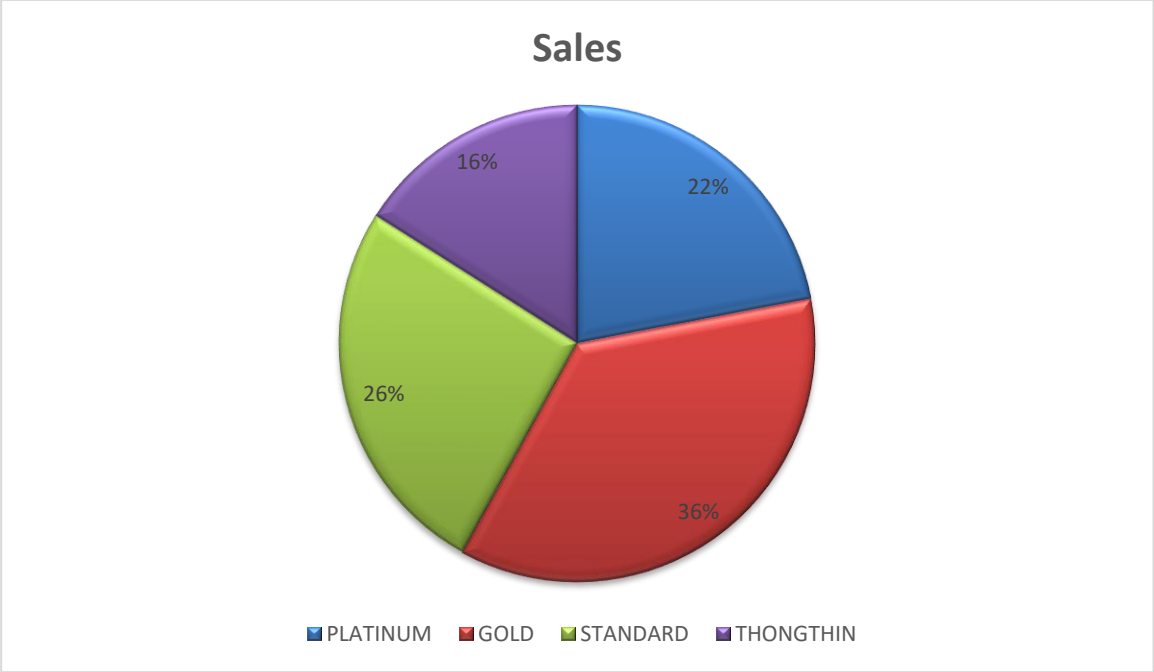




Sales

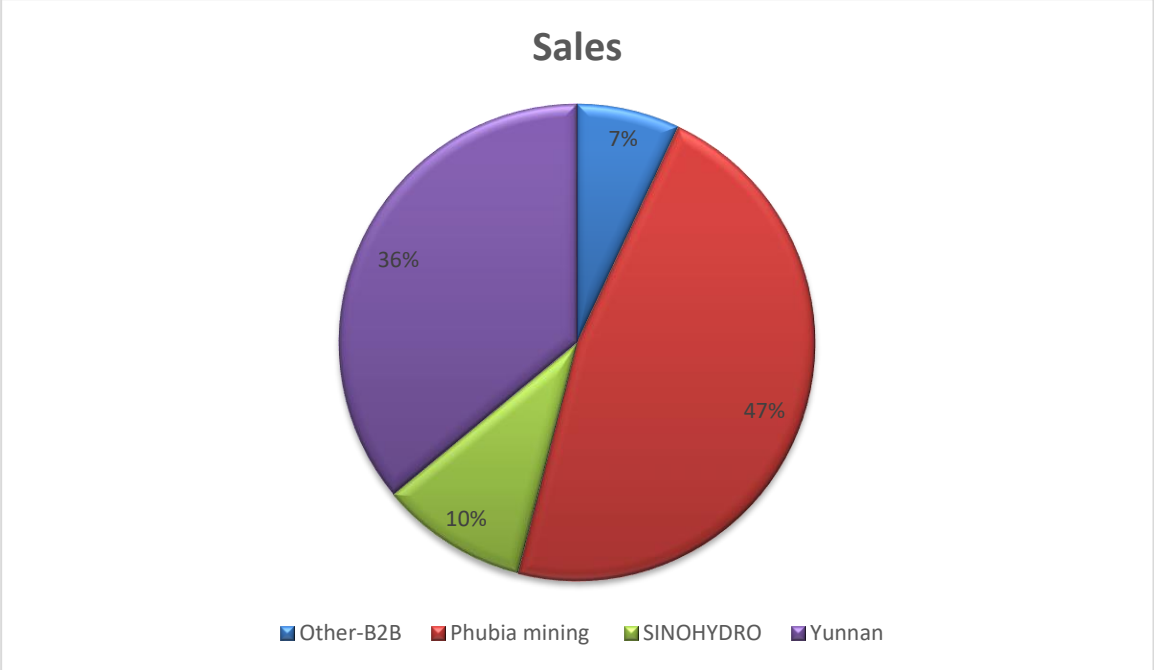
- Total sale for the year 2019 was 84,28% of the business plan.

No.	Gas station	Total (liters)	Plan 2019 (liters)	Diff (liters)
1	**PLATINUM**	14.518.000	15.159.200	(641.200)
2	**GOLD**	24.036.000	24.730.200	(694.200)
3	**STANDARD**	17.747.000	27.543.220	(9.796.220)
4	**THONGTHIN**	10.675.000	12.095.960	(1.420.960)
Gas station		**66.976.000**	**79.528.580**	**(12.552.580)**



No.	Customers	Total (liters)	Plan 2019 (liters)	Diff (liters)

1	Other-B2B	8.867.000	12.270.000	(3.403.000)
2	Phubia mining	48.480.000	50.385.000	(1.905.000)
3	SINOHYDRO	9.669.000	12.373.000	(2.704.000)
4	Yunnan	35.341.000	46.228.000	(10.887.000)
Project		**102.357.000**	**121.256.000**	**(18.899.000)**



No.	Customers	Total (liters)	Plan 2019 (liters)	Diff (liters)
1	Lubricant	10.335	155.000	(144.665)

Total (liters)	Plan 2019 (liters)	Diff (liters)	%
169.343.335	200.939.580	(31.596.245)	**84,28%**

Depot Operation

- Received 169,849,456 Liters;
- Withdrawal 168,635,877 Liters;

- Average volatility of Gasoline Super 95 in the depots are -100 liters, of all received 918,092 Liters and it's beyond our lose control -0.01 %;
- Average volatility of Gasoline Super 91 in the depots are -25,860 liters, of all received 25,963,159 liters Liters and it's beyond our lose control 0.10 %;
- Average volatility of Diesel in the depots are -39,642 Liters of all reeived 141,689,024 Liters and it's beyond our lose control -0.04 %; and
- Lubricants received & withdrawal total of 10,458 liters.

Human Resource

In 2019, our human resource department were works to make sure that our employee are enough and capable and skills to works in their roles and responsibilities, update and make sure our wealthfare and employee benefit are complying with labor law and company policy.

We've organized in-house training for our employee as below subjects:

- Company Policy and ISO Qualifying of 2018;
- Company Policy and Compliant for new employee;
- Health & Safety and Environment knowledge;
- Online Evaluation System;
- Withdrawal and Receiving products online AX Sysyem;
- Money Minded Course;
- AX System How-to purchase online;
- HR Strategies;
- ACE Online Platform Purchasing System;
- Basic and Intermidate English Course.

Total of Employee of PTL for the year 2019

Office	Female	Male	Total
Head Office	21	32	53

We're internship from the university and colleges studied with us in differences department as below:

No	Description	Period (month)	Total of Student	Venue
1	Institute Of Economics and Finance Dongkhamxang (Accounting-Finance)	3	5	Head office
2	Dongkhamxang College (Accounting-Finance)	2	1	Head office
3	Khonkaen University of Thailand (Engineering)	3	2	Head office
4	Agriculture College Dongkhamxang	4	4	Head office
5	Lao International College	2	1	Head office
6	King Mongkut University, Thailand	4	1	Head office
7	Hochiminh University, Vietnam	4	1	Head office
8	Yunan University, China	2	1	Head office
		Total	16	

Social Responsibilities

Together growthing of out business we also looking forward to see the strong and community, we've help responds to the needed of community. PetroTrade proundly handed the Nam-Bak Bridge which supported 100% of fund to the construction this bridge which connecting Fah village and Khong village of Nam-Bak district of Luang Prabang province. The handling ceremony held on 9 February 2019 with the hornored of presence by His Excellency Sonexay Siphandon, Deputy Prime Minister of Lao PDR together with high ranking government officers from Luang Prabang province, Mr. Chanthone Sitthixay Chairman board of directors of Petroleum Trading Lao Public Company (Phongsavanh Group's Member) the contractor and villagers from both bridge connecting attended the ceremony.

In the part, two villagers of Nam-Bak river was difficulties to connecting each other they only use small paddle boat to crossing to each other in the raining season it's impossible to crossing the river. Government is keen to make the living life of thses two villages more better and looking for the source of fund to building the bridge to connecting people and travelers on this road safely and convenience.

Petroleum Trading Lao Public Company approach the needed and solely supported full fund to build this bridge. The construction starts from April 2018 and completed in late January 2019. The bridge feature with 2 meters wide and 125 meters length which steel cement concrete foundation with iron rope. The bridge capable for motorbike, bicycle and people to walk crossing. Total of the fund for construction of this bridge is 1.8 billion LAK which fully supported by Petroleum Trading Lao Public Company.









"Giving Green Back to Nature" the 8th years in the row carry on social responsibilities program of Petrotrade. This year 2019 PTL have plant young Ptercarpus Indicus, Afzelia Xylocarpa, Tectona Grandis of total 5,000 young seeding in 5 hectars the forest protection area which located in Phukhaokhuy National Protection Forest of Nakhanthoung village, Xaythany district, Vientiane capital with cooperation from of the Ministry of Natural resources & Environment, Ministry of Agriculture abd Forest, Minister's Office, Department of Agriculture & Forest Xaythany together with people and young student helping plants the forest. This project Petroleum Trading Lao Public Company support fund and other in total value of 20,800,000 LAK.





Summary of contributed to social for the year 2019

No	Descriotion	Total (LAK)
1	LNCCI Charity	10,000,000 kip
2	Nam-bak Bridge Project, Fah-Khong Village, Nam-Bak District, Luang Prabang Province	1,800,000,000 kip
3	Homjai Foundation	500,000 kip
4	Support Nation Plantation Day	20,800,000 kip
5	Charity to Army Unit 790 (diabled army)	46,137,000 kip
6	Charity to Army Unit 790 (diabled army)	500,000 kip
7	The International Offroad Challenge Laos 2019	26,250,000 kip
8	Flooding in southern of laos	45,324,000 kip

9	Investment Promotion Department (Ministry of Planning and Investment) Charity	4,428,500 kip
	Grand Total	**1,953,393,500 kip**

Summary of Tax Paid to the Tax Authority and other for the year 2019

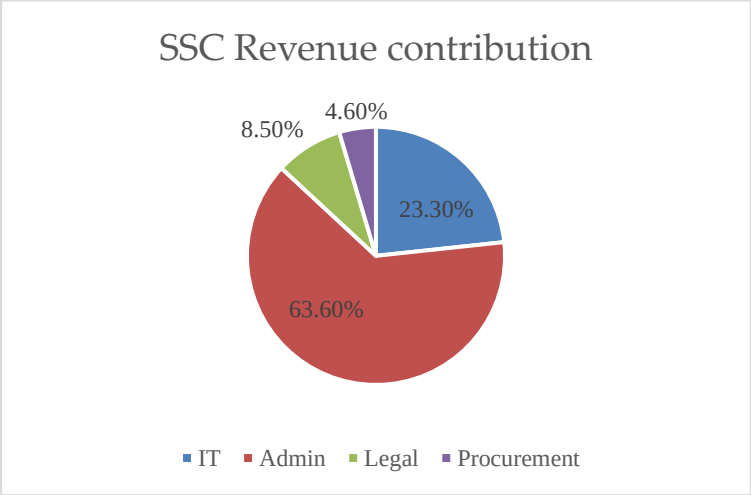
- Import Tax 43,299,752,000 Kip
- Excise Tax 174,210,011,500 Kip
- Value Added Tax 162,358,934,899 Kip
- Value Added Tax 17,697,770,616 Kip
- Road Tax 88,338,640,000 Kip
- Statutory Fuel-price Stabilizing Reserve Fund 80,734,800,000 Kip
- E-Meter 1,019,292,000 Kip
- Quality Fee 2,717,812,000 Kip
- Value Added During a Year 15,826,873,767 Kip
- Profit Tax 800,000,000 Kip
- Income Tax 1,251,753,473 Kip

** The Audited Financial Report sparated from this report*

PTL's business plan for the year 2020

Following the creation of the 2 daughters Companies (Import/Export and Distribution), the majority of the operations has been taken out of PTL Public's hands. Below functions are the remaining ones that we can still centralize under PTL Public in order to create Shared Service Centers (SSC). The objectives and benefits of those centers are:

- To streamline and centralize processes.
- To generate additional revenues for PTL Public.
- To have a better control and more transparency of expenses of all affiliated companies.
- To provide uniformed and professional services to all affiliated companies.



Estimate Total Shared Service Centers (SSC) Revenue: $471K (or LAK 4,000M).

- Admin Department with building rental ($300K).
- IT Services through the PTL Group generates approx. $110K p.a.
- Legal: $40K p.a.
- Procurement: $21K p.a.