Mahathuen Leasing Public Company

The Nine-Month Report

As at for the Nine-month period ended September 30,2019

The Nine-month Report
30 September 2019

Content

Page

1. The Mahathuen Leasing Public Company 1
2. Company Background and miles stone 1
3. Philosophy and the core business operation 2
   3.1 Company Philosophy 2
   3.2 The Core Business Operation 3
4. Management and Corporate Governance 4
   4.1 Organization Chart 4
   4.2 Committee 5
      4.2.1 Audit Committee 6
      4.2.2 Risk Management Committee 6
      4.2.3 Remuneration Committee 6
      4.2.4 Nomination Committee 7
      4.2.5 Related Party Transaction Committee 7
5. Business Performance 7
   5.1 Marketing 7
   5.2 Revenues 8
   5.3 Expenses 8
   5.4 Net profit and Net profit Margin 9
   5.5 Taxes 9

1. The Mahathuen Leasing Public Company

General Information of Company

Company Name	:	Mahathuen Leasing Public Company
Business type	:	Financial Leasing (non-real estate)
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	:	1122/ERO date 20 November 2017
Enterprise tax certificate	:	725714405-9-00
Register capital	:	40.000.000.000 Kip

Email	:	info@mahathuen.com
Website	:	www.mahathuen.com
Tel	:	(856) 21 418065
Fax	:	(856) 21 418066

2. Company Background and miles stone

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.

The Company increased a registered capital of LAK 12,240,000,000 by issued the new share for IPO on 13 June 2018 and the Company has listed in Lao Securities Exchange (LSX) on 18 September 2018.

3. Philosophy and the core business operation

3.1 Company Philosophy

Slogan

"All Financial is possible here (Mahathuen Leasing)"

Vision

"Be a Listied company on LSX and the leader of Leasing company for Motorcycle in Lao PDR"

Mission

"Mahathuen Leasing, we provide the financial service for all" 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 shareholders: To be listed 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.

3.2 The Core business operation

The Company has 3 types of leasing services such as:

1. New motorcycle
2. Used motorcycle
3. Refinance

3.2.1 New motorcycle leasing service

The Company provides motorcycle leasing service by focusing on well-know Japanese brands including HONDA, YAMAHA, SUZUKI, and others. 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 lease service, customers may not have enough money to purchase a new motorcycle off the shop and require installment payments, in such case customers will need to pay initial payment or down payment (minimum amount) and the remaining amount will be in the lease contract with installment payments 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 leasing service, there's a team specialized in evaluating the customer credit who constantly contacting the motorcycle partners in Vientiane Capital including big and small dealers covering more than 30 dealer 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 dealers instead of asking the customer to come to the Company.

The motorcycle dealers are playing a big role for the Company as they are the passage way for the Company to get to customers, therefore building good relationship with business partners is crucial for the Company.

3.2.2 Second-hand Motorcycle

The Company provides second-motorcycle leasing from the confiscated motorcycles and the process of credit evaluation is similar to the first-hand motorcycle leasing. Second-hand motorcycle leasing gives the Company the opportunity to expand its customer base also provides the opportunity to customers who want Japanese made motorcycle but do not have

enough fund to purchase first-hand. In the future, the Company is planning to expand the second-hand motorcycle leasing to motorcycle dealers.

3.2.3 Refinance

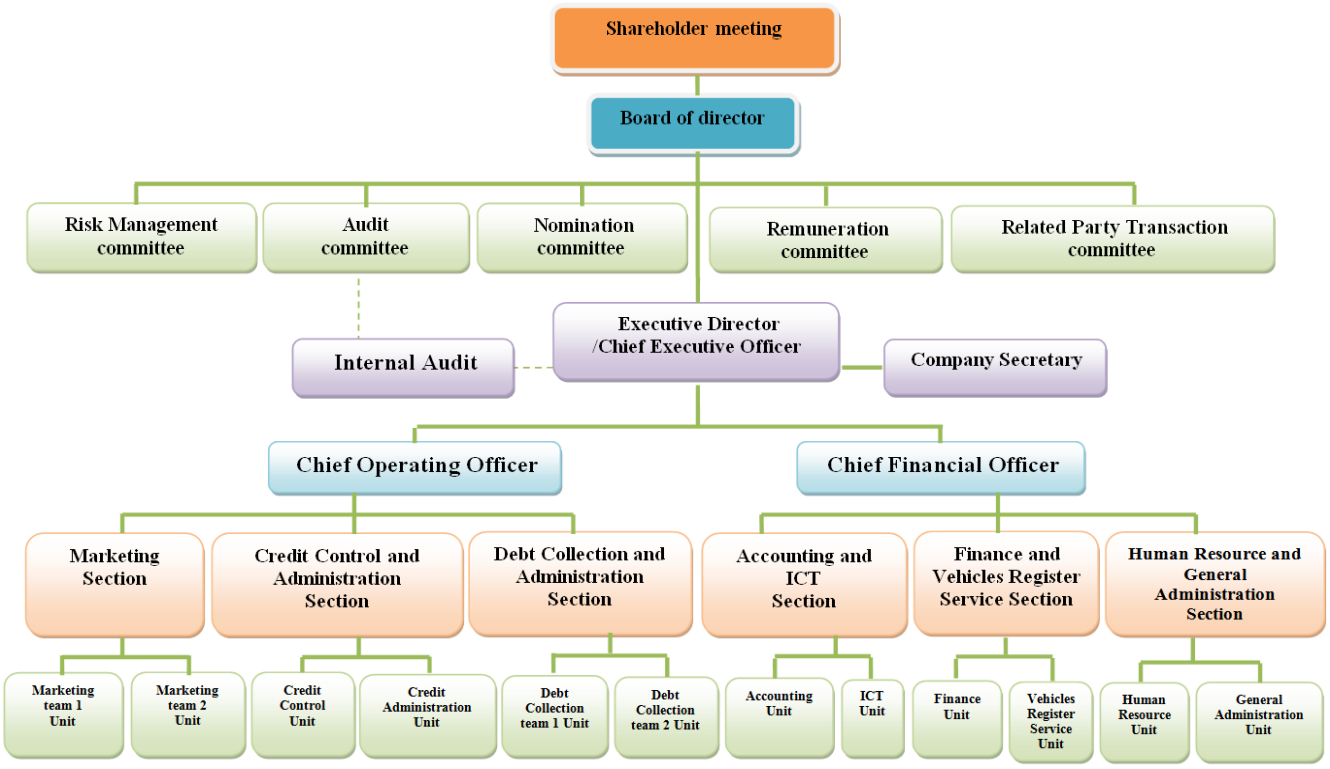
The Company provides refinancing service to customers with the existing loan either with the Company or other financing companies by using the motorcycle under the loan contract as a collateral or the customers' own motorcycle. The applicant must be specific on the objective of refinance; the Company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

4 Management and Corporate Governance

4.1 Organization chart

Organization chart has been adjusted in accordance with the growth of the business and to align with the public company structure which consists of Board of directors and Board of directors committee.

Organization chart



4.2 Committee

- **Board of Directors**

Table : Name list of Board of Directors

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. Sangkhom Chanhsouk	Lao	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)

- **Committees of the Board of Directors**

The Committees 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

4.2.1 Audit Committee

Table : Name list 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

4.2.2 Risk Management Committee

Table : Name list 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. Nantapat Ngamplung	Thai	Risk management committee/ Independent

4.2.3 Remuneration Committee

Table : Name list Remuneration 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

4.2.4 Nomination Committee

Table : Name list Nomination 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

4.2.5 Related Party Transection Committee

Table : Name list Related Party Transection Committee

No.	Name list	Nationality	Position
1	Mr. Theeramate Vuttipadhpibul	Thai	Chairman of Related Party Transaction Committee/ Independent director
2	Mr. Chatphonchai Panyathambodee	Thai	Related party transaction committee
3	Miss Saranya Kamonsinlapacharoen	Thai	Related party transaction

5 Business Performance

5.1 Marketing Performance

In the Nine-month of 2019, the company has the number of new booking of motorcycle leasing business equal to 4.149 units or LAK 46.673,7 million, which it's quite same volume with the Nine-month of 2018.

Table : New loan of motorcycle lease

The new loan of motorcycle lease for Nine-month of 2018 and 2019 comparison				
	For Nine-month of 2018	For Nine-month of 2019	Change	Percent
Number of contract (Units)	4.175	4.149	- 26	- 0,6 %
Loan Amount (Million Kip)	45.277,1	46.673,7	+ 1.396,6	+ 3,1 %

5.2 Revenues

In the Nine-month of 2018 and the Nine-month of 2019 the Company had total revenues of LAK 14.560,5 million, LAK 17.642,5 million respectively, increased at about 21,2%.

Table: Revenues

REVENUES	Nine-month of 2018		Nine-month of 2019		Changed	
	LAK: million	%	LAK: million	%	LAK: million	%
Interest income	13.926,5	95,6	16.934,9	96,0	+3.008,4	+21,6
Other incomes	634,0	4,4	707,6	4,0	+73,6	+11,6
Total Revenues	**14.560,5**	**100,0**	**17.642,5**	**100,0**	**3.082,0**	**21,2**

5.3 Expenses

In the Nine-month of 2018 and the Nine-month of 2019, the Company had total expenses including financial expenses of LAK 8.531,6 million and LAK 10.249,4 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 the Nine-month of 2018, and 2019 which were equal to 58,6 percent and 58,1 percent respectively. The main expenses of the Company were administrative expenses which equal to LAK 6.546,4 million and LAK 7.915,7 million respectively or 76,7 percent and 77,2 percent to total expenses.

Table: Expenses

Expenses	Nine-month of 2018		Nine-month of 2019		Changed	
	LAK: million	%	LAK: million	%	LAK: million	%
Administrative expenses	6.546,4	76,7	7.915,7	77,2	+1.369,3	+20,9
Doubtful account expense	339,3	4,0	804,4	7,8	+465,1	+137,1
Net loss on exchange rate	533,0	6,2	553,7	5,4	+20,7	+3,9
Finance cost	1.112,9	13,1	975,6	9,6	-137,3	-12,3
Total Expenses	**8.531,6**	**100,0**	**10.249,4**	**100,0**	**+1.717,8**	**+20,1**

5.4 Net profit and Net profit Margin

In the Nine-month of 2018 and the Nine-month of 2019, the Company had net profit equal to LAK 4.691,6 million and LAK 5.648,4 million respectively, or 32,2 percent and 32,0 percent comparing to total revenues respectively, which indicated that the net profit margins weren't change. However, net profit before income tax expense also increased from LAK 6.028,9 to LAK 7.393,1.

5.5 Taxes

MHTL is the public company and lists in 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. The total amount of tax for in the Nine-month of 2019 was 1.657,4 million kip and represents as below:

Table: Taxes

No.	Details	Million KIP
1	VAT	289,6
2	Personal Income Tax	451,8
3	Corporate Income Tax (Q1-Q3/2019)	916,0
Total Taxes		**1.657,4**

.....

Mr.Manop Tririthvilai

Chief Executive Officer

Date : October 29,2019