

PROSPECTUS



Initial Public Offering (IPO) of
Total 60.300.000 ordinary shares with par value of 100 kip per share
Offering price: 2,700 kip per share (IPO price)
Offering to the public of Domestic investor in Lao PDR and Foreign investor



Subscription period: 04 - 06 September 2019
Between 8:30 AM to 3:30PM

Prospectus
Lao ASEAN Leasing Public Company



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Financial Advisory	: BCEL-KT Securities Company Limited
Underwriter	: BCEL-KT Securities Company Limited
External Auditor	: Ernst & Young Lao.,ltd
Legal Advisor	: Lao Premier International Law Office

Important Remarks: The prospectus is an important document. An investor should carefully study before make a decision of investment. An investor should consult with a securities broker, an accounting consultant, a legal advisor and other investment specialist for advice in the details of this prospectus.

Warning

This prospectus is created for investors who are interested in purchasing ordinary shares offering by the company, it is to use as initial investment information only. The Securities and Exchange Commission or the Office of the Securities and Exchange Commission is not in the position of advising on the investment decisions, nor assured the value of returns on the securities, or certified the accuracy and completeness of the information contained in this prospectus. The accuracy and completeness of information contained in this prospectus lies in the responsibility of the company.

In cases where prospectus contains any false statements or omits to state any information which should be disclosed, shareholders are entitled to claim damages from the issuing company or the owner of the securities under the relevant laws and regulations of Lao PDR.

Investors may review and request for a copy of the prospectus at the Office of the Securities and Exchange commission or via its website at <http://www.lsc.gov.la>

The company is offering up to 60,300,000 ordinary shares to raise additional capital (the “**Shares**”), in accordance with the rules and regulations of the Securities and Exchange Commission of Lao PDR (the “**SEC**”) as part of the initial public offering (the “**IPO**” or the “**Offer**”).

All investments involve risks

Investors should carefully study the information before making an investment decision

The offering shares are available to the citizen of Lao PDR and foreigners by BCEL-KT Securities Company Limited (“**BCEL-KT**” the “**Underwriter**”) through Banque Pour Le Commerce Extérieur Lao Public (“**BCEL**” or the “**Selling Agent**”) which are not required to register under other jurisdiction other than the Securities Law of Lao PDR.

The original version of prospectus was published in the Lao language and has been filed with the Office of the Securities and Exchange Commission of Lao PDR (the “**Office of the SEC**”) (the “**Lao Prospectus**”). The English version of the Lao Prospectus (the “**English Prospectus**”) was prepared by BCEL-KT and the company. Although care was taken to render the translation as reliable as possible, it does not carry any legal right and no confirmation is made to its accuracy, and the English translation is not a prospectus defined under the Securities Law No. 21/NA (the “**SEC Law**”). Only the Lao Prospectus shall prevail and has legal force under the SEC Law. The distribution of the prospectus should be effective under the SEC Law in connections with public offering of Shares in Lao PDR. The Offer must comply with the applicable rules and regulations of the SECO and the Lao Prospectus that prepared specifically for the initial public offering of the Shares in Lao PDR. Accordingly, **the Shares will not be registered under the securities laws in any jurisdiction other than the securities laws of Lao PDR**. No representation is made that the form or contents of the Lao Prospectus and the English Prospectus are appropriate or sufficient for an offering in any other jurisdiction. The Lao Prospectus and the English Prospectus should be read together prior to making an investment decision to buy Shares.

This Offer is the initial public offering of the Company to raise capital fund. In the event where Lao Securities Exchange (the “**LSX**”) approves the initial listing application of the Company, the Company’s shares will be listed on the LSX. The LSX is a secondary market which was established in October 2010. The Company will apply for the listing and trading of shares to be listed on the LSX and expects to begin trading on the set day or around the set date.

The Company expects that payment for Shares will be within the offering period, and delivery of the Shares to shareholders will be made through the LSX’s depository with the Securities Depository Centre and Shares of the Company will be approved for listing on the LSX no more than 7 days after submitting the listing application.

Prior to investment, investors should consider risks involved. Please read “Risk Factors” for more information.

REGISTERED & PRINCIPAL OFFICE

Lao ASEAN Leasing Public Company

NNN building, Phonsy nouan road,
Phonsy nouan Village,
Sisattanak District, Vientiane Capital
Lao PDR
Email: info@lalco.la
Website: www.lalco.la
Tel: 02155557, 030 5056685

FINANCIAL ADVISORY COMPANY

BCEL-KT Securities Company Limited

7th Floor, Lao Securities Exchange Building
Kamphengmouang Road,
Ban Phonthan Neua, Xaysettha district,
Vientiane, Lao PDR
Email: info@bcel-kt.com
Website: www.bcel-kt.com
Tel: 021265477, fax: 021265488

Branches

1. Luangprabang branch, Khokwa village, Luangprabang district, tel 020 58886364, 020 58874446
2. Champasack branch, Keosamphan village, Pakse district tel: 030 5787755, 020 59557752
3. Savannakhet branch, Dongdamduan village, Kaisone district. Tel 020 58364385
4. Huaphan district, Nachorng village, Xamneua district, tel 030 9269259
5. Xiengkhouang branch, Thern village, Paek district, tel 030 5608887
6. Bolikhamxay branch, Phoxay village, Paksan district tel 030 4477218
7. Salavan branch, Lak 2 village, Salavan district tel 020 99983679

LEGAL ADVISOR

Lao Premier International Law Office

7th Floor, Lao Securities Exchange Building
Kamphengmouang Road,
Ban Phonthan Neua, Xaysettha district
Vientiane, Lao PDR

Email: info@laopremier.com

Website: www.laopremier.com

Tel: 021265471, fax: 21265474

UNDERWRITER COMPANY

BCEL-KT Securities Company Limited

7th Floor, Lao Securities Exchange Building
Kamphengmouang Road,
Ban Phonthan Neua, Xaysettha district,
Vientiane, Lao PDR

Email: info@bcel-kt.com

Website: www.bcel-kt.com

Tel: 021265477, fax: 021265488

INDEPENDENT ACCOUNTANT

Ernst & young Lao.,ltd

6 floor, Capital tower, Nongborn road,
Nongborn Village, Xaysettha district,
Vientiane capital, Lao PDR

Website: www.ey.com.la

Tel: 021455077, fax: 021455078

SELLING AGENT

Banque Pour Le Commerce Exterieur Lao Public

No. 1, Pangkham Street
Chanthabouly district

Vientiane, Lao PDR

Website: www.bcel.com.la

Tel: 021213200, fax: 021213202

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The information in this Prospectus may only be accurate as of the date of this Prospectus. Investors should be aware that since the date of this Prospectus there may have been changes in certain information, e.g. business situation, financial conditions, results of operations, prospects or otherwise that could affect the accuracy or completeness of the information herein.

In making an investment decision, investors must rely on their own examination of the Lao Prospectus, the English Prospectus and other documents relating to the Offer, including its merits and the risks involved. Investors should not construe the contents of this Prospectus or its appendices as legal advice, business, financial or tax advice. Each investor should consult their own legal counsel, business advisor, tax and any other related matters concerning the investment.

The Offer has not been approved by the authorities in any jurisdiction other than the Office of the SEC or disapproved or recommended by the authorities in any jurisdiction. No representation is made that the form or contents of this Prospectus are appropriate or sufficient for an offering in any other jurisdiction.

Definitions

Company rules	Company rules including with all edited version
Refinance	Is the replacement of an existing debt obligation with another debt obligation under different terms
LSC	Lao Securities Commission
LSCO	Lao Securities Commission Office
Non-bank financial institutions	Is a financial institution that does not have a full banking license, the Credit Union, Leasing Companies, Pawn shop and the International Money Transfer.
Lao P.D.R	Lao People's Democratic Republic
Underwriting Agreement	The Underwriting Agreements between the Company and the Underwriter
LSX	Lao Securities Exchange
BCEL	Banque Pour Le Commerce Extérieur Lao Public (“Selling Agent”)
Company or LALCO	Lao ASEAN Leasing Public Company
FA company	Financial advisory company / BCEL-KT Securities Company Limited
Underwriter Company	BCEL-KT Securities Company Limited
Offering Period	The Offering period of the Shares of LALCO being offered between 4 – 6 Sep 2019
Conversion Date	The date that the Company was converted to a Public Company, being 19 Feb 2019 Investment License No, 0222/Jor.Thor.Vor
Financial Statements	The financial statements, consisting of (i) the balance sheet, (ii) the income statement and (iii) statement of cash flow, (iv) internal financial statement audited by EY 2018
MOIC	Ministry of Industry and Commerce
Shares	Number of Offering 60,300,000 share with par value 100 Kip/Share.
EY	Ernst & young Lao.,ltd
IPO	Initial Public Offering
LPI	Lao premier international law office
Par Value	is a per share amount appearing on stock certificates

Executive Summary

Executive Summary is a part of the prospectus; thus, investors should study the executive summary including the financial information, related parties and risk factors before investing.

1. Listed Company

Issuer	:	Lao ASEAN Leasing Public Company
Business Type	:	Financial Leasing non-real estate
Symbol	:	LALCO
Registered Office	:	NNN Buildings, Second floor, Phonesinuan village, Sisattanak district, Vientiane capital
Foreign Investment License	:	No. 0222 ERC Date 19 February 2019
Enterprise tax certificate	:	534675249-9-00
Register capital	:	24,120,000,000 Kip
Number of offering shares	:	60,300,000 shares
Offering Price	:	2,700 Kip
Offering Proportion to	:	20% of total listed shares
Email	:	info@lalco.la
Website	:	www.lalco.la
Tel	:	(856) 21 255557, 30 5056685

❖ Listed Company

Lao ASEAN Leasing Public Company (hereinafter “the Company” or “LALCO”). The Company was established as a limited company on 05 February 2015, with enterprise registration certificate No. 081/ERC The Company changed from enterprise registration certificate No. 728/ERC dated 13 October 2015 and has been two shareholders: LALCO Holding PTE CO. Ltd held 290 shares or 96.67% equal to LAK 23,316,000,000 and O International Co.,Ltd held 10 shares or 3.33% equal to LAK 804,000,000. Presently, the Company has a registered capital of LAK 24,120,000,000 its seven branches are Houaphanh, Luang Prabang, Bolikhamxay, Champasak, Savannakhet, Xieng Khouang and Salavan.

Leasing business in Lao is a rapidly growing business, so leasing business in Lao must be licensed business operation and under administration by Financial Institution Supervision Department of the Bank of Lao PDR. There are currently 29 established and operating leasing companies. Statistic December 2017, Financial Institution Supervision Department of the Bank of Lao PDR..

LALCO is an operating leasing business in Lao PDR, particularly retail finance (non- real estate), the Company mainly focuses on Japanese vehicle brands such as:

- Pick up and car brands include: TOYOTA, ISUZU, HONDA, SUZUKI, NISSAN, MAZDA.

- Motorcycle brands include: HONDA, SUZUKI, YAMAHA.

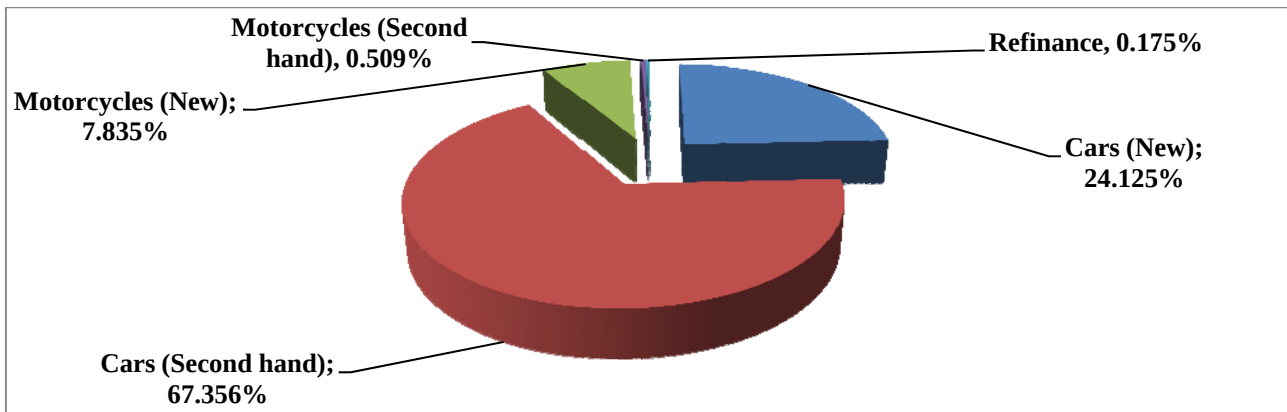
Currently, LALCO has three types of service: new cars and motorcycles, second hand cars and motorcycles and refinanced cars and motorcycles.

For Refinance service, the Company will focus on the clients with a good payment history, most of clients using refinance service are old clients that have used LALCO's services before. For clients that have not previously used LALCO's services before, the Company must; check clients' credit history in detail, ask clients' history with their head of village and check on credit information bureau system in Bank of Lao PDR program to ensure that the client will have the ability to repay.

The Company policy to access clients, the Company focuses on direct call sales and advertise by media such as: newspaper, television, radio, website, and other social media. In addition to above mentioned advertisements, the Company also had a commercial advertising campaign targeting potential customers in various locations such as markets, trade fairs and other suitable populous places.

After receiving permission to establish and operated business in 2015, the Company has been doing business under the laws and regulations that the leasing business supervision organizations determine. Therefore, the products and services of the company are accessible to customers. In Vientiane Capital the performance in the past three years show, from loss LAK 17 billion in 2015 to profit increase to LAK 56 billion in 2017. In addition, the Company has was approved expansion branches for provinces; Luang Prabang, Savannakhet and Champasak in May 2018.

❖ Leasing Ratio in 2018



2. Shareholding Structure

Shareholders	Before IPO		After IPO	
	No. of shares	%	No. of shares	%
1. Existing shareholders	241,200,000	100%	241,200,000	80 %
1.1 LALCO Holdings Pte	233,160,000	96.66666666%	233,160,000	77.3333333333
1.2 O International Ltd	8,033,000	3.3304312%	8,033,000	2.6664344942
1.3 Ms. Somsangouane SINGTHIEMPHONE	1,000	0.0004146%	1,000	0.0000331675
1.4 Ms Viphasone SIENMANY	1,000	0.0004146%	1,000	0.0000331675
1.5 Ms. Phavanhna PHOMMASACK	1,000	0.0004146%	1,000	0.0000331675
1.6 Mr. Tomofumi SUEMATSU	1,000	0.0004146%	1,000	0.0000331675
1.7 Ms. Chanthasone CHANTHASSEN	1,000	0.0004146%	1,000	0.0000331675
1.8 Mr. Lasonethanou THONGPASEUTH	1,000	0.0004146%	1,000	0.0000331675
1.9 Mr. Santisouk SAVATDY	1,000	0.0004146%	1,000	0.0000331675
2. Investors from IPO			60,300,000	20 %
Total	241,200,000	100%	301,500,000	100%

3. Board of directors and members of committee

No.	Photo	Board of Directors	Nationality	Position
1		Ms. Yuki Scott	Japanese	Chairman of BOD
2		Ms. Makiko Oikawa	Japanese	Vice Chairman of BOD/Independent
3		Mr. Tomofumi Suematsu	Japanese	Member of BOD/CEO
4		Mr. Tomohiro Yoshida	Japanese	Member of BOD/Independent
5		Ms. Harumi Ide	Japanese	Member of BOD/Independent

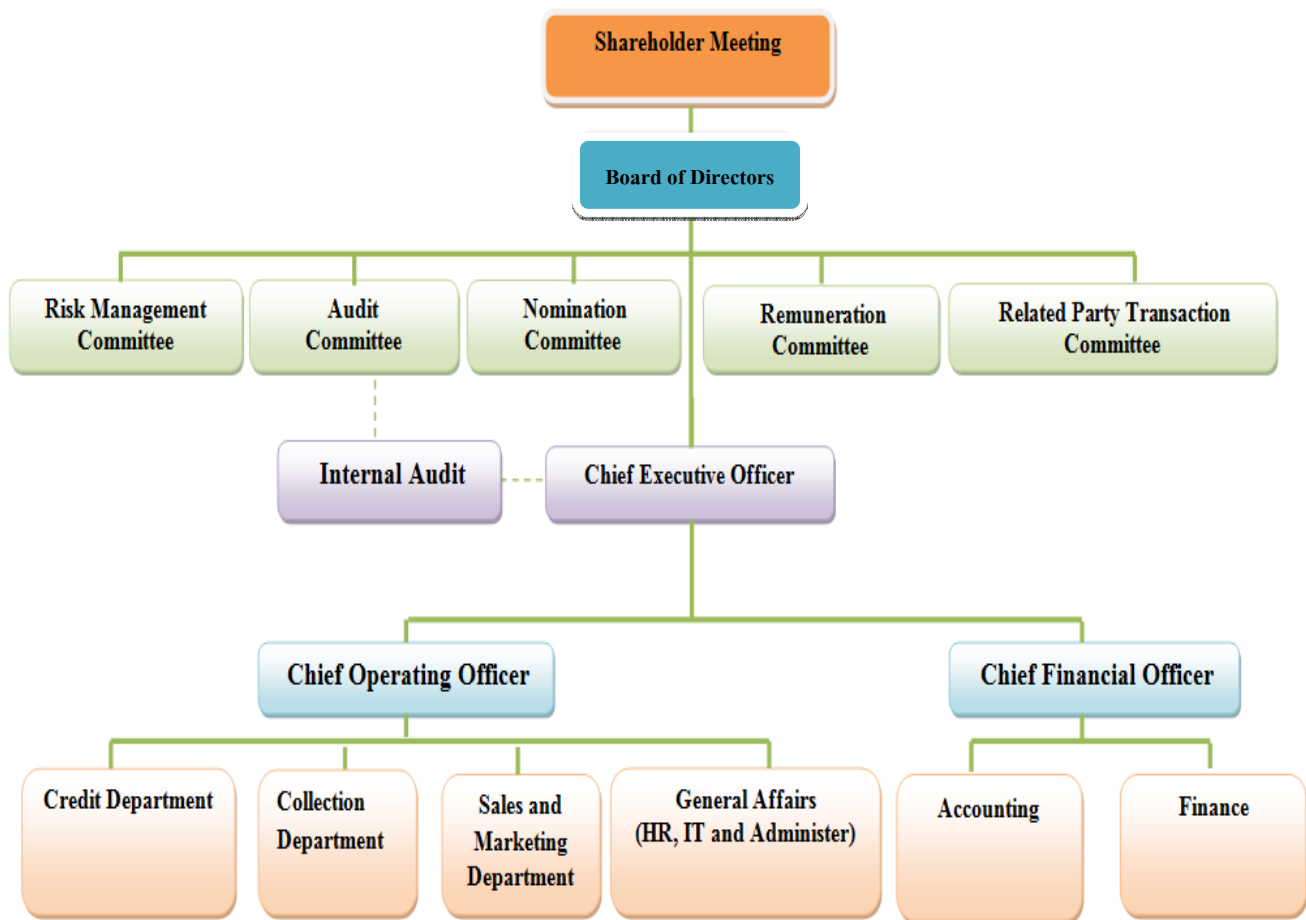
❖ Committees of the Board of Directors

- 1) Risk Management Committee
- 2) Audit Management Committee
- 3) Nomination Committee
- 4) Remuneration Committee
- 5) Related Party Transaction Committee

4. Board of Directors and Organization Chart

No.	Photo	Managing Directors	Nationality	Position
1		Mr. Tomofumi Suematsu	Japanese	Member of BOD/CEO
2		Ms. Risa Yamaguchi	Japanese	CFO
3		Mr. Kazutaka Morikawa	Japanese	COO

Organization chart



5. Operating Results

❖ Balance Sheet

Balance sheet	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
	Million LAK	Million LAK	Million LAK	Million LAK
Current assets	188,184	249,030	458,158	467,393
Non-Current assets	129,218	272,600	245,335	287,447
Total assets	317,402	521,630	703,493	754,840
Current liabilities	2,250	7,846	24,878	57,410
Non-current liabilities	324,386	513,728	605,911	553,499
Total liabilities	326,636	521,574	630,789	610,908
Paid up capital	8,040	8,040	24,120	24,120
Retained earnings	(17,273)	(7,984)	48,583	119,812
Total equity	(9,233)	56	72,703	143,932
Total liabilities and equity	317,402	521,630	703,493	754,840

❖ Income statement

Income statement	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
	Million LAK	Million LAK	Million LAK	Million LAK
Total income	32,244	117,466	180,813	223,147
Total expand	49,517	108,177	113,436	132,385
Net profit/(loss) for the year/period	- 17,273	9,289	67,378	97,045
Earnings before tax			-11,100	-25,817
Total comprehensive profit/(loss) for the year/period.	- 17,273	9,289	56,278	71,228

❖ Cash flow statement

Cash flow statement	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
	Million LAK	Million LAK	Million LAK	Million LAK
Net cash flows used in operating activities	(259,790)	(161,810)	58,075	85,838
Net cash used in investing activities	(3,172)	(4,994)	(238)	(845)
Net cash flow financing activities	310,396	140,019	49,062	(100,887)
Net (decrease)/increase in cash and cash equivalents	47,433	(26,785)	106,900	(15,894)
Cash and cash equivalents at beginning to the year/period.	-	47,433	20,343	127,243
Impact of exchange rate	-	(306)	-	-
Cash and cash equivalents at the end of the year/period	47,433	20,343	127,243	111,349

❖ **Key Financial Ratios**

Ratio	unit	2015	2016	2017	2018
Profitability ratio					
Rate for interest receive	%	12.37	24.30	31.48	36.14
Rate for interest paid	%	5.38	9.57	7.48	7.38
Net interest margin	%	6.98	14.73	23.99	28.76
Net profit margin	%	-53.57	7.91	31.12	31.94
Return on equity	%	-187.07	16,697.68	77.41	49.49
Efficiency ratio					
Return on asset	%	-5.44	1.78	8.00	9.44
Total assets turnover	Time	0.10	0.23	0.26	0.30
Financial policy ratio					
Debt to equity ratio	Time	-35.38	9,375.03	8.68	4.24
Finance lease to borrowing	%	0.80	0.98	0.98	1.17
Dividend payout ratio	%	N/A	N/A	N/A	N/A
Asset quality ratio					
Doubtful account and Bad debt to Finance Lease	%	2.29	3.54	0.45	N/A

6. Three years plan and Three years Investment plan

Leasing business in Lao PDR has potential to grow, because vehicles are used; to go to school, used for work, to engage in business activities and used for a plethora of other activities. Lao is a developing nation, the economy is growing and the population is increasing, to support this the infrastructure of transportation in Laos is being developed. The The public transportation is not widely available, so most people use their own vehicles to their travel. Therefore, the trend of using private vehicles is increasing, The Company plans to expand its leasing services in Vientiane Capital and other provinces such as: Luang Prabang, Savannakhet and Champasak. The Company is expected to open branches in all provinces in Lao PDR. The Company has a plan open to list their initial public offering (IPO) in Lao Securities Exchange, in order for the Company to raise capital for expansion of motorcycle and car leasing services in Vientiane capital and other provinces. Whereby clients can easily and conveniently use the Company's leasing service in every province.

The Company plans to expand its financial lease up to LAK 858,607 million from its current value of LAK 595,236 million. The Company will expect to increase financial lease to LAK 556.087 million and will expand financial lease to other provinces to LAK 302.520 million. Currently, the Company has branches across 7 provinces; Houaphanh, Xieng Khouang, Luang Prabang, Bolikhamxay, Savannakhet, Champasak and Salavan. In addition, the Company will expand opening branches to further provinces. The Company will use proceeds from Initial Public Offering (IPO) not less than LAK 6,030 million, for expanding financial lease in Vientiane Capital

and other provinces. Thus, during the first year (2019), the leasing expansion will come from IPO, the rest will be allocated from profit of business operation and loans from financial institutes.

Investment plan for 3 years

(Unit millions kip)

Year	Plan of fund usage	Investment value	Investment funds from IPO proceed	Investment fund to raise more	Investment funds from operational profit of the company
2019 - 2020	Expand financial lease in Vientiane capital	166,826	Not less than 3,015	44,290	119,521
	Expand financial lease in Luang Prabang, Savannakhet and Champasak	45,378	Not less than 3,015	42,363	-
	Expand financial lease in Houaphanh, Xieng khouang , Bolikhamxay and Salavan	45,378	-	45,378	-
2020 - 2021	Expand financial lease in Vientiane capital	166,826	-	166,826	-
	Expand financial lease in Luang Prabang, Savannakhet and Champasak	45,378	-	9,378	36,000
	Expand financial lease in Houaphanh, Xieng khouang , Bolikhamxay and Salavan	45,378	-	45,378	-
2021 - 2022	Expand financial lease in Vientiane capital	222,435	-	222,435	-
	Expand financial lease in Luang Prabang, Savannakhet and Champasak	60,504	-	-	60,504
	Expand financial lease in Houaphanh, Xieng khouang , Bolikhamxay and Salavan	60,504	-	60,504	-
Total		858,607	Not less than 6,030	636,552	216,025

❖ Use of Proceeds

The Company expects to receive funding from the Initial Public Offering (hereinafter “IPO”) not less than 6,030 million kip for expansion of its business in Vientiane Capital and other provinces.

The proportion of investments plan and use funds from IPO are detailed as the table below:

Use of proceeds from IPO

Objective	Total Investment Amount (million LAK)	Proportion of proceed of fund from IPO	Estimated Period of Investment
Expand finance lease to clients within Vientiane Capital;	No less than 3,015	50%	period 2019 - 2020
Expand finance lease to clients in others provinces;	No less than 3,015	50%	period 2019 - 2020
Total	No less than 6,030	100%	

7. Key of risk factor

❖ **Marketing and competitive risk**

Leasing business is highly competitive because of high return, the number of competitors in this industry is increasing; the Company faces risk from competitive exchange rates and other service providers. However, these factors have not previously had a direct effect on the Company, as the financial institutions focus on customers who need loans, while the Company is focusing on customers who have stable incomes. The Company also focusing on before and after sale services; fast service with high loan limit and approval within 1 day. There are a wide range of services, products across many locations designed to meet the needs of consumers.

❖ **Risk on source of funding**

The Company's capital mostly comes from overseas, Associated risks are; when the loan contract ends, when the lender asks for payment before the contract end or changes to the countries' lending regulations occur.

However, the Company can prevent those risks by fully identifying the contents of the contract, so the Lender cannot ask for the loan before the maturity date. The Company has also taken loans from local financial institutions with interest rates lower than foreign loans.

❖ **Risk on defaults, guarantors and collateral**

To reduce these risks, the Company has installed GPS to all of vehicles before leaving to the customers. In addition, the Company's policy is to provide leases an individual and/or the guarantor, whom live areas that have a branch. The Company's staff will check given information with the chief of the village as to whether the information from the is true. In the case skip of customers who skip payments, the staff call and ask the customer to pay. If the customer still doesn't pay the staff will promptly visit them in order to reduce risk.

❖ **Risk from Nonperforming Loan (NPL)**

Motorcycle leasing business is a highly profitable business. The determination of financial conditions, such as installment rate, interest rate and the contract duration depend on the market mechanism controlled by the Bank of Lao PDR. Currently there is no fixed ceiling rate. As a result, motorcycle lease entrepreneurs can operate in full competition. depending on the potential of the companies in competition, the risk is quite high.

Considering that the Company business status is at the beginning stage, the Company needs to expand its customer base at a higher rate to increase market share. The balance between the expansion of the lease customer base, the flexibility of the credit approval must be in taken into the consideration to get quality credit. If the Company is unable to maintain this balance, risk of decreasing quality of credit will affect the company's performance, as it needs to acknowledge more bad debts and doubtful accounts from more provisions.

To protect from the risk of bad debtors, the Company can confiscate vehicles if certain conditions are met as indicated in the lease contract (the Company may confiscate its debtors' motorcycles if debtors skipped payment installments over a specified timeframe) to request for outstanding payments. In a case where customers unable to make payments, the Company will confiscate the vehicle and sell it as soon as possible.

Along with these measures, the Company has a strict guideline in approving credit by paying attention to the approval process. Before the approval, customer's information will be checked from the Company's database system. In addition to the collateral (vehicle), the Company also requires a third party to guarantee lowering risk from the debtors. An appropriate amount of down payment, dependent on the risk of each debtor is required. The Company will also; setup a management system of the debt installments, create a team to track debt and follow up with customers and separate customer into levels based on customer payment behavior.

Remark: Beside those risks above, please see on the draft of prospectus on chapter 1, article No.3.

8. 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 Company's investment plan, the necessity and other business activities. Once the Board of Directors agree to pay annual dividend, the decision must be shared in the shareholders meeting to consider and approve. Dividend payments, during the year, can be authorized by the Board of Directors but they must be reported to, and approved in the shareholders meeting.

9. Related parties

Related parties	Characteristic of the transaction	Value of the transaction (million LAK)	Necessity and reasonableness of the transaction	Related parties
		2017	2018	
Mr. Lasonethanou THONGPASEUTH	Lao Asean Leasing Company Limited offered a loan for Mr. Lasonethanou HONGPASEUTH with interest rate of 13% per annum (a loan agreement was made as a limited company before converting to a public company)	2,009	2,362	Lao Asean Leasing Public Company has approved a loan for Mr. Lasonethanou THONGPASEUTH because he has worked for Lao Asean Leasing Public Company for a long-time. A loan agreement was made between the two parties under the Law of Lao PDR. The loan has clearly set interest rates and payment terms. From this agreement, the company will carry out and collect the payment with full interest.
Ms. Somsangouane SINGTHIEMPHONE	Lao Asean Leasing Company Limited offered a loan for Ms. Somsangouane SINGTHIEMPHONE with interest rate of 13% per annum (a loan agreement was made as a limited company before converting to a public company)	2,177	2,559	Lao Asean Leasing Public Company has approved a loan for Ms. Somsangouane SINGTHIEMPHONE because she has worked for Lao Asean Leasing Public Company for a long-time. The loan agreement is between the two parties under the Law of Lao PDR. The loan has clearly set interest rates and payment terms. From this agreement, the company will carry out and collect the payment with full interest.

10. Loan items

Loan Agreement	Loan Amount	Term	Interest Rate
Bluebird Co.,Ltd	11,700,000 USD	5 Years	10%
BBHD Co.,Ltd	818,827 USD	5 Years	10%
First Geneva	19,000,000 USD	5 Years	10%
TCA Multistrategy Opportunity Fund Limited	20,000,000 USD	5 Years	10%
Banque Franco-Lao Ltd	4,175,000,000 KIP	1 year	8.5%
Rent Agreement			
Ms. Somsangouane SINGTHIEMPHONE	208,721 USD	30 Years	13%
Mr. Khamsavay CHANTHAVONG	224,776 USD	30Years	13%
Mr. Lasonethanou THONGPASEUTH	192,665 USD	30Years	13%

Part: 1**Lao ASEAN Leasing Public Company****1. Issuing Company****1.1.General Information of Company**

Company Name	:	Lao ASEAN Leasing Public Company
Business type	:	Financial Leasing non-real estate
Symbol	:	LALCO
Registered Office	:	Phonesinuan village, Sisattanak district, Vientiane capital city, Lao P.D.R
Enterprise registration certificate	:	0222/ERC
Enterprise Tax certificate	:	534675249-9-00
Register Capital	:	LAK24,120,000,000
Number of Offering share	:	60,300,000 shares
Offering Price	:	2,700 Kip
Offering Proportion total shares	:	20%
Email	:	info@lalco.la
Website	:	www.lalco.la
Telephone	:	(856) 21 255 557, (856) 30 505 6685
Fax	:	

1.2.Company Background

Lao ASEAN Leasing Public Company (hereinafter “the Company” or “LALCO”). The Company was established as a limited company on 05 February 2015 with the registered capital of LAK 8,040,000,000 divided into 100 shares and enterprise registration certificate No. 081/ERC. LALCO was established by three shareholders: BBHD Co.,Ltd, which held 80 shares or 80% equal to LAK 6,432,000,000, Mr Somsouk Phimpachan held 10 shares or 10% of total equivalent to LAK 804,000,000 and Ogisaka International Ltd held 10 shares or 10% equal to LAK 804,000,000. LALCO has increased registered capital to LAK 24,120,000,000 from Bluebird Co.,Ltd loan being turnover equivalent to 16,080,000,000 LAK in 2015 and divide into 300 shares. the Company also changed enterprise registration certificate to No. 728/ERC dated 13 October 2015 to two shareholders: LALCO Holding PTE CO., Ltd held 290 shares or 96.67% equal to LAK 23,316,000,000 and O International Co.,Ltd held 10 shares or 3.33% equal to LAK 804,000,000. Both companies have many years of experience in doing business in the financial leasing sector in Lao and overseas.

Leasing business in Lao is a rapidly growing business, so leasing businesses in Lao must be licensed and operate under regulations issued by the Financial Institution Supervision Department of the Bank of Lao PDR. 29 companies leasing companies have been established and operate. Statistic December 2018, Financial Institution Supervision Department of the Bank of Lao PDR.

LALCO is a leasing business operating in Lao PDR, particularly retail finance (non- real estate), the Company mainly focuses on vehicles from Japanese brands including:

- Pick up and car brand: TOYOTA, ISUZU, HONDA, SUZUKI, NISSAN, MAZDA and others.
- Motorcycle brand: HONDA, SUZUKI, YAMAHA and others.

Currently, LALCO have three types of service: new cars and motorcycles, second hand cars and motorcycles and refinance for cars and motorcycles.

For Refinance service, the Company focuses on clients with a good payment history, most of the clients using the refinance service are old clients that have used LALCO services before. For new clients, LALCO must: check clients' credit history in detail, check clients' history with the clients head of village and check on credit with the information bureau system in Bank of Lao PDR program, to ensure that clients will have the ability to repay.

The Company has been seen potential in the leasing sector in Lao PDR over the past years, so in 2014 it explored the feasibility and studied setting up a leasing business. The preliminary study showed, clients had limited access to capital for the purchase of vehicles for family use and business operations. When identifying this potential, the Company requested permission to establish and operate business at the end of 2014. The policy of the Company outlines that the managing director must have a vision for the Company to be the leader of car and motorcycle leasing services in leasing industrial sector in Lao. The Company has taken clients as the center of service by setting up strategic services following the Company's slogan " Lao ASEAN Service minded Conveniently fast High amount".

After receiving permission to establish and operate a business in 2015, the Company has been operating under the laws and regulations determined by the leasing business supervision organizations. Therefore, the products and services of the company are well known to customers, especially in Vientiane Capital. The results of performance over the past three years, are from loss LAK 17 billion in 2015 and the profit increase to LAK 56 billion in 2017. In addition, the Company has been approved an expansion for branches to open in provinces such as Luang Prabang, Savannakhet and Champasak in May 2018.

The Company mainly focuses on reaching clients and potential customers through direct call sales, advertisements using media and commercial advertisement campaigns targeting potential customers in populous locations, such as markets and trade fairs.

The Company converted into a public Company on 19 February 2019 , with a registered capital of LAK 24,120,000,000, 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 LALCO Holding PTE CO., Ltd, which the Company from Singapore totaling LAK 23,316,000,000 equal to 96.66376%, O International Co.,Ltd is a company from Cayman Islands held LAK 803,300,000 equal to 3.33330% and 7 others shareholders at approximately LAK 700,000 equal to 0.00294%.

Since the Company establishment, The Company had increased its registered capital one. On the day of establishment, 05 February 2015, the registered capital was LAK 8,040,000,000. 13th of October 2015 the Company raised its registered capital to LAK 24,120,000,000.

Currently, the company can expand its seven branches. The Company has been licensed to expand its branches twice, first on 21 May 2018 the Company was approved an expansion of its branches to three new provinces; Luang Prabang, Savannakhet and Champasak, approved by: Financial Institution Supervision Department, Bank of Lao PDR and Enterprise registration and Management Department Ministry of Industry and Commerce.

As of 17 December 2018, Enterprise Registration Certificate No. 1191/ERC, The Company has been granted permission to extend to four additional provinces: Houaphanh, Xieng Khouang, Bolikhamxay and Salavan.

2. Use of Proceeds

The Company expects to receive funding from Initial Public Offering (IPO) not less than 6,030 million kip for expansion of its business in Vientiane Capital and other provinces.

The proportion of investment planned and uses of fund from initial public offering (IPO) (hereinafter “IPO”) are detailed as the table below:

Table1 Use of proceeds from IPO

Objective	Total Investment Amount (million LAK)	Proportion of proceed of fund from IPO	Estimated Period of Investment
Expand finance lease to clients within Vientiane Capital;	No less than 3,015	50%	period 2019 - 2020
Expand finance lease to clients in others provinces;	No less than 3,015	50%	period 2019 - 2020
Total	No less than 6,030	100%	

3. Risk factor

To invest in business may involve risks. Before investing, the investors should carefully consider the risks and information described below in this prospectus. The following sections describe some risks that may arise, affecting the company and the value of investing. Though the Company is aware of all major risks, there may be other risk factors; that the Company does not anticipate that the Company is unable to recognize and other minor risks which may affect business; financial conditions, operating performance, and the projections. This prospectus also estimates the future business operations which come with risks and other uncertainties. The operating result may be completely different from the plan. The forecast of future operations can be affected by many factors, including risks that the company may face as described in this prospectus.

Lao is considered a Frontier Market and the investment in frontier stock markets can be risky. Apart from the company (qualities of management and asset, cash flow, financial liquidity, regulations and other related parties), the investors also need to be aware of factors in the stock market including: regulation, taxes, liquidity and costs related to trading transactions.

The investors need to consider to the following risks, as detailed, that may impact the company and the value of investment in the Company. Moreover, there will be other risks which the company may not be aware of or the risks that are not important for the company in the present, but may cause negative impact. Investors may lose a part or all of their capital.

The main factors which are involved with investment in common stock are compiled and detailed as follows.

3.1 Macro Risk

3.1.1 Macroeconomic risk

Leasing business has serious competition from new entrepreneurs, mostly from Financial Institution Companies, which have advantages from lower financial costs and a large amount of capital. Because of the high return rate, potential competitors include; commercial banks and affiliated companies, leasing companies and vehicle rental businesses and companies. This business doesn't need large investments in tools and equipment for operations. So, it attracts more and more new entrepreneurs to come into the industry. Beside the new entrepreneurs, there is competition from existing operators who use marketing strategies such as provision of: high rate borrowing, extending repayment terms and lower interest rates to attract customers.

Operating the business is not solely dependant on having enough capital. Having an experienced management, access to target customers, meeting customer demands, many branches, customer service centers in business areas, fast and efficient services, a large customer database, expertise in credit management and repayment controlling systems, all promote the Company's competitive advantage. Moreover, commercial banks and other companies will focus on providing leases to new vehicles or premium customers. The Company mainly focuses on; customers who'd like to buy new and second hand vehicles, medium to premium customers and only Japanese brand vehicles.

3.1.2 Currency risk

Doing business in Lao PDR, The dominant currency is Lao Kip (LAK). The Company sources of funds are mostly from offshore loans, so there will be the risk of forex loss when the exchange rate fluctuates and it will affect the Company debt repayments.

Therefore to reduce such a risk, the Company needs to look for more local sources in LAK currency or may also use forward exchange, but currently financial institutions do not provide such service for the LAK or there will be a high fee associate with the service. If necessary, the Company will take the high cost forward exchange into the consideration.

3.1.3 Risk on interest rate

The main revenue of the Company comes from lease interests, which are fixed rate till their maturity dates. When the interest rate in the market changes, it may affect the result of the Company's performance, if the Company has a cost of borrowing and has to pay for interest at a fixed rate, The operating result will be affected along with the ability to make profit.

However, the changing of interest rate in the market will affect all of the leasing industry. Currently the ratio of interest income and payment of the Company still has more space to generate increased profit for shareholders. Moreover, the interest rate is expected to decline in the short to medium term and after the Company is listed; it will have more capital and reduce future interest payment.

3.2 Financial risk

3.2.1 Marketing and competitive risk

The leasing business has a highly competitive environment because of high return, The number of competitors in this industry are increasing, resulting a higher risk of interest competition. However, in the past these factors have not directly affected the Company as the financial institutions will focus on customers who need a loan, while the Company is focusing on customers who have stable incomes. The Company also focuses on the qualities of before and after sales services; mainly fast service with high loan limit and approval within 1 day. There are a wide range of service access points and product designs to meet the demand of customers.

3.2.2 Risk from providing leases for second hand vehicles

Providing leases for second hand vehicles, the Company may face risks from technical checking and evaluation. If the Company is inefficient in evaluating the second hand vehicle before providing a lease for a customer, it will have a risk from selling the vehicle if it is confiscated. The vehicle evaluation is dependent on the useful life, appearance and popularity of that vehicle.

To reduce these risks the Company selects staff, who are experts in vehicle selection to provide a lease to a customer, this not only helps to reduce the risk from vehicle quality but it also builds confidence from customers. Moreover, the Company also selects high standard second hand vehicle dealers, who offer the second hand vehicle at the suitable price, including guarantee and after-sales service.

3.3 Management and operational Risk

3.3.1 Risk by the Director

The quick success of the Company after its establishment only 4 years ago was because it was operated by experienced individuals, who have the expertise and are well-known in the industry. They play important roles in various departments such as marketing, credit management, collection and debt management. Without those experienced managers, the Company may face business operational risk.

This risk can be protected against, as the Company set up personnel development policies to train staff. The goal and direction of the Company's personnel development policies are to develop knowledge and skills of staff to meet the needs of the Company.

3.3.2 Risk from Controlling by major shareholders

After the IPO, the Company's major shareholder will be LALCO Holding Co.,ltd with 77.33% and O-International Co.,ltd with 2.66%. Between them covering 79.99% of the total vote from registered capital, which will take almost full control of shareholder's meeting resolutions, including the appointment of BOD or approval of other matters that require a majority in the shareholders' meeting, except agenda related to the Article of Association and laws. Therefore, other shareholders may face risk of not having enough votes to veto the votes of the major shareholders during the shareholders meeting.

For transparency and to reduce the risk in management by major shareholders, the Company has set up a BOD to balance the power of its members by having independent directors not less than one-third of the total numbers of directors. Independent directors provide comments and consider important issues. Directors who have conflict of interest with

3.3.3 Risk by the Computer system

Motorcycle leasing businesses are engaged with lots of information and data therefore, the management information base is needed. Information technology requires close control, a monitoring system, expertise and specialist skills to solve issues in case of an emergency. Risks associated with the computer system are: system programming, hardware, security software and information system.

The Company plans to prevent the above risk as follows:

- Application software: in case of emergency the Company has built a backup storage, located in a secured location. In addition, to make sure that the backup storage system is working properly, system testing is done twice a year.
- Hardware Control: There's a backup computer that supports the Company's server. the quality of this computer may be lower than the main computer but it is not placed in the same location as the server, Backup computers are placed in different branches. The backup computer works the same way as the main computer and is tested regularly.
- Data Risk: Equipment for data storage and to replace damaged equipment will be procured. The data gets backed up every day in external storage which located offsite or

handed to the authorized person. Another backup system is also installed, in case the main storage is damaged.

- Security risks in accessing computer systems and data: The system will be accessed by the authorized personnel only. To prevent risks such as computer viruses, the Company will install security software, Firewall and Antivirus software. Using external files or external devices like hard drives or USB are restricted to avoid computer viruses that may arise.

3.3.4 Risk of Staff fraud or other Parties

Leasing businesses are involved with direct money services, the Company may face risk of corruption by staff, especially when the customers make their payment at the branch. The financial officer of each branch receives cash directly from customers and there may be risk of Staff fraud.

In order to prevent such problems, the Company has setup an internal control technology system, to inspect its branch. When the customers are paying their installment, they receive a payment bill and if the branch has cash over the set limit, they need to deposit to the bank and inform head office by daily report. In addition, the Company also has a policy for an Internal Audit Unit to inspect the financial position of each branch. These precautions will help limit damage that may occur, protecting the Company's performance.

3.3.5 Risk from Nonperforming Loan (NPL)

Motorcycle leasing business is a highly profitable business. The determination of financial conditions, such as installment rate, interest rate and the contract duration depend on the market mechanism controlled by the Bank of Lao PDR. Currently there is no fixed ceiling rate. As a result, motorcycle lease entrepreneurs can operate in full competition. depending on the potential of the companies in competition, the risk is quite high.

Considering that the Company business status is at the beginning stage, the Company needs to expand its customer base at a higher rate to increase market share. The balance between the expansion of the lease customer base, the flexibility of the credit approval must be taken into the consideration to get quality credit. If the Company is unable to maintain this balance, risk of decreasing quality of credit will affect the company's performance, as it needs to acknowledge more bad debts and doubtful accounts from more provisions.

To protect from the risk of bad debtors, the Company can confiscate vehicles if certain conditions are met as indicated in the lease contract (the Company may confiscate its debtors' motorcycles if debtors skipped payment installments over a specified timeframe) to request for outstanding payments. In a case where customers unable to make payments, the Company will confiscate the vehicle and sell it as soon as possible.

Along with these measures, the Company has a strict guideline in approving credit by paying attention to the approval process. Before the approval, customer's information will be checked from the Company's database system. In addition to the collateral (vehicle), the

Company also requires a third party to guarantee lowering risk from the debtors. An appropriate amount of down payment, dependent on the risk of each debtor is required. The Company will also; setup a management system of the debt installments, create a team to track debt and follow up with customers and separate customer into levels based on customer payment behavior.

3.3.6 Risk from non- diversified products

Due to the present highly competitive situation in leasing business, if the Company doesn't have diversity of products, it will not be attractive to customers who want to purchase consumer goods with leasing services. Therefore, the Company may face a revenue risk from not diversifying its products, which may in turn affect in the future performance of the Company.

In order to reduce this risk, the Company plans to expand its services to include providing financial lease for: cars, electronic appliances, machinery and more. The Company is granted a license for all non-real estate leasing services by Financial Institution Supervision Department. In addition, the Company will expand to other financial businesses according to the approval from related authorities in the future.

3.3.7 Risk on source of funding

The Company's capital mostly comes from overseas, Associated risks are; when the loan contract ends, when the lender asks for payment before the contract end or changes to the countries' lending regulations occur.

However, the Company can prevent those risks by fully identifying the contents of the contract, so the Lender cannot ask for the loan before the maturity date. The Company has also taken loans from local financial institutions with interest rates lower than foreign loans.

3.3.8 Risk on increasing debt

Leasing businesses need to spend a lot of capital, to keep business growing continuously. The Company needs to access different sources of funding to respond to the business growth and the result for the Company can be high levels of debt in the future. The preventive measures include; prepared sources of funding that comply with the purpose of use terms, assessing the appropriateness of interest rates, repayment period and debt ratio in congruity with the economic situation, in order to find the best source of fund. If the Company can be listed on the Lao Securities Exchange, there will be more channels to access sources of funding such as: shares, corporate bonds, public offerings and access to funding from banks by using customer accounts as collateral for a loan.

3.3.9 Risk on defaults, guarantors and collateral

To reduce these risks, the Company has installed GPS to all of vehicles before leaving to the customers. In addition, the Company's policy is to provide leases an individual and/or the guarantor, whom live areas that have a branch. The Company's staff will check given information with the chief of the village as to whether the information from the is true. In the case skip of customers who skip payments, the staff call and ask the customer to pay. If the customer still doesn't pay the staff will promptly visit them in order to reduce risk.

3.3.10 Risk form depending on specialized staff

Leasing businesses need specialized staff; experts with lots of experience in checking and evaluating the price of second hand vehicles, with knowledge about marketing and good relationship with dealers. The Company may face risk from depending on specialist staff. If the Company doesn't have them, it may affect the Company operating result directly.

The Company plans to reduce those risks by working systematically, using manuals on every step, including using credit scoring to provide leases. This will help make the process of lease approval standardized. To further reduce the risk, the Company also motivates their staff by offering rewards and training, creating new generations of skilled staff.

3.3.11 Risk on the collateral were not cover debt

All of the Company's asset guarantees are real Estate, so the Company is set up for debt collection measures. If the customer continually skips their payment for three times, the Company will take the vehicle and will cancel the agreement. If the customers do not pay their debt within 30 days, the Company can sell vehicle through the market. Currently, the Company had sold vehicles through the branch, the Company's warehouse and public auction in order to pay debt. If the Company can't sell the vehicle that had been confiscated or it is sold at a lower price than the debt value, there will be an effect on the Company's financial position and performance.

To reduce these risks, the Company will inspect and evaluate the guarantee before providing a lease, the Customers need to pay at least 30-70 percent of the total value of the vehicle dependent on the type of vehicle. The remaining value of the vehicle will be lower than the market price, reducing the risk from the price rapidly declining on new vehicles. The Company will sell a vehicle immediately after confiscation. For sell price, the Company will evaluate the remaining payable debt, which is usually lower than market price, that will give the Company more flexibility in selling the vehicle. In case the sale price was lower than the outstanding debt, the customer needs to pay the remainder, if the customer can't pay the guarantor must pay instead. As the loan agreement clearly states it in detail, Confiscated vehicles, when sold at a higher price than the outstanding debt, result in the Company refunding the difference between the outstanding debt and the vehicle sale price to the Customer.

3.4 Offering Risk

3.4.1 Risk from regulatory process of listing on the LSX

The Company intends to increase capital through IPO scheme and has submitted an application for the Company to be listed on the LSX, BCEL-KT Securities Company Limited (BCEL-KT). A financial advisor has reviewed the Company's application and concluded that the Company is qualifies for listing on the LSX except the minority shareholders' distribution criteria.

It is still an uncertain if the Company will be granted an approval from the LSX, an approval may incur the liquidity risk for ordinary shares of the Company in the secondary market. In case the Company is unable to fulfill all of the requirements, especially the number of minor shareholders. The minority shareholders must be at least 100 different shareholders and the distribution must be more than 10% of total total registered shares, the ordinary shares of the Company may not be granted approval to be listed on the LSX.

4. Current business

Word explanation:

The word “Vehicles” in this title means Motorcycles and Cars

4.1 Business model

Leasing business is a type of financial service, which is between 3 parties: 1) Leasing Company, 2) Dealer and 3) Customer.

In some cases, there are only two parties: Leasing Company and Customer (which maybe an individual, a retail store or a second hand product store)

Leasing services start with the Customer who wants to buy Vehicle by paying installments to a vehicle dealer, they can choose to use leasing services offered by the Company. The Customer has to pay a down payment, the rest will be payed to the dealer on the condition that the customer signs a leasing contract with the Company. The customer has an obligation to pay the installments and use the vehicle under the terms of the leasing contract. After completing the leasing contract, the ownership of the vehicle will be transferred to the customer completely.

The customer can access leasing services through a Dealer who is a partner of the Company. The Company has staff, who are located at those shops to provide leasing services. The staff make it convenient for customers, as the Customer does not need to apply for leasing at the Company's office.

We can see that the Dealer is an important factor of marketing for the Company because most customers, who want to buy a vehicle, will likely go to the dealership. Building good relationships with dealers is very important in order to: reach and expand the customer base in the future, make good impressions and provide satisfactory services and meet the demands of customer vehicle usage. The Company has set an internal working process, providing leasing approval within 1 day.

To prevent the risk of NPL, the Company focuses on procedure and verification of customer information. Company staff must go to customer's home to check the information provided. Also, the background of the customer is verified through: the chief of the customer's village, the Company database system (for returning customers) and Credit Information Bureau (CIB). The Company requires a guarantor for every leasing contract or co-leasehold to reduce the risk from customers that cannot pay the installment on time. In addition, the Company has focused on systematic and effective management and debt reporting. The debt classification system is able to accurately show the company's credit quality. Other factors of risk protection include: determining appropriateness of Customer, type of vehicle, down payment rate, an appropriate payment period, responsible staff and considering both quantitative and qualitative criteria of debtors. The factors as mentions will help Company to prevent other risks.

4.2 Characteristics of services

The consideration of the characteristics of vehicle leasing services, can be divided into 3 types of services such as 1. Motorcycle leasing service, 2. Car leasing service and 3. Refinance

1) Motorcycle leasing service

The Company provides New and second-hand motorcycle leasing service, focusing on well-known Japanese brands including: Honda, Yamaha and Suzuki. About 90% of all motorcycle leases are Honda.

The Second-hand motorcycle leasing service sources vehicles through second-hand motorcycle dealers and motorcycles confiscated from customers who cannot comply with the leasing contract. For the confiscated motorcycles, the Company will either have an auction or

sell off to the market, Customers are people who are interested in a good quality Japanese second-hand motorcycles that can bought or leased from the Company.

Price of the motorcycle lease, installments and payment period will depend on the customer's ability to pay, which is in accordance with the down payment rate, the type/brand of motorcycle and the motorcycle price. Currently, customers can access motorcycle leasing services through the dealer partner. More than 70 shops in Vientiane capital and surrounding provinces have company branches.

2) Car leasing service

The Company provides new and second-hand car leasing services. Currently, the Company is mainly focused on second-hand cars, most of them are cars and pick-ups from favorite Japanese brands like: TOYOTA, ISUZU, and NISSAN.

To set the financial amount for car leasing, installments and payment period, an evaluation of: the customer's ability to make payment, the down payment rate, the type/brand of the car, price and the condition of the car – usage age (second-hand car) is carried out. The customer can pay the installments over a maximum of 60 months (5 years).

The second-hand car leasing service provided by the Company will carry higher risk from asset quality when compared to the new car leasing service. The Company therefore considers the factors of leasing approval: conditions and usage age of car, the benchmark price of the second-hand car on the market and the car's registered verification. Taking these factors into consideration, the Company's experienced leasing analysis staff check the conditions and price of second-hands cars to reduce risks. The Company also helps check customer car quality, providing good quality second-hand cars, improve the level of second-hand car leasing service from the Company.

3) Refinance

Company also provides refinance service, initially, it only provided this service on cars, beginning in 2018 for a market trial. Consumer behavior was studied and the service will expand to motorcycles in the future. Customers can use their vehicle to apply for refinance services; either for money, canceling the old contract of another leasing company to apply for a refinance contract with the Company. The applicant must specify the aim of refinance, The Company will estimate the vehicle value base on the Company's policy, Other procurement operations will be the same as other leasing services.

From the types of vehicle leasing services mentioned above, the Company has the number of leases and vehicle types detailed below:

Table 2 Number of motorcycle leasing service

Type of leasing	2015		2016		2017		2018	
Motorcycle	unit	%	unit	%	unit	%	unit	%
New	2,394	100	3,839	84	4,160	86	2,695	74
Second-han	-	0	751	16	697	14	926	26
Total	2,394	100	4,590	100	4,857	100	3,621	100

Motorcycle leasing services of the Company since 2015 – 2018 increased from 2,394 units, 4,590 units, 4,857 units and 3,621 units respectively or an increasing average around 24% per year. In 2018, the number of new motorcycles covered about 74% and the second-hand motorcycles covered about 26% of total motorcycles.

Table 3 Ratio of motorcycle leasing period

Installment period	2015	2016	2017	2018
	%	%	%	%
≤ 06 months	28	39	52	43
≤ 12 months	14	10	5	5
≤ 24 months	17	14	13	16
≤ 36 months	41	38	30	36
Total	100	100	100	100

Table 4 Amount of Car leasing service

Type of leasing Car	2015		2016		2017		2018	
	Unit	%	Unit	%	Unit	%	Unit	%
New	1.113	63	910	26	402	7	118	2
Second-hand	663	37	2.536	74	5.450	92	7.311	98
Total	1.776	100	3.446	100	5.901	100	7.429	100

The amount of car leasing service since 2015 – 2018 increased from 1,776 units, 3,446 units and 7,429 unit respectively or increased average about 64% per year. In 2018, the second-hand car leasing service covered the most around 98%, the first hand car leasing service covered around 2% .

Table 5 Ratio of car leasing service period

Installment period	2015	2016	2017	2018
	%	%	%	%
≤ 12 months	23	32	44	63
≤ 24 months	42	39	30	11
≤ 36 months	26	23	24	25
≤ 48 months	9	6	2	0.4
≤ 60 months	0	0	0	0.6
Total	100	100	100	100

4.3 Types of customers and target market

The Company targets customers for motorcycle and car leasing service. The target group are retail customers who have a career and stable income such as government staff, employees from private sectors, merchants and private workers that want to buy vehicle using installment payment.

The Company is able to divided customers into 2 groups as below:

1) Customers with financial statement

The customers of this group have a career and stable income, the Company can check the history of loans from related financial institutions or income certificate documents. Currently, they covered about 95% of total customers.

2) Customers without financial statement

The customers of this group covered about 5% of total customers which work in freelancer careers such as, merchants and workers, who have absolute incomes.

4.2 Industry overview and competition situation

4.2.1 Leasing sector situation

Leasing business is a high return business, so new entrepreneurs come into the business continuously. Leasing services include various products such as electrical appliances, vehicles, machinery and agricultural tools. Consumers are now able to buy goods in middle to high price range through leasing services. Purchasing good through leasing services is growing in popularity, increasing continuously as can be clearly seen from the amount of credit of non-bank financial institutions in 2012, 2013, 2014, 2015, 2016, 2017 and 2018. The credit amounts were LAK 286 billion, LAK 575 billion, LAK 781 billion, LAK 1,126 billion, LAK 12,653 billion, LAK 24,595 billion and LAK 51,778 billion respectively. If looking only at the amount of leasing services in 2018, it was LAK 40.641 billion which covered about 78% of the total amount of non-bank credit (sources from Bank of Lao).

4.2.2 Competition situation

In 2018, there are 29 leasing companies in Lao which increased from 14 companies in 2015, the increases make more competition in this sector. especially for motorcycle and car leasing business. The increasing competition in leasing business has effects on the interest rate and down payment rate of leasing a vehicle, resulting in overall decrease and making access to leasing services more convenient. The high competition shows that the domestic vehicle market in the country has not been filled, the population of the country is about 7 million people (Source from National statistic bureau) while numbers of motorcycle registered are about 1.5 million units (in 2017) and about 5.01 hundred thousand units of cars (in 2018). Although the overall leasing interest rate is on a downward trend, the trend has been consistent with the loan interest rate in the market. However, the decrease of leasing interest rates overall will encourage consumers to use leasing services. Whilst in the past, the number of vehicles has gradually increased of growing numbers of the vehicle in country in the past, the Company sees that there are more opportunities to expand its business in the future.

Details of competition, for the two types of vehicle leasing service - motorcycle and car are shown below:

1) Motorcycle leasing business

The competition of motorcycle leasing businesses at present competes in quick before and after sales service and having service areas covering the main cities of provinces. Competition of leasing interest rate, the period of installment payment and the minimum of down payment rate across the market overall are not much different. The leasing interest rate is between 1,90% - 2,25% per month, the period of installment payment is between 6 – 36 months and the down payment rate will be between 15% - 30%. Customers mostly access the leasing service, when they buy motorcycles, through a motorcycle dealer. Dealerships play a very important role in advising customers for the Company, if a company has more dealer partners, it will have more business opportunities. Currently, the Company has more than 70 motorcycle dealer partners in the service areas: Vientiane capital, Huaphan, Xiengkhuang, Luangprabang, Bolikhamxay, Savannakhet, Salavan and Champasak province, that send customers to the Company. Company staffs are located in those shops, ready to provide leasing information to customers who want to buy a motorcycle by installment payment.

2) Car leasing business

Car leasing companies in the market can be divided into 3 main groups: 1) leasing companies, 2) financial institution and 3) Affiliated companies of car manufacturers and distributors. In the market, we see that competitors who are in group 2 and 3 have an advantage in lower financial cost and a large capital base. They will use the low interest and down payment rate strategies to get market shares and sales and have expanded leasing services in the past few years, making the competition in this sector higher. The effects on the leasing interest rate of new cars is a decrease from 0.79% per month (2015) to 0.55% per month (2018) (the lowest competition rate at that time). As a result of the competition situation, in order for the Company to maintain a higher leasing interest rate than the market overall, the Company has expanded its leasing service into second-hand cars, which give higher leasing rate. The Company has expanded into a customer base that have demand for Japanese second-hand cars with a good quality. Currently, we see that, there is still a limited number of second-hand car leasing service in the market.

The market share of motorcycles and cars, can be calculated on sales of lease vehicles but because there is no official statistics of leasing vehicles in the country, from the related department of government, Market share determination cannot be accurately known. The registration of a new vehicle can be in the name of a person (individual vehicle sign) or leasing company. However, from the competition situation as mention above, the Company's business operation over the past years from 2015 – 2018 has performance results as below:

Table 6 Net profit of the Company

Income statement	2015		2016		2017		2018	
	Bill LAK	%	Bill LAK	%	Bill LAK	%	Bill LAK	%
Total revenues	31,87	100	116,84	100	180.81	100	223,15	100
Total expenses	49,14	154	107,55	92	124,54	69	132,39	56,78
Net profit	-17,27	-54	9,29	8	56,27	31	71,23	32

As a result of the business operation from 2015 – 2018, the Company had net profit increasing from LAK -17.27 billion, to LAK 9.29 billion, LAK 56.27 billion and LAK 71.23 billion respectively, because of the Company's approach strategies to competition. Strategies include; increasing the number of marketing staff to a total of 555 staff in 2018 to support the expansion of Company services, increasing the number of vehicle dealer partners who deliver customers to the Company from the service areas of Vientiane Capital and provinces (Huaphan, Xiengkhouang, Luangprabang, Bolikhamxay, Savannakhet, Salavan and Champasack). In 2018 the Company had vehicle dealer partners with more than 100 shops, increasing the second-hand car leasing service of the Company. ongoing marketing promotions with dealer partners, the Company's staff are trained frequently in order to give service quickly, timely and professionally. Making the company is well-known and building social trust.

Having executive teams with from overseas with experience in leasing helps the Company set up the leasing operations effectively, making the process of approving leases quickly and tightly which gives good service to new customers and customers who frequently use the Company's services. The approach strategies, have been successful, this is reflected in the Company's business operation which grew extremely well in the past 3 years. 2015 was the first year that the company started providing services which was the first phase of investment to expand their leasing market and made net loss of around 17.27 billion LAK.

Table 7 Ratio of NPL to total lease loan

	2015	2016	2017	2018
Total lease loan	254,09	471,56	544,45	595,24
NPL	5,82	16,67	2,42	0*
NPL to total lease loan (%)	2,29	3,54	0,45	0

Note*: in 2018, the Company retrieved the allowance for impairment losses LAK 6.28 billion which made NPL was in surplus.

Concerning the expansion of net profit of the Company in the past, we look closely at NPL compared to total lease loan of the Company from 2015 -2018, was 2.29%, 3.54% 0.45% and 0% respectively or average at 1.57% per year, an efficient rate. In overview, from business operation in previous years, the Company has provided leasing loans qualitatively and controled the debt expenditure very well.

4.4 Competitive strategies

4.4.1 Service strategies

1) Giving a good, quickly and efficiency service.

The Company has focused on giving quick service of both before and after sale service to meet the using demand of customers, the Company will has staffs stand by at dealer partners shops to timely provide services information, being followers, coordinators of leasing approval and take care of customers after leasing approved.

For the second-hand car leasing service, the Company has focused on selecting good quality cars, offered at reasonable price, correct car registration and having guaranteed performance of second-hand car to the purchaser which can help the company reduce the quality risk of cars which were used for the guaranteed collateral.

2) Creating a good relationship with customer and dealer partners

Creating a good relationship with customers and dealer partners by providing quality, quickly and comfortably service, including with reasonable and steady reward which will build a good trust and sustainability relationship in the future.

3) Creating channels for installment payment

To add more conveniences to the customers for the installment payment, besides paying through the service point and company's bank account, in some case the Company also be able to collect installment at the requested location by the customer.

4) Developing staffs:

The Company has often trained staffs making them to have readiness in services quickly and efficiently, if staffs have efficiencies, they will be able to reduce risks of the Company.

4.4.2 Interest rate policy

The company has policies advising leasing interest rates for customers and the appropriate rewards for dealer partners according to the competition situation in the market. The Company adapts its policy according to the trends of leasing interest rates of other leasing operators. The Company also considers other factors in order to calculate down payment rate, period of installment payment, and installment, the factors are as follows:

1. The present cost of Company's loan and other trends that will affect the costs such as: country's economy situation, changing of domestic interest rate and government regulations.
2. The operating cost of the Company
3. The quality of vehicle, especially on the second-hand car leasing service as they are used for the guaranteed collateral, including Type-brand of vehicle and age usage of vehicle.
4. Focusing on customers' qualification and guarantors, especially, in case whereby the customer lives in another province, carrying risks of debt monitoring, the Company will calculate the leasing interest rate accordingly.

4.4.3 Marketing Channels

Normally, when customer wants to buy vehicle, they will go to the dealer shop, so, the channel of access to majority of customers will be through the dealers. Dealers play an important role in providing customers to the Company. Currently, the Company has service areas in Vientiane capital, Huaphan, Xiengkhouang, Luangprabang, Bolikhamxay, Savannakhet, Salavan, and Champasack where dealer partners are operating more than 100 shops. The Company will expand its branches to 9 other provinces after the Company is listed in the Lao Securities Exchange.

To add more channels for reaching customers and build more competitive advantage the Company has a direct customer approach strategy: contacting customers to introduce leasing services and products through a telephone call, giving a reward to people who recommend the Company to customers and contacting customers through social media. Direct customer approach strategy provides easy, quick and effective customer contact. The Company also uses other media: radio, newspapers, billboards and participation in exhibitions to make the Company increasingly well-known and build its reputation.

The company reaches past customers using the following channels:

- through dealers
- through telephone calls and social media (Facebook)
- walk-in customers

Mostly (about 50%) of customers come from dealers, the remainder of about 50%, comes from all other channels.

4.4.4 Marketing policy

The Company has a marketing policy for its staff, dealers and a people who advise customers to use the leasing service of the Company, which are identified in the

terms of sending customers. The quality of customers and the rate of vehicle sales of dealers is met with reasonable reward in order to motivate the parties for advising both new and old customers to use the Company's services. This increases the company's competitiveness and ability to expand the customer base in the future.

4.5 Industrial trends of motorcycle and car

Motorcycle and car leasing business is related to the growth of vehicle sales in the market, which can be seen from the number of new vehicle registrations in the country. If the vehicle registrations increase, leasing business can be expected to follow the trend.

Table 8 accumulation numbers of motorcycle and car registration in the country

Type	2012	2013	2014	2015	2016	2017	2018
Motorcycle	1,005,047	1,111,894	1,218,376	1,317,781	1,413,990	1,504,334	1,593,860
Car	35,451	43,860	51,284	58,871	65,699	73,207	79,394
Pick up	147,497	162,586	185,081	204,301	225,060	245,598	265,268
Van	37,729	50,035	52,136	47,552	49,061	50,518	51,880
Jeep	17,153	19,961	22,515	26,669	30,223	35,003	40,065
Truck	33,346	38,480	44,293	48,734	52,443	56,277	59,764
Bus	3,430	3,865	4,120	4,448	4,665	5,123	5,379
Total	274,606	318,787	359,429	390,575	427,151	465,726	501,750

Note: Source from the ministry of public works and transport

The table above indicates the number of vehicles in the country from in 2012 to 2018. The number of vehicles in the country has increased continuously. The number of registered motorcycles, in 2012, was 1,005,047 units, by 2018 the number reached 1,593,860 units, an increase of about 58.59%. For the number of cars, in 2012, there were 274,606 cars registered, by 2018, the number reached 501,750 units an increase of about 82.7%. The number of vehicles has increased on average not less than 10% for the last 5 years and is expected to maintain the rate of growth in the range of 7% – 10% for the next 3 years. Important factors that should be considered for stimulating sales of vehicles are having activities to promote the sales of dealer partners, having a good after sales and importing more types of Japanese vehicle into the market continuously. Those factors as mention, they stimulated the consumers to buy vehicle easier.

The second-hand Japanese car leasing market is the Company's present focus. The Company expects that the second-hand car market will be able to grow, supported by the growth of new car sales, as customers often sell off their current car to buy a new one. Customers can bring a used car to exchange for a new car with dealers, the dealer will sell second-hand cars to consumers growing the second hand car market.

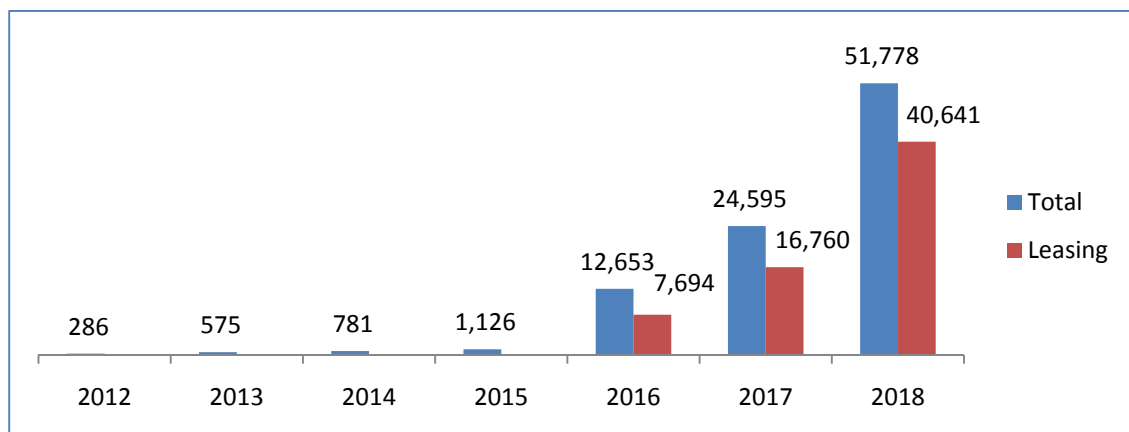
Table 9 numbers of vehicle registration comparing to population of the country

No.	Name of province	Motorcycle (2018)	Vehicles (2018)	Population (2017)
1	Vientiane Capital	615,603	265,335	886
2	Phonsaly	12,620	2,371	188
3	Luangnamtha	28,165	5,718	189
4	Oudomxay	37,789	7,313	329
5	Borkeo	40,292	7,461	193
6	Luangprabang	100,836	16,060	455
7	Xayyabouly	63,006	10,524	304
8	Huaphanh	40,866	3,966	406
9	Xiengkhouang	42,994	10,371	259
10	Vientiane	65,528	17,425	444
11	Bolikhamxay	33,756	8,785	298
12	Khammouan	41,150	19,808	414
13	Savannakhet	283,005	53,403	1,021
14	Salavan	24,887	6,219	419
15	Champasak	141,785	30,541	122
16	Xekong	8,223	2,018	724
17	Attapeu	11,900	3,220	150
18	Xaysomboun 31/12/2013	1,455	145	99
	Total provinces	978,257	205,379	6,015

Note: Source from the ministry of public works and transport

When looking at the cumulative numbers of motorcycles and cars registered across the provinces in 2015 compared with total population of provinces (6 million people, 2017), the vehicle market in provinces have a chance of growth. The accumulate number of vehicles in provinces. In 2018, there were 978,257 motorcycles and 205,379 cars. When comparing the number of cars and motorcycles the population of provinces (around 6 million people), the percentage of motorcycles was about 14% and cars about 3% of the total provincial population, This business opportunity gives the Company the opportunity to add a lot of new customers in the future. In provinces which had a good economy trend such as Luangprabang, Vientiane, Khammouan, Savannakhet and Champasack, the Company has already provided leasing services. The Company also has a plan to expand leasing services to another 9 provinces after the Company is listed in Lao Securities Exchange. The target is to be one of the leading vehicle leasing companies in Laos.

Picture 1 Credit amount of non-bank financial institutions (unit: Billion LAK)



Source: Bank Of Lao (<http://www.bol.gov.la/laoweb/index.php>)

Note: Non-bank financial institution (Total) including: deposit financial institutions, non-deposit financial institutions, credit unions, leasing companies, pawn shops and international funds transfer companies. The amount of credit balance has been explicit since 2016.

The amount of credit balance of non-bank financial institutions in the past, saw increase continuously, from 2012, 2013, 2014, 2015, 2016, 2017 and 2018. The credit balances were LAK 286 billion, LAK 575 billion, LAK 781 billion, LAK 1,126 billion, LAK 12,653 billion, LAK 24,595 billion and LAK 51,778 billion respectively. The credits of 2015 to 2018, we saw rise from LAK 1,126 billion to LAK 51,778 billion or increased about 46 times. This extreme growth, was due to the intense competition of the overseas leasing companies and expansion of leasing services.

If we look at the credit balance of leasing companies in 2016, 2017 and 2018 it totaled LAK 7,693 billion, LAK 16,760 billion and LAK 40,641 billion or equal 61%, 68% and 78% of total credit respectively. The continuous increase, indicates that the consumers have begun to buy more goods by installment payment.

The Company expects the trend of motorcycle and car leasing business to grow continuously in the future, from positive factors such as:

- The decline in leasing interest rate and down payment rate, the expansion of The installment payment period and creation of favorable conditions for using leasing services, resulted in people who had previously bought vehicles by cash converting to installment payment, the trend of using leasing service is increasing continuously.
- The growth rate of the country's GDP in the last 5 years has seen an average growth rate of 7%, average per capita income increased from USD 1,569 (in 2012) to USD 2,468 (in 2017). The higher purchasing power of consumers will be a chance to provide the leasing service.
- The growth of young population builds demand of vehicles. If the total number of vehicles registered nationwide is lower than the population, it is likely that the domestic motorcycle and car market will grow in the country.
- Motorcycles and cars have been developed from the manufacturers continuously, making better quality, more modern vehicles, which help to stimulate the purchase of vehicles.
- The life of a vehicle will make it necessary for consumers to buy a new vehicle to replace the old one. Normally, the useful life of motorcycle will be between 3-7 years and car will be between 5-10 years. After that it will usually be sold to the second-hand vehicle market.
- Public transportation systems are still limited and not covered, the motorcycle and car are still and will continue to be popular private vehicles.
- Continuing marketing promotion with dealers would help to stimulate purchases from consumers.

4.8 Finding and considering sources of fund

4.8.1 Finding sources of fund

There are 2 types of sources of fund:

1. shareholder equity
2. Loans

The Company has the sources of funds as below:

Table 10 Sources of funds of the Company

Sources of funds	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	(%)	Million LAK	(%)	Million LAK	(%)	Million LAK	(%)
1. Shareholder equity	(9.233)	-2,93	55.634	0,01	72.703	13,87	143.932	20,64
2 Loans	324.386	102,93	513.728	99,99	605.911	86,13	553.499	79,36
Total	315.152	100	513.784	100	703.492	100	697.431	100

4.8.2 Sources of fund policy

The Company considers sources of funds in accordance with its purpose of use policy, by considering the appropriate interest rate based on economy situation, repayment period and equity ratio. The Company can supply optimal sources of funds.

4.9 Leasing

4.9.1 Leasing policy

The Company leasing policy identifies the capability of a customer to repay by setting qualification and initial conditions, so customers should have enough income to pay the installments. The Company checks that the customer has a stable career, a verified address in a service area, in addition, guaranteeing the accuracy of customer's information and the process of lease are considered in the Company's leasing policy. Company change its leasing policy, considering the market competition, industrial situation and economy, in order to keep competitive and promote customer expansion in the future.

4.9.2 Motorcycle and car leasing process

The Company has the following leasing operation processes:

1. The process of initial leasing consideration

After the Customer expresses intention to buy a vehicle and using Leasing service to the Marketing staff, The appropriateness of a customer will be made from information provided in the initial leasing application form. Which considers: stability of income, career, address, qualification of guarantor and leasing conditions including: the amount of down payment, installment payment, payment period, vehicle registration fees. After the Customer has passed the initial conditions, the marketing staff inform the marketing department in the Company's office. The marketing department create a data base of customer accounts on the computer system, The information is next sent to the Information Revision Unit team for further processing of the Customer's history.

2. The process of checking information and approval of documentation

When the customer information is received from the marketing department, the Information Revision Unit will proceed to check customer information using more sources including: the customers profile history in the Company data base, credit information bureau (CIB) and asking for customer's information from the chief of the village where the Customer lives. The village chief can confirm whether the customer has a good character, any past or present commitments, previous problems or issues concerning debt and other issues or problems in the village community. When customer's information has been verified according to the Company policy, the information revision unit will inform the marketing staff. The Customer will complete the leasing forms and attach documents, for example; ID card, Family book, income verification and guarantor documents, to obtain the credit approval. The next step in the process, is for the information revision unit to send the customer account to the credit approval unit. If the customer cannot pass the initial criteria of the Company, the information revision unit will inform marketing staff of this refusal.

3. Leasing approval

Credit approval unit will check the accuracy and completeness of information provided by the Customer. If the credit approval conditions are met, the Credit approval unit will provide the leasing approval. the marketing staff will inform the customer. The whole processes will take only 1 day.

4. Process after approval

1) Registering vehicle – transferring the ownership of vehicle and delivering leasing documents to customer

After the leasing is approved, the customer is able to use the vehicle and the Company will process the remaining portion of payment for the vehicle to the dealer. The dealer will register a new vehicle or transfer the ownership (in case of second-hand vehicle), which must be completed within 90 days and the Company will to send other related documents of leasing to the customer.

2) Follow up and debt collection

The Contracting Authority will be responsible for the maintenance of all contracts with customers and summarize the expired leasing contracts to the debt collection staff. Debt collection staff will follow up payments in accordance with the terms of contract. Marketing staff call the customers 1 or 2 days before the payment day. Tthe customers are able to pay installments by cash, transfer via the Company's bank account, at a Company service office or a location convenient to the customer.

3) Debt management and confiscated vehicle

Debt collection unit will be responsible for the payment of all customers, if the above-mentioned installment payment has been overdue; the Company credit management measures are as follows:

1. In cases that, installment payment has been overdue, the debt collection unit will call the customer for regarding a late payment or visit to the Company office. The customer will pay the fine as mentioned in the leasing contract, but the customer can still use vehicle normally.

2. In case that, installment payment has been overdue more than 2 months, the debt collection unit will inform customer to come in the Company's office for debt mediation in accordance with the company policy, in which the vehicle of customer will be confiscated if necessary.
3. In case that, installment payment has been overdue more than 3 months, the Company will confiscate the vehicle of customer and the guarantor will come to reconcile for the end process. In a case whereby the customer cannot pay the installment, is unable to return the vehicle to the Company or the customer tries to escape, the Company will terminate the leasing contract according to the condition of contract and process with the next step according to the laws.

4) Sale off the confiscated vehicle

After the confiscation of a customer vehicle, the Company will issue the redemption right in the period of time according to the relevant laws. If the redemption period is over, the Company will sell the vehicle through auction or by appropriate media advertisements. The Company staff will estimate the sale price of a confiscated vehicle in accordance to the market situation at that time.

If the vehicle is sold undervalue and cannot cover the debt, the customer and guarantor must jointly pay for the remaining amount. If both of them cannot pay the remaining amount, the Company will proceed with the next step according to the laws.

5) Closing account and transferring the ownership

After the Customer had completed leasing contract, leasing contract will be closed and the ownership of vehicle will be transferred to customer completely.

5. Future plan

Leasing business in Lao PDR has potential to grow, because vehicles are used; to go to school, used for work, to engage in business activities and used for a plethora of other activities. Lao is a developing nation, the economy is growing and the population is increasing, to support this the infrastructure of transportation in Laos is being developed. The public transportation is not widely available, so most people use their own vehicles to their travel. Therefore, the trend of using private vehicles is increasing, The Company plans to expand its leasing services in Vientiane Capital and other provinces such as: Luang Prabang, Savannakhet and Champasak. The Company is expected to open branches in all provinces in Lao PDR. The Company has a plan open to list their initial public offering (IPO) in Lao Securities Exchange, in order for the Company to raise capital for expansion of motorcycle and car leasing services in Vientiane capital and other provinces. Whereby clients can easily and conveniently use the Company's leasing service in every province.

The Company plans to expand its financial lease up to LAK 858,607 million from its current value of LAK 595,236 million. The Company will expect to increase financial lease to LAK 556.087 million and will expand financial lease to other provinces to LAK 302.520 million. Currently, the Company has branches across 7 provinces; Houaphanh, Xieng Khouang, Luang Prabang, Bolikhamxay, Savannakhet, Champasak and Salavan. In addition, the Company will expand opening branches to further provinces. The Company will use proceeds from Initial Public Offering (IPO) not less than LAK 6,030 million, for expanding financial lease in Vientiane Capital and other provinces. Thus, during the first year (2019), the leasing expansion will come from IPO, the rest will be allocated from profit of business operation and loans from financial institutes.

Table 11 Investment plan for 3 years

(Unit millions kip)

Year	Plan of fund usage	Investment value	Investment funds from IPO proceed	Investment fund to raise more	Investment funds from operational profit of the company
2019 - 2020	Expand financial lease in Vientiane capital	166,826	Not less than 3,015	44,290	119,521
	Expand financial lease in Luang Prabang, Savannakhet and Champasak	45,378	Not less than 3,015	42,363	-
	Expand financial lease in Houaphanh, Xieng khouang , Bolikhamxay and Salavan	45,378	-	45,378	-
2020 - 2021	Expand financial lease in Vientiane capital	166,826	-	166,826	-
	Expand financial lease in Luang Prabang, Savannakhet and Champasak	45,378	-	9,378	36,000
	Expand financial lease in Houaphanh, Xieng khouang , Bolikhamxay and Salavan	45,378	-	45,378	-
2021 - 2022	Expand financial lease in Vientiane capital	222,435	-	222,435	-
	Expand financial lease in Luang Prabang, Savannakhet and Champasak	60,504	-	-	60,504
	Expand financial lease in Houaphanh, Xieng khouang , Bolikhamxay and Salavan	60,504	-	60,504	-
Total		858,607	Not less than 6,030	636,552	216,025

Notice:

* Other provinces including: Huaphan, Xiengkhouang, Luangprabang, Bolikhamxay, Savannakhet, Champasack and Salavan

6. Asset Use in Business Operations

The Company assets are divided into the following categories: cash and cash equivalents, credit with the Bank of Lao, hire purchase receivables-current portion, other assets, hire purchase receivables-non-current portion, loans to related parties, property and equipment, assets under construction, other non-current assets. Details of assets are provided in the table below:

Table 12: Assets used in the business operation years 2015, 2016, 2017 and 2018

(Unit : LAK)

Assets	2015	2016	2017	2018
Current assets				
Cash and cash equivalents	47,433,395,072	20,343,146,178	127,242,703,695	111,348,525,693
Deposit with the Bank of Lao	863,400,000	863,400,000	1,667,400,000	1,667,400,000
Hire purchase receivables-current portion	134,586,362,600	213,521,088,529	314,519,493,309	320,232,040,930
Other assets	5,300,645,252	14,302,355,051	14,728,483,939	34,145,009,145
Total current assets	188,183,802,924	249,029,989,758	458,158,080,943	467,392,975,768
Non-current assets				
Hire purchase receivables-non-current portion	119,513,358,457	258,039,620,692	229,935,870,104	275,004,681,523
Loans to related parties	7,034,500,650	7,685,684,518	8,542,502,457	10,039,792,707
Property and equipment	2,670,566,992	3,263,957,925	2,551,670,313	2,314,208,608
Asset under construction	-	3,610,763,590	3,610,763,590	-
Other non-current assets	-	-	693,925,000	88,491,084
Total non-current assets	129,218,426,099	272,600,026,725	245,334,731,464	287,447,173,922
Total asserts	317,402,229,023	521,630,016,483	703,492,812,407	754,840,149,690

6.1 Contracts Related to Business Operation

6.1.1 Office lease contract

Table 13: Contract of office rental

Contract parties	- NNN Real Estate Development Company - Lao ASEAN Leasing Company Limited (This contract was made while Lao ASEAN Public Company was in the form of a limited company)
Contract Date	11 February 2019
Duration	A year 14 February 2019 - 13 February 2020
Detail of asset	The characteristic of building is: four-storey building, a standard brick structure, a glass roof, and second floor room - B1 has a total area of 190.22 square meters. - B2 has a total area of 287.97 square meters. - B3 has a total area of 392.40 square meters. - B4 has a total area of 342.90 square meters. - B6 has a total area of 161 square meters. - C3 has a total area of 401 square meters. - Walkway has a total area of 57.65 square meters.
Rental and payment	The rent rate: is USD 13 /square meters/month. The lessee shall pay in advance the total for 6 months. The total rented premises of 190.22 square meters.
Right and obligations of	- To operate all business activities legally according to the laws of Lao PDR. - To be responsible for paying all customer taxes and income taxes

lessee	related to the business. 3. To be responsible to the full payment of the costs for electricity, telephone, internet within the premises as agreed upon in the lease agreement. 4. To duly pay the full amount for the rental costs of the building as defined earlier in this agreement. 5. Do not use or permit a third party to use the premises for creating any risks to other people or create unwished vibrations, noises or odors that disturb or annoy other people. 6. Do not accumulate any inflammable materials and explosives in the premises that could be high risks to the other people and the building. 7. Do not use or permit a third party to use the premises as a place for dwelling or sleeping. 8. Do not strictly employ foreigners who do not have work in Lao PDR. 9. Do not transfer the right to lease or to use the premises by a third party without a prior written agreement from the Lessor. 10. To be responsible for the full costs for damages caused to the premises and/all the building due to the action of the lessee or the lessee's workers 11. 11. Do not bring in any food products for preparing and cooking within the building premises
Warranty payment	The lessee shall deposit certain amount of money for paying the warranty amount to the lessor that is equivalent to 3 times of the monthly rent. This warranty amount is a guarantee for any damages caused to the premises, during the implementation of the agreement. The lessee does not make any damages to the premises, and has duly paid the full cost for electricity, telephone, internet, taxes and duties of business activities of the lessee. This warranty amount shall be returned to the lessee at the end of agreement term without any interests, but if the expenditures incurred exceed the deposited amount, the exceeding amount belongs to the responsibility of the lessee.
Termination	In case if the lessee has the intention to end the agreement before the end of the agreement term the lessee must inform the lessor and obtain a written permission within 90 days, if without any notice this warranty amount shall not be returned to the lessee. But if the lessee informs the lessor in writer notice before 90 days, the full warranty amount shall be returned to the lessee as well.

6.2. Insurance Contract

- ❖ Insurance contract between Lao ASEAN Leasing Public Company and Allianz General Laos (AGL)

Lao Asean Leasing Public Company has 29 cars, each of which has insurance contracts with Allianz General Laos (AGL) for one year. The contract expires and can be renewed annually, the details of the contract are as follows:

Table 14 Insurance contract
Contract of Vehicle insurance with Allianz General Laos (AGL)

Contract parties	• Lao ASEAN Leasing Company Limited (This contract was made while Lao ASEAN Public Company was in the form of a limited company) • Allianz General Laos (AGL)		
Grand total sum insurance	LAK 35,000,000 to LAK 50,000,000		
Duration	A year		
Vehicle type	Mark	Model	Plate No
1.Pickup	DFSK	KO1	ກຜ 9902
2. Pickup	ISUZU	D-MAX	ກຍ 3581
3.Pickup	Toyota	VIGO	ກຕ 0015
4. SEDAN	KIA	PICANTO	ກບ 5685
5.SEDAN	TOYOTA	AVANZA	ກສ 7594
6.Pickup	HYUNDAI	H-100	ກຕ 6570
7.SEDAN	TOYOTA	AVANZA	ກສ 8406
8.SEDAN	SUZUKI	CELERIO	ກຍ 0312
9. SEDAN	KIA	PICANTO	ກສ 1653
10. SEDAN	KIA	PICANTO	ກຍ 2487
11. SEDAN	SUZUKI	CELERIO	ກຍ 2426
12. Pickup	ISUZU	D-MAX	ກຍ 7482
13. SEDAN	KIA	PICANTO	ກຍ 7479
14. SEDAN	SUZUKI	CELERIO	ກຍ 2139
15. Pickup	Toyota	VIGO	ກຍ 7522
16. SEDAN	SUZUKI	CELERIO	ກຍ 2947
17. SEDAN	SUZUKI	CELERIO	ກຍ 7478
18. Pickup	FONTON		ກຍ 0991
19. Pickup	DEAHAN	SUPER	ກຕ 7636
20. Pickup	HYUNDAI	H-100	ກສ 5670
21. Pickup	Toyota	VIGO	ກນ 3995
22. Pickup	HYUNDAI	H-100	ກຕ 6283
23. Pickup	FORD	RANGER	ກຣ 1954
24. Pickup	WULLING	NA	ກຟ 4716

25. Pickup	FORD	RANGER	ກຸ 7954
26. Pickup	Toyota	VIGO	ກຸ 2153
27. Pickup	DEAHAN	SUPER	ກຸ 2981
28. Pickup	FORD	RANGER	ກຸ 9608
29.	Toyota	PRADO	ກຸ 9551
Type of insurance	- Insurance civil liability to third parties - Driver and Passengers		
Type of Vehicle	Private Car		
Province	Vientiane		
Label color / text	white-black		
Escort	This contract was based on the general terms of on the general conditions of insurance civil liability to third parties.		
Condition	- Guarantees the civil liability to third parties ກຸ - Physical damage - Death or total permanent disability, the maximum per person. - Maximum treatment per person (in which the hospital fees maximum per person) - Physical damage, maximum damage accidents 1 time. - Physical damage, high accidents occur 1 time.		
Termination	The contract will be automatically canceled after due date.		

6.3. Borrowing Agreement

- ❖ Agreement of term loan between Lao ASEAN Leasing Public company and Bluebird Co.,Ltd

Table 15 Borrowing agreement

Agreement of term loan with Bluebird Co.,Ltd

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • Bluebird Co.,Ltd (Now Bluebird Co., Ltd. was renamed to Unicorn Co., Ltd).
Number of agreement and date	Date 01 February 2015
Period	5 years
Loan facility	USD 11,700,000
Outstanding	USD 2,529,992
Interest rate	10% per year

Installment	- To repay the loan to lender upon the expiry of 5years from the date of drawdown and according to the other terms this loan agreement. - The interest shall be payable annually, in arrears, from the date of drawdown.
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❖ Agreement of term loan between Lao ASEAN Leasing Public company and BBHD Co.,Ltd

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • BBHD Co.,Ltd
Number of Agreement and date	Date 01 July 2015
Period	5 years
Loan facility	USD 818,827
Outstanding	USD 1,067,387
Interest rate	10% per year
Installment	- To repay the loan to lender upon the expiry of 5years from the date of drawdown and according to the other terms this loan agreement. - The interest shall be payable annually, in arrears, from the date of drawdown.

❖ Agreement of term loan between Lao ASEAN Leasing Public company and First Geneva
Agreement of term loan with First Geneva

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • First Geneva
Number of contract and date	Date 25 July 2015
Period	5 years
Loan facility	USD 19,000,000
Outstanding	USD 18,963,378
Interest rate	10% per year
Installment	- To repay the loan to lender upon the expiry of 5years from the date of drawdown and according to the other terms this loan agreement. - The interest shall be payable annually on December 31st.

❖ Agreement of term loan between Lao ASEAN Leasing Public company and TCA Multistrategy Opportunity Fund Limited

Agreement of term loan with TCA Multistrategy Opportunity Fund Limited

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • TCA Multistrategy Opportunity Fund Limited
Number of contract 1 and date	Date 29 July 2015
Number of contract 2 and date	Date 09 May 2016
Period	5 years
Loan facility 1	USD 20,000,000
Loan facility 2	USD 10,000,000
Outstanding	USD 36,346,111
Interest rate	10% per year
Installment	- To repay the loan to lender upon the expiry of 5 years from the date of drawdown and according to the other terms. For the avoidance of doubt, the borrower can repay before the maturity of the loan at its option. - The interest shall be payable annually, in arrears, from the date of loan agreement.

* Presently, TCA Multistrategy Opportunity Fund Limited accumulative loan which was transferred to Varteni Investment Limited by way of novation on 01 November 2017.

❖ Agreement of term loan between Lao ASEAN Leasing Public company and Myxay Sana Design and Construction Co.,Ltd

Agreement of term loan with Myxay Sana Design and Construction Co.,Ltd

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • Myxay Sana Design and Construction Co.,Ltd
Number of contract and date	Date 08 December 2015
Period	5 years
Loan facility	LAK 4.070.000.000
Outstanding	LAK 1,437,624,592
Interest rate	15% per year
Installment	- To repay the loan to lender according to the term. For the avoidance of doubt, the borrower can repay before the maturity of the loan at its option. - Based on changes in financial circumstances and other similar reasons, where the lender changes the terms at the level that

	are generally implemented in terms of the ratio, the settlement period, the method of interest, deduction, collation, fees and returns on the contract, LALCO agree to change.
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❖ Agreement of term loan between Lao ASEAN Leasing Public company and Banque Franco-Lao LTD

Agreement of term loan with Banque Franco-Lao LTD

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • Banque Franco-Lao LTD
Number of contract and date	No: BFL/LO_01415/2018, Date 08 June 2018
Duration	12 months June 2018 – June 2019
Loan facility	LAK 4,175,000,000
Outstanding	LAK 2,482,670,351
Collateral	Collateral by Vehicle provided by: Mr. Khamsavhai Chanthavong, Nationality: Laos, ID card: 01-0306351, Issued on: 19 December 2013, Current address: Phaxay, Sisattanak district, Vientiane Capital. 1. Number of contract: 000028, date: 21 March 2015, Brand: ISUZU, Model:D-Max, engine number: MS5180, tank number: MPAFS8JFJ00B221, car registration number: ລຸ 4455, price: USD 40,500, Period Leasing: 60 months. 2. Number of contract: 000052, date: 02 April 2015, Brand: Toyota, Model: Hilux Vigo, engine number: 1KD U690637, tank number: MROFZ29G902567499, car registration number: ກຸ 3709, price: USD 39,000, Period Leasing: 60 months. 3. Number of contract: 000083, date: 08 April 2015, Brand: ISUZU, Model: D-Max, engine number: ML 6064, tank number: MPATFS85JET013096, car registration number: ກລ 5978, price: USD 39,000, Period Leasing: 60 months. 4. Number of contract: 000160, date: 04 May 2015, Brand: ISUZU, Model:D-Max, engine number: MW8005, tank number: MPATFR85JFT002612, car registration number: ກຸ 5314, price: USD 31,500, Period Leasing: 60 months. 5. Number of contract: 000221, date: 13 May 2015, Brand: MAZDA, Model:BT-50, engine number: P4AT1218737, tank number: MM7UP4DD8FW234611, car registration number: ລຂ 3999, price: USD 38,800, Period Leasing: 60 months. 6. Number of contract: 000238, date: 15 May 2015, Brand: Toyota, Model:HIACE, engine number: 2KD A794919, tank number: JTF5522P400143551, car registration number: ກຍ

	1912, price: USD 37,450, Period Leasing: 60 months. 7. Number of contract: 000324, date: 27 May 2015, Brand: Toyota, Model: Hilux Vigo, engine number: 2KD U762386, tank number: MROER39G807650152, car registration number: ກຜ 4825, price: USD 32,000, Period Leasing: 60 months. 8. Number of contract: 000460, date: 16 June 2015, Brand: ISUZU, Model: D-Max, engine number: MW2764, tank number: MPATFS86JFT0115, car registration number: ກຜ 5994, price: USD 38,500, Period Leasing: 60 months. 9. Number of contract: 000598, date: 25 June 2015, Brand: Toyota, Model: Hilux Vigo, engine number: 2KDU667758, tank number: MROER39G807639958, car registration number: ກຜ 5449, price: USD 31,500, Period Leasing: 60 months. 10. Number of contract: 000686, date: 03 July 2015, Brand: Toyota, Model: Hilux Vigo, engine number: 2KDU647067, tank number: MROER39G107642264, car registration number: ກຜ 6932, price: USD 30,500, Period Leasing: 60 months. 11. Number of contract: 000974, date: 31 July 2015, Brand: Toyota, Model: Hilux Revo, engine number: 1KDU 786194, tank number: MROBZ8CD500100155, car registration number: ກຜ 7221, price: USD 41,500, Period Leasing: 60 months. 12. Number of contract: 001086, date: 14 August 2015, Brand: Toyota, Model: Vios, engine number: 1NR5044700, tank number: MR2B19F3001013751, car registration number: ນຮ 7766, price: USD 21,500, Period Leasing: 60 months. 13. Number of contract: 001286, date: 31 August 2015, Brand: Toyota, Model: Revo, engine number: 2KDU 745673, tank number: MROFR22G700797211, car registration number: ຄຈ 7444, price: USD 30,500, Period Leasing: 60 months. 14. Number of contract: 001311, date: 01 September 2015, Brand: Toyota, Model: Vios, engine number: 1NR5027876, tank number: MR2B19F34010349, car registration number: ກພ 7658, price: USD 21,500, Period Leasing: 72 months. 15. Number of contract: 001431, date: 14 September 2015, Brand: Toyota, Model: HILUX Revo, engine number: 1KDU778041, tank number: MROBZBCD00100401, car registration number: ຄກ 9389, price: USD 41,000, Period Leasing: 60 months. 16. Number of contract: 001464, date: 16 September 2015, Brand: Toyota, Model: HILUX Revo, engine number: 2KD05570457, tank number: MROAS8DD100080145, car registration number: ອທ 9998, price: USD 40,500, Period
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	Leasing: 60 months. 17. Number of contract: 001483, date:18 September 2015, Brand: Toyota, Model:HILUX Revo, engine number: 2KDS588170, tank number:MROASDD100080579, car registration number: ຫຫ 7788, price: USD 40,500, Period Leasing: 60 months. 18. Number of contract: 003198, date:28 April 2016, Brand: Toyota, Model: HIACE, engine number: 2KDA740284, tank number:JTFSS23P000141634, car registration number:ກພ 4274, price: USD 44,000, Period Leasing: 60 months. 19. Number of contract:003455, date:23 May 2016, Brand: Toyota, Model:Revo, engine number: 2KS575453, tank number:MROAS8DD800080305, car registration number: ມຕ 1819, price: USD 38,600, Period Leasing: 60 months. 20. Number of contract:003728, date: 15 June 2016, Brand: Toyota, Model: Revo 4 WD, engine number: 1KDU851434, tank number:MROBZCD900103558, car registration number: ອຮ 6668, price: USD 44,500, Period Leasing: 72 months. 21. Number of contract:003814.2, date:23 June 2016, Brand: Toyota, Model: HILUX REVO, engine number: 1KDU881156, tank number:MROB28CD600104795, car registration number:ກພ 5147, price: USD 43,500, Period Leasing: 60 months. 22. Number of contract: 003815, date:23 June 2016, Brand: Toyota, Model: Revo 4 WD, engine number: 1KDU884463, tank number:MROB28CD1000104638, car registration number: ຫຂ 5566, price: USD 43,500, Period Leasing: 60 months. 23. Number of contract: 003989, date:07 July 2016, Brand:Toyota, Model: Revo 4 WD, engine number: 2KDU884926, tank number:MROAS8DDX00082153, car registration number: ກພ 5263 price: USD 38,000, Period Leasing: 60 months. 24. Number of contract: 004021, date:11 July 2016, Brand: Toyota, Model: Revo, engine number: 1KDU890246, tank number: MROBZ8CD400104889, car registration number: ມມ 8585, price: USD 43,500, Period Leasing: 60 months. 25. Number of contract: 004135, date:28 July 2016, Brand: Toyota, Model: Vios, engine number: 1NR5007631, tank number: MR2B19F3X01005415, car registration number: ກພ 6117, price: USD 22.000, Period Leasing: 60 months. 26. Number of contract: 004139, date:21 July 2016, Brand: Toyota, Model: PRADO, engine number: 1KD2617935, tank number:JTEBH3FJ90K181070, car registration number: ລຣ 5577, price: USD 79,000, Period Leasing: 60 months.
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	27. Number of contract: 004235, date:29 July 2016, Brand: Mazda, Model: Mazda 6, engine number: PE20779553, tank number:JM7GJ4S74H1237924, car registration number: ລດ 3636, price: USD 39,900, Period Leasing: 60 months. 28. Number of contract: 004346, date:08 August 2016, Brand: Toyota, Model: Corolla, engine number: 1ZRX537677, tank number:MRO53REH104541320, car registration number: ສຮ 3272, price: USD 32,000, Period Leasing: 72 months. 29. Number of contract: 004360, date:09 August 2016, Brand: Toyota, Model:Revo, engine number: 1KDU898337, tank number: MROBZ8CDX00105223, car registration number: ນມ 5995, price: USD 43,500, Period Leasing: 60 months. 30. Number of contract: 004512, date:22 August 2016, Brand: Toyota, Model:PRADO, engine number: 1KD2630067, tank number: JTEBH3FT80K182114, car registration number: ວຕ 9989, price: USD 86.500, Period Leasing: 72 months. 31. Number of contract: 005234, date:12 October 2016, Brand: Toyota, Model:Revo, engine number: 1KDU922035, tank number: MROBZ8CD70015924, car registration number: ກພ 7818, price: USD 43,500, Period Leasing: 60 months. 32. Number of contract: 005302, date:19 October 2016, Brand:Toyota, Model:Vios, engine number: 1NR5037000, tank number: MR2B19F3501012515, car registration number: ກພ 7753, price: USD 20,000, Period Leasing: 60 months. 33. Number of contract: 005498, date:01 November 2016, Brand: Toyota, Model:Vios, engine number: 1NK5042663, tank number: MR2B19F3901013411, car registration number: ກພ 7987, price: USD 22,000, Period Leasing: 60 months. 34. Number of contract: 005671, date: 10 November 2016, Brand: Toyota, Model:HIACE, engine number: 2KDUA96196, tank number: JTFSS22P300157554, car registration number:ກພ 7845, price: USD 40,000, Period Leasing: 72 months. 35. Number of contract: 006171, date:16 December 2016, Brand:Toyota, Model:VIOS, engine number: 1NR5060074, tank number: MRO2B19F3301016269, car registration number:ກພ 8871, price: USD 21,500, Period Leasing: 72 months. 36. Number of contract: 006498, date:10 January 2017, Brand: Toyota, Model:Fortuner, engine number: 1KDU901178, tank number: MHFBZ3FS900021961, car registration number:ນພ 5552, price: USD 56,000, Period Leasing: 72 months. 37. Number of contract: 006518, date:11 January 2017, Brand: Toyota, Model:Revo, engine number: 1KDU929854, tank
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	number: MROBZ8CD800151035, car registration number: ນພ 9264, price: USD 42,500, Period Leasing: 60 months. 38. Number of contract: 006849, date:02 February 2017, Brand: Toyota, Model:Revo, engine number: 2KDU911471, tank number: MROAS8DD900082693, car registration number: ກມ 7596, price: USD 37,400, Period Leasing: 72 months. 39. Number of contract: 006922, date:06 February 2017, Brand: Toyota, Model:HILUX VIGO, engine number: 2KDU910450 tank number:MROAS8DD000082677, car registration number:ກບ 9489, price: USD 37.000, Period Leasing: 60 months. 40. Number of contract: 007056, date:13 February 2017, Brand: Mazda, Model:CX-5, engine number: PE10A29463 tank number:: JM8KE4W78H0409785, car registration number: ມຫ 9789, price: USD 39,900, Period Leasing: 36 months.
Interest rate	8.5% per year
Installment	To pay the principle and interest monthly
Purpose of loan	Use as working capital

6.4. Loan Agreement

- ❖ Agreement of term loan between Lao ASEAN Leasing Public company and Ms. Somsangouane SINGTHIEMPHONE

Table 16 Loan Agreement

Agreement of term loan with Ms. Somsangouane SINGTHIEMPHONE

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • Ms. Somsangouane SINGTHIEMPHONE
Number of argreement and date	Date 20 April 2016
Period	30 years
Loan facility	USD 208,721
Outstanding	LAK 2,559,167,656 or equal to USD 299,737
Interest rate	13% per year
Collateral	13,000 shares hold in Myxay Sana Design and Construction Co.,Ltd, share value 16 USD per share
Purpose of loan	Paid up shares in Myxay Sana Design and Construction Co.,Ltd number of share13,000 shares

- ❖ Agreement of term loan between Lao ASEAN Leasing Public company and Mr. Khamsavay Chanthavong

Agreement of term loan with Mr. Khamsavay Chanthavong

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • Mr. Khamsavay Chanthavong
Number of argreement and date	Date 29 July 2016
Period	30 years
Loan facility	USD 224,776
Outstanding	LAK 5,118,323,049 or equal to USD 599,454
Interest rate	13% per year
Collateral	14,000 shares hold in Myxay Sana Design and Construction Co.,Ltd share price 16 USD per share
Purpose of loan	Paid up shares in Myxay Sana Design and Construction Co.,Ltd number of share14,000 shares

❖ Agreement of term loan between Lao ASEAN Leasing Public company and Mr. Lasonethanou THONGPASEUTH

Agreement of term loan with Mr. Lasonethanou THONGPASEUTH

Agreement parties	• Lao ASEAN Leasing Company Limited (This agreement was made while Lao ASEAN Public Company was in the form of a limited company) • Mr. Lasonethanou THONGPASEUTH
Number of argreement and date	Date 11 October 2016
Period	30 years
Loan facility	USD 192,665
Outstanding	LAK 2,362,302,002 or equal USD 276,713
Interest rate	13% per year
Collateral	12,000 shares hold in Myxay Sana Design and Construction Co.,Ltd share price 16 USD per share
Purpose of loan	Paid up shares in Myxay Sana Design and Construction Co.,Ltd number of share12,000 shares

7. Capital Structure

The Company has a total registered and paid up capital of LAK 24,120 million. After the IPO, the Company's registered and paid up capital will increase to LAK 30,150 million which consists of 301,500,000 shares with a par value of LAK 100 per share.

7.1 Shareholding Structure

Table 17 Company's shareholding structure before and after IPO

Shareholders	Before IPO		After IPO	
	No. of shares	%	No. of shares	%
Existing shareholders	241,200,000	100%	241,200,000	80 %
1.1 LALCO Holdings Pte.Ltd	233,160,000	96.66666666%	233,160,000	77.3333333333
1.2 O International Ltd	8,033,000	3.3304312%	8,033,000	2.6664344942
1.3 Ms. Somsangouane SINGTHIEMPHONE	1,000	0.0004146%	1,000	0.0000331675
1.4 Ms Viphasone SIENMANY	1,000	0.0004146%	1,000	0.0000331675
1.5 Ms. Phavanhna PHOMMASACK	1,000	0.0004146%	1,000	0.0000331675
1.6 Mr. Tomofumi SUEMATSU	1,000	0.0004146%	1,000	0.0000331675
1.7 Ms. Chanthasone CHANTHASSEN	1,000	0.0004146%	1,000	0.0000331675
1.8 Mr. Lasonethanou THONGPASEUTH	1,000	0.0004146%	1,000	0.0000331675
1.9 Mr. Santisouk SAVATDY	1,000	0.0004146%	1,000	0.0000331675
Investors from IPO			60,300,000	20 %
Total	241,200,000	100%	301,500,000	100%

As of date indicated in this prospectus, the 9 existing shareholders has full control over the interest in the Company by holding 100% of the Company's total issued and outstanding of 241,200,000 shares

After the IPO, the proportion of the shareholder of the Company will be changed as follows:

- Existing shareholders: 80%
- Investors from IPO : 20%

7.1.1 Dividend Policy

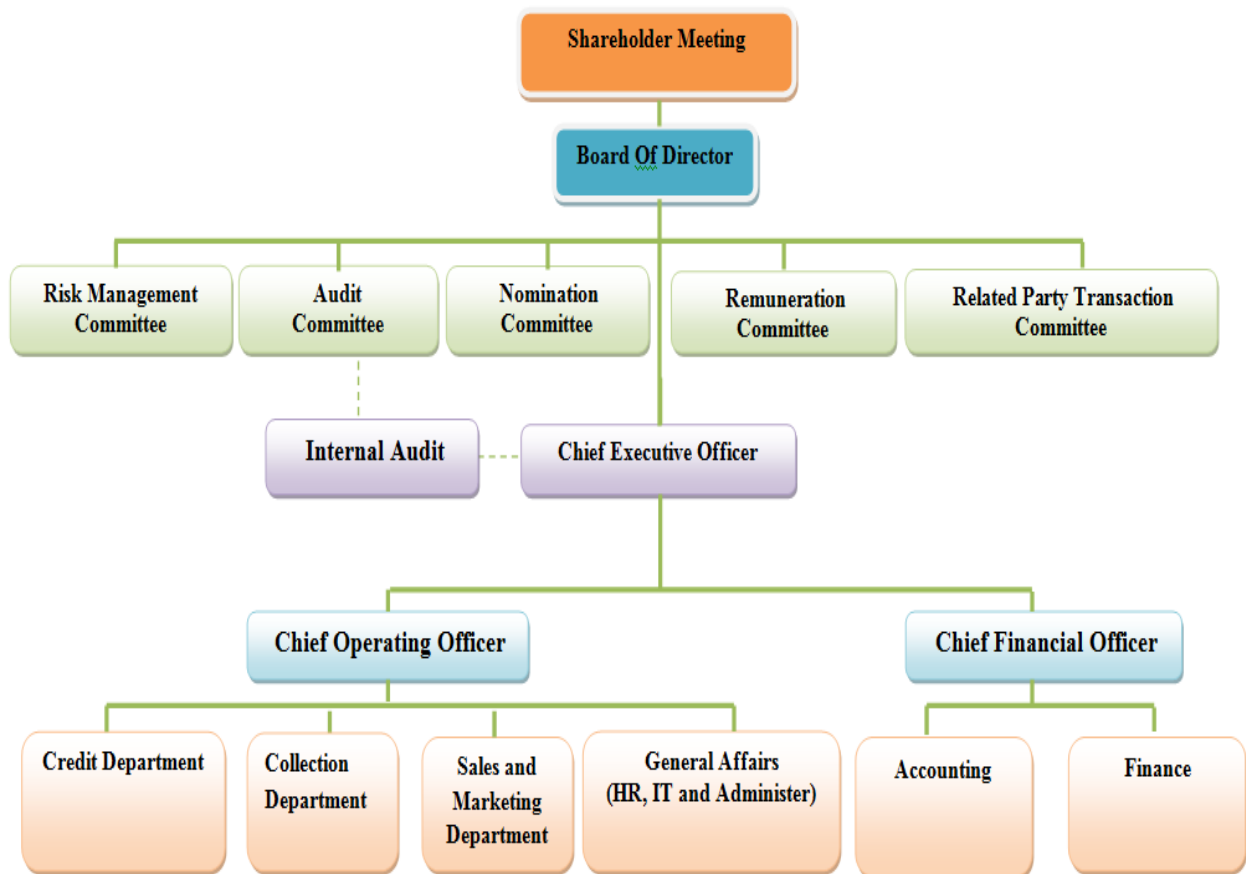
The Company will pay dividend not less than 50 percent of the available net profit after deducting for legal reserve fund. However, the dividend payment will depend on the investment plan, the necessity and the other appropriateness of the business. For future dividend payments, once the Board of Directors 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.

8. Management and Corporate Governance

8.1 Organization chart

Organization chart of the Company was adjusted in accordance with the growth of the business and to become public company, which consists of Board of directors and Board of directors committee.

Picture 2 Organization chart



8.2 Shareholders' Meeting

8.2.1 Shareholders' Meeting

Shareholders' meeting of the Company shall be organized as follow:

- Annual General Meeting of Shareholders (AGM): shall be held at least once a year, and within the next six months. The listed Company in LSX must execute rely on the related regulations of LSCO, LSX and other related regulation.
- Extraordinary General Meeting of Shareholders (EGM): the meeting shall be held when any resolution needs to be approved or on the required scope of work, following to the Company's regulation or related law.

8.2.2 Quorum of shareholders' meeting

Quorum of shareholders' meeting of Company is organized as follow:

- Annual General Meeting of Shareholders (AGM): the quorum shall be at least two shareholders representing more than half of total paid-up shares.
- Extraordinary General Meeting of Shareholders (EGM): the quorum shall be at least two shareholders representing more than half of total paid-up shares.

Noted: The invalid shares resulting from transfer's activity will not be counted in the quorum even though the shareholders attended the meeting.

8.2.1 Voting rights

A shareholder is generally entitled to one vote per share. A resolution may be adopted at general shareholders' meeting by simple majority vote. Thus, the special resolutions shall be approved by a vote of at least two-third of shareholders or their proxies attend the meeting; and more than 80% of total shares contributed. The following matters relating to the company require a special resolution of the shareholders:

- i. Voting on matters specified by the Enterprise Law No46/NA date 26 December 2013;
- ii. Amending the Articles of Association (AOA) or Memorandum of Association (MOA).
- iii. Increasing or decreasing the capital of the Company
- iv. The merger or dissolution of the Company
- v. The sale or transfer of all or substantial part of the Company's business to another person.
- vi. The purchase or acceptance of the business of other enterprise.

Pursuant to the Enterprise law, a shareholder may be restricted from voting on matter in which they are involved and through this involvement may receive a direct benefit or gain. The members present at the shareholders' meeting shall determine whether a shareholder falls within this scope.

8.3 Board of directors(BOARD OF DIRECTORS)

8.3.1 Board of directors

The members of Board of Director are appointed by Shareholders' meeting.

In case of a vacancy in Board of Directors, the remaining members will have to carry on their duties until the remainder of the term expires.

In case of a vacancy in BOARD OF DIRECTORS resulting in the remaining number of BOARD OF DIRECTORS which less than half of the total number, BOARD OF DIRECTORS must propose a shareholder's meeting to appoint members to reach more than half of total or fill the vacancy. The term of the newly appointed members is equivalent to the age of the old remaining BOARD OF DIRECTORS.

Table 18 Name list of Board of Directors

No.	Photo	Board of Directors	Nationality	Position
1		Ms. Yuki Scott	Japanese	Chairman of BOD
2		Ms. Makiko Oikawa	Japanese	Vice Chairman of BOD/Independent
3		Mr. Tomofumi Suematsu	Japanese	Member of BOD/CEO
4		Mr. Tomohiro Yoshida	Japanese	Member of BOD/Independent
5		Ms. Harumi Ide	Japanese	Member of BOD/Independent

➤ The authorized signatory on behalf of the company

The Chief Executive Officer (CEO) is authorized signatory along with the company's seal affixed in order to operate on behalf of Lao Asian Leasing Public Company.

8.4 The scope and responsibilities of the Board of Directors

8.4.1 Board of Directors

A) Personnel Structure of the Board of Directors

The personnel of Board of directors shall consist of at least five members and at least one-third of the total number of members of the Board of directors shall comprise with independent directors. No more than one-third of the members participating in administration and the rest are non-executive members.

Directors and independent directors shall have attributes according to the qualifications as specified in the related rules as following:

- 1) Shall have knowledge, skills, experience, diversity of gender and age
- 2) Chairman and vice chairman of the Board of Directors shall not be involved in administration of the company.
- 3) Never been dismissed from the Board of directors of other companies;
- 4) Never been adjudged bankrupt by the court, never been sentenced by a court for offenses such as theft, fraud, stock theft, falsifying documents, or bribery, corruption or money laundering or pending for the criminal prosecution
- 5) The Director who is involved in administration of the listed company must not be a member of the Board of directors more than two companies.

- 6) Shall not be member of the Board of directors over four companies
- 7) Must be conscious, not insane
- 8) Other conditions as specified in the regulation of Lao Securities Commission Office

Members of the Board of directors who hold positions as independent director, besides the conditions mentioned above, shall have the following additional conditions:

- 1) Shall not hold the share more than 1% of total shares of the listed company;
- 2) Shall not be an employee of companies or companies in the same group that he or she as appoints as independent director within the past 3 years.
- 3) Shall not be a direct family member such as a father, mother, child or spouse of member who is involved in the administration, CEO, internal auditor, chief of accountant, chief of financial officer or the large shares holder.
- 4) Not hold position of Board of directors in any company which offers advisory services of accounting, financing, investing, law and others, which cause the independent director not to be able to give the independent opinion to the company.
- 5) Shall not be a major client or supplier of the listed company and other subsidiary companies which the listed company hold the share exceeding 50% of total shares
- 6) Shall not be individual or juristic entity which relates to the Company otherwise if there is a related transaction, it must follow the regulations;
- 7) Shall follow other condition according to the regulation of Lao Securities Commission Office.

B) Rights and duties of Board of Directors

Apart from the rights and duties of BOARD OF DIRECTORS which mentioned in the Enterprises law, the BOARD OF DIRECTORS has rights and duties as follows:

- 1) Consider and create strategies, action plan, annual budget plan, annual business operation, risk management policy and business plan to present in a shareholders' meeting to consider approval;
- 2) Monitor and evaluate the implementation of strategies, action plan, annual budget plan, annual business operation and risk management policy, with high responsibility
- 3) Monitor and evaluate the high value investment and related party transaction and acquisition and disposal of the asset
- 4) Create the risk management mechanisms and systems including the monitoring and evaluation process
- 5) Separate the roles, right and responsibilities between the BOARD OF DIRECTORS and The director committee clearly
- 6) Study and specify the policy on Corporate Governance
- 7) Ensure the operation of the accounting system , the reporting and internal audit as defined in the related regulations
- 8) Develop and implement the resolutions of shareholders' meetings faithfully, carefully, with responsibility and fairness to shareholders equally
- 9) Appoint the member of BOARD OF DIRECTORS of listed company such as Audit Committee, Risk Management Committee, Compensation Committee, Nomination Committee and other necessary committee
- 10) Assign responsibilities to each executive and the secretary of the listed company
- 11) Appoint, rotate or dismiss the CEO of the listed company according to the shareholders' meeting resolution

- 12) Consider the appointment or elimination of the Deputy Managing Director according to the request of the CEO of listed company
- 13) Appoint a secretary of the listed company responsible to the assigned task of listed company or BOARD OF DIRECTORS
- 14) Study and consider compensation of the Chairman, Vice Chairman, Directors, Committee of BOARD OF DIRECTORS, CEO Chief Financial Officer-CFO and Operating Officer-COO to present to the shareholders' meeting to approve according to the request of the Compensation Committee, based on the maximum benefit of listed company and shareholders
- 15) Propose the reserves of net profit, dividend and policies of the employee in the shareholders' meeting to consider for an approval
- 16) Identify, monitor, study the solution of conflicts which related to the benefit of the listed company
- 17) Present the annual report and financial statement in the shareholders' meeting to consider for an approval
- 18) Explain, answer and provide details to the company's shareholders' meeting
- 19) Report important activities of the listed company in the shareholders' meeting
- 20) Disclose the shareholder proportion in any subsidiary company and shareholding proportion of other company who hold the listed company's share exceeding 5%, and inform the changing proportion during the fiscal year
- 21) Monitor the operation of BOARD OF DIRECTORS
- 22) Disclose to public about the name of Chairman, Vice Chairman, Members of the BOARD OF DIRECTORS, the number of meetings, number of attending the meetings of the chairman, Vice Chairman, all members of the BOARD OF DIRECTORS and the recent performance of the BOARD OF DIRECTORS in the annual report
- 23) Monitor appropriate disclosure and communication with shareholders
- 24) Perform other duties and rights as defined in the related regulations

C. The terms of Board of Directors

The members of the BOARD OF DIRECTORS have a term of office of two years from the date of obtaining approval from the shareholders' meeting and can be reappointed.

Members of BOARD OF DIRECTORS having nearly completed the two-year term, the Board of directors must propose to convene the shareholders' meeting for approving the new BOARD OF DIRECTORS members before the term of office the incumbent Board of directors members is ended.

In case where the two-year term of the incumbent BOARD OF DIRECTORS members is ended, but the shareholders' meeting has not yet approved the new BOARD OF DIRECTORS members, the incumbent BOARD OF DIRECTORS members must continue to perform the duties until new BOARD OF DIRECTORS members are approved, but shall not exceed one year

An independent member of BOARD OF DIRECTORS is entitled to assume the post for a maximum of four terms continuously, except in case there is a violation of laws and regulations. An independent member of the BOARD OF DIRECTORS who has assumed the post for four terms continuously can be reappointed after a lapse of one term.

8.4.2 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

1. Audit Committee

A. Members of Audit Committee

Table 19 Audit Committee

No.	Audit Committee	Nationality	Position
1	Ms.Makiko Oikawa	Japanese	Chairman/Independent
2	Mr. Tomohiro Yoshida	Japanese	Member/Independent Director
3	Ms. Harumi Ide	Japanese	Member/Independent Director

B. The rights and duties of the Audit Committee

➤ Rights and duties on financial statements and disclosures

- 1) To review the financial statements of the listed company to ensure that their contents are complete, correct and conformed with the standards of financial reporting
- 2) To enquire the audit company or the auditor about important issues that may affect the credibility of the financial statements of the listed company
- 3) To conduct the audit of the related party transactions or the transactions with potential conflict of interest in order to allow these transactions to be conducted in accordance with relevant regulations
- 4) To enquired about the report and disclosure of information of the listed company to ensure compliance with relevant regulations

➤ Rights and duties of Internal Control

To ensure that an effective internal control system is put in place and the internal auditor undertakes the assessment of the whole internal control system at least once in a year

➤ Rights and Duties of External Audit Company

- 1) To ensure the independence of the external auditor as well as the quality, independence, relation in all fields with regard to the audit company which will provide the services to the listed company
- 2) To study and define the scope of the audit; consider the selection of the external auditor, audit charge and propose the termination of agreement with external auditor to the BOARD OF DIRECTORS for submitting to the shareholders meeting for consideration and approval
- 3) To monitor the progress in dealing with shortcomings specified in previous audit reports
- 4) To enquire the scope of operations of the external auditor and internal auditor in other to prevent the overlapping of operations

➤ **Right and duties of Internal Auditor**

- 1) To ensure the independence of the internal auditor
- 2) To directly guide the Internal Audit Unit, but the performance of daily works shall be under the direction of the chief executive officer
- 3) To enquire and review the internal audit mechanism and system regularly
- 4) To require about the internal audit report and hold secret meeting with the person in charge of internal audit works to question about the interference of the executives and management of departments which may affect the independence and the decision of the internal auditor
- 5) To enquire and consider the major shortcomings being found and resolving methods, jointly with the executives and the management of relevant departments
- 6) To evaluate the performances of the chief of internal audit department
- 7) To enquire the chief of internal audit department about the effectiveness of the use of assets of the listed company to ensure compliance with the by-laws of the company and with the resolutions of the Board of directors and shareholders' meeting

➤ **Rights and duties of Compliance**

- 1) To review the implementation of the Law on Securities, related laws and other relevant legislation
- 2) To enquire whether the members of the Board of directors and the management committee of the listed company have taken into account the major risks and the operations-related risks.

➤ **Rights and duties about Evaluation Performance**

- To evaluate the implementation of the annual works of the audit committee
- To disclose information in the annual report relating to the names of members of the audit committee, the number of meeting sessions of the audit committee, the number of attendance of each member of the audit committee, the results of the evaluation of the audit committee and the summary of activities of the audit committee.

➤ **Other Rights and Duties**

- 1) To consider and provide opinions on the appointment and removal of chief of internal audit department prior to the chief executive officer consider to appoint or remove such a person
- 2) To enquire on level of major risks and assessment methods of internal auditor in comparison to those of the external auditor
- 3) To report its performances to the Board of directors and the shareholders
- 4) To attend every meeting of BOARD OF DIRECTORS to give opinions on related party transactions, acquisition or disposition of assets, nomination and determination of service charge of the external auditor
- 5) To develop budget plan related to audit work plan
- 6) To give opinions relating to financial matters and other issued based on request of members of the Board of directors or executives
- 7) To exercise other rights and perform other duties as assigned by the BOARD OF DIRECTORS

2. Risk Management Committee

A. Members of Risk Management Committee

Table 20 Risk management committee

No.	Name list	Nationality	Position
1	Mr. Tomohiro Yoshida	Japanese	Chairman/Independent
2	Ms. Harumi Ide	Japanese	Member/Independent Director
3	Ms. Makiko Oikawa	Japanese	Member/Independent Director

B. Rights and Duties of the Risks Management Committee

- 1) To study on the risk management policy such as: the risk management strategies, economic- finance, market, liquidity, performance etc. which may directly - indirectly affect the Company, in order to submit to Board of directors for consideration
- 2) To review on risks management policies and control risks of the business groups including the control, monitoring and evaluation of the risks of the business group.
- 3) To prepare its operations plan in line with the risks management policy to ensure the execution of the control, monitoring and evaluation works so as to manage the risks at a reasonable level.
- 4) To review, modify or improve risks management policies in each period to ensure efficiency in reducing the risks that may occur to the listed company.
- 5) To request for information relating to risks management and may hold meetings with relevant parties of the listed company.
- 6) To summarize and report its performances to the audit committee and the BOARD OF DIRECTORS on a monthly or quarterly basis or based on necessity.
- 7) To disclose information in annual report relating to the names of members of risks management committee, the number of meeting sessions of risks management committee, number of attendance of each member of risks management committee and the summary of activities of risks management committee .
- 8) To exercise other rights and perform other duties as assigned by the board of directors.

3. Remuneration Committee

A. Members of Remuneration Committee

Table 21 Remuneration Committee

No.	Name list	Nationality	Position
1	Mr. Tomofumi Suematsu	Japanese	Chairman
2	Ms. Harumi Ide	Japanese	Member/Independent Director
3	Ms. Yuki Scott	Japanese	Member

B. Rights and duties of Remuneration Committee

- 1) To set out principles and forms of payment of remuneration.
- 2) To conduct research on remuneration of the Board of directors and executives for submitting to the Board of directors for approval

- 3) To conduct research on remuneration of the head and deputy-head of departments for submitting to the Board of directors for approval.
- 4) To report its performances to the Board of directors and the share holders' meeting.
- 5) To disclose information in annual report relating to the names of members of remuneration committee, number of meeting sessions of remuneration committee number of attendance and outcomes of the evaluation of remuneration committee and summary of activities of remuneration committee
- 6) To exercise other rights and perform other duties as assigned by the board of directors

4. Nomination Committee

A. Members of Nominating Committee

Table 22 Nominating Committee

No.	Name list	Nationality	Position
1	Mr. Tomofumi Suematsu	Japanese	Chairman
2	Mr. Tomohiro Yoshida	Japanese	Member/Independent Director
3	Ms. Makiko Oikawa	Japanese	Member/Independent Director

B. Right and duties of nominating committee

- 1) To set out principles and procedures relating to the nomination of personnel to assume the posts in the board of directors, these principles and procedures must be transparent and examinable.
- 2) To examine qualifications, knowledge, experiences and appropriateness based on the Agreement of the Board of directors of listed company as defined in Article 7 of this Agreement.
- 3) To propose the name of the selected person to the Board of directors for consideration and for submitting to the shareholders' meeting for consideration and approval.
- 4) To report its performances to the board of directors
- 5) To disclose information in annual report relating to the names of members of nominating committee, number of meeting sessions, number of meeting attendance of each member of nominating committee, results of evaluation and the activities summary of nominating committee.
- 6) To exercise rights and perform other duties as assigned by the board of directors

5. Related Party Transaction Committee

A. Members of Related Party Transaction Committee

Table 23 Related Party Transaction Committee

No.	Name list	Nationality	Position
1	Ms. Makiko Oikawa	Japanese	Chairman/Independent
2	Mr. Tomohiro Yoshida	Japanese	Member/Independent Director
3	Ms. Harumi Ide	Japanese	Member/Independent Director

B. Rights and duties of Related party transaction committee

- 1) Compile a name list of individual and organization that related to the Company including with the changes to the name of individuals and organization that related to the Company to LSCO.
- 2) Analyze and monitor the procedures of related party transactions.
- 3) Appoint an independent financial advisor
- 4) Perform other roles and responsibilities as determined by the Company

8.5 Compensation of Board of Directors and sub - Committees

According to extraordinary general shareholders' meeting 6th on December 19 2018 had appointed the allowance for Board of directors and Board of directors committee as follows:

- Board of directors allowance
 - Chairman 11,250,000 LAK/month/person
 - Members of Board of Directors 6,250,000 LAK/month/person
- Meeting Allowance

Table 24 Meeting Allowance

Position	LAK/time/person
Chairman	2.500.000
Vice Chairman	1.500.000
Chairman of Board of directors committee	1.500.000
Members of Board of directors committee	1.000.000

In addition, the Shareholders' meeting acknowledges that there may be an annual bonus for Board of directors and Board of directors committee.

8.6 Compensation for Executives

Executives will receive compensation includes salary, bonus and bonus accordance welfare and company regulation and related requirement law.

8.7 Personnel

The company gives most precedence to livelihood of the staffs and considers that all staff must have a good life even in the family life.

8.7.1 Employee.

In 2018 the company had a total 555 employees

Table 25 Number of employee

Year	Men	Women	Total
2015	97	85	182
2016	136	235	371
2017	171	313	484
2018	195	360	555

8.7.2 Disputes with employees

Since establishing the company in 2015 up to now, the company is never had any dispute on labor and never had protests or court order to stop doing business in any manner.

8.7.3 Policy in personnel development

The company policies on development human resource are developing continuously, with emphasis on enhance their knowledge and develop the skills of company staffs by providing in-house training and various in line with the best practices under the care and guidance from the manager of each department. Moreover, the company encourages staffs to develop and upgrade their skills in order to be developed company. The company places importance on providing motivation for staff by considering the improvement of welfare in appropriate way to make sure that staffs growth along with the company and to increase the capacity of staffs to have more knowledge, skill and expertise to support Leasing business development and to compete with both the region and international.

8.8 curriculum vitae

Table 26 Curriculum vitae

1. Ms. Yuki Scott	Curriculum Vitae Date of birth : 23April1978 Nationality : Japanese Langue : English Position : Chairman of the board directors of Lao ASEAN Leasing Public Company Education In 2001 :B.A. in Philosophy at Yalensis University, USA. Experience in doing Business In 2008to Now :Director of Bluebird Co.,Ltd in Japan
2. Ms. Makiko Oikawa	Curriculum Vitae Date of birth : 29November1978 Nationality : Japanese Langue : English Position :Vice Chairman of the board directors of Lao ASEAN Leasing Public Company Education: In 1999 : High vocational Certificate at Tokyo IT& Accounting College Suginami, Japan. Experience in doing Business In 1999- 2005 : Accountant and sales department at MUFG bank ltd In 2006 - 2007 : Accountant at Simplex reality Co.,ltd In 2008- Now :Accountant at Unicorn co.,ltd
3. Mr. Tomofumi Suematsu	Curriculum Vitae Date of birth :5 January1977 Nationality : Japanese Langue : English Position :Member of BOD/CEO of Lao ASEAN Leasing Public Company Education:

	In 1999 : B.A ,of Art in Law at Seinan Gakuin University, Japan Experience in doing Business In 1999-2007 :Manager of Loan business ,at KK Shoko fund, Japan. In 2007-2017 : Director of Microfinance ,KK J factor, Japan. In 2009-2014 : Director on Investment Business ,KK Magnet holdings, Japan. In 2016 -Now : Director ,of Lao ASEAN Leasing Public Company
4. Mr. Tomohiro Yoshida	Curriculum Vitae Date of birth : 08Augusst1979 Nationality : Japanese Langue : English Position : Member of BOD of Lao ASEAN Leasing Public Company Education: In 2002 : B.A ,in Faculty of Art ,Japan. Experience in doing Business In 1998-2008 :salesman at SFCG co.,ltd , In 2008-2018 :CFO at Magnet holdings Co.,ltd In 2012-2018 :Director of SFCG co.,ltd , In 2013-2018 :Director of Madoca Co.,ltd, In 2016-2017 :Director of Justice Co.,ltd
5. Ms. Harumi Ide	Curriculum Vitae Date of birth : 07 November1974 Nationality : Japanese Langue : English Position : Member of BOD of Lao ASEAN Leasing Public Company Education: In 1983 : B.A.in Faculty of humanities ,Tokyo Seitoku University Experience in doing Business In 1996-1998 : Accountant at Meiji Yasuda Life Insurance Company, Japan. In 1999-2001 : Accountant at Sankusu Co.,Ltd, Japan. In 2001-2007 : Accountant at ,Bansei Securities Co.,Ltd ,Japan In 2007 -Now : Accountant Manager at Unicorn.co.jp
6. Ms Risa Yamaguchi	Curriculum Vitae Date of birth : 12Febuary1981 Nationality : Japan Langue : English Position : CFO of Lao ASEAN Leasing Public Company Education In 2003 : B.A in Policy Management at Keio University, Japan Experience in doing Business In 2005-2008 : Accountant at Moda en Casa K.K ,Japan In 2008-2015 : chief accountant of Yamaguchi Shokai Co.,Ltd, Japan In 2016-2018 : chief accountant and finance,of Lao ASEAN Leasing Public Company, Laos In 2019-now : CFO of Lao ASEAN Leasing Public Company, Laos.

7. Mr. Kazutaka Morikawa	Curriculum Vitae Date of birth : 28January1985 Nationality : Japanese Langue : English Position : COO of Lao ASEAN Leasing Public Company Education: In2010 : B.A of Education at the University of Tokyo, Japan. Experience in doing Business In 1998-2005 : Sales Department at SFCG Co.,Ltd In 2005-2010 : Sales manager at Sumisho-poket Finance, Co.,Ltd In 2010-2015 : Sales manager at G-one Credit Service In 2015-now : Sales manager at Lao ASEAN Leasing Public Company
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9. Internal audit

The operation of internal audit is one of the most important tasks for the Company. It is a mechanism that builds reliability and trust for investors. The Company has an Audit Committee and Internal Audit Unit which are responsible for the operation of internal audits of the Company. The Company has necessary organizational structures which can check the internal working systems to ensure good internal management and control system.

One of the The Audit Committee members is a member of the BOD that takes responsibility for researching, setting policy, supervising the operation of internal audits, monitoring and filtering the Company's internal working. The Audit Committee to make sure that the Company follows good management and internal audit principles, such as: verifying that Company's financial report is correct and disclose enough necessary information, having an efficient internal control and internal audit system, audit all works of the Company and it must be consistent with the Securities law and other related regulations, considering the appropriate remuneration and auditor selection, considering the disclosure of the Company information whereby related party transactions that may involve conflict of interest and report results to the BOD. The Internal Audit Committee will have a meeting a minimum of 1 time per quarter or 4 times per year or as required to fulfill duties of internal audit of the Company.

The Internal Audit Unit of the Company follows the Company's policy, guidance and audit plans from The Audit Committee. The Internal Audit Unit closely observes implementations of daily operations and information of the Company. The Internal Audit Unit will inform its operations according to audit plans, set by the Audit Committee.

The Company has the an organizational structure that support internal work. Including a specialized unit for the operation of internal audits, which is an indicator of good internal management of a listed company. The Company must follow the terms of LSCO, regulation and related laws, this and the good management of the Company will build reliability and trust of both local and foreigninvestors, encouraging investmentment from the market.

10. Related Party Transactions

The company has related party transactions with people who probably have conflict of interest. The related party transactions include business events occurring between the Company and members of the BOD. If the shareholders of the company and/or individual and entities associated may have conflict interest with the transaction, it will disclosed in the notes of the financial statement provided by the Company's external auditor and/or Audit Committee and/or related Party Transaction Committee. In addition, the Internal Audit Committee will comment on transactions; are they in line with the normal business of the company and reasonable and comparable to market price as well as any other relevant conditions, to ensure there is no conflict of interest between related parties.

According to the Agreement on Related Items No. 0023 / NRA, dated October 26, 2016, Article 3 describes the terms used in the agreement as follows:

1. Related Person refers to

- 1.1 The person who holds the shares of the company of at least five percent of the total number of shares;
- 1.2 The management of the company.

2. Related Juristic Person refers to

- 2.1 The juristic person which holds the shares of the company or the juristic person in which the company hold the shares with a proportion of at least five percent of the total number of shares;
- 2.2 The juristic person that the related person prescribed in Clause 1.1 or the management of the company prescribed in Clause 1.2 of this Decision is the executive or holds the shares of at least ten percent of the total number of shares;

According to 7.1 Capital structure as follow in the table below:

Shareholders	Before IPO		After IPO	
	No. of shares	%	No. of shares	%
1. Existing shareholders	241,200,000	100%	241,200,000	80 %
1.1 LALCO Holdings Pte.Ltd	233,160,000	96.66666666%	233,160,000	77.3333333333
1.2 O International Ltd	8,033,000	3.3304312%	8,033,000	2.6664344942
1.3 Ms. Somsangouane SINGTHIEMPHONE	1,000	0.0004146%	1,000	0.0000331675
1.4 Ms Viphasone SIENMANY	1,000	0.0004146%	1,000	0.0000331675
1.5 Ms. Phavanhna PHOMMASACK	1,000	0.0004146%	1,000	0.0000331675
1.6 Mr. Tomofumi SUEMATSU	1,000	0.0004146%	1,000	0.0000331675
1.7 Ms. Chanthasone CHANTHASEN	1,000	0.0004146%	1,000	0.0000331675
1.8 Mr. Lasonethanou THONGPASEUTH	1,000	0.0004146%	1,000	0.0000331675
1.9 Mr. Santisouk SAVATDY	1,000	0.0004146%	1,000	0.0000331675
2. Investors from IPO			60,300,000	20 %
Total	241,200,000	100%	301,500,000	100%

The details of related party transactions are in appendix of financial report:

Table 27 List of related parties

Related parties	Relationship	Related party transaction (have or don't have)	
		Year 2017	Year 2018
Mr. Lasonethanou THONGPASEUTH	Shareholder of Lao Asean Leasing Public company and borrowed from Lao Asean leasing Public company	have	have
Ms. Somsangouane SINGTHIEMPHONE	Shareholder of Lao Asean Leasing Public company and borrowed from Lao Asean leasing Public company	have	have

➤ Related Parties year 2018 and 2017 as fellow:

Related parties year 2018 and 2017	Relationship
1. Bluebird Co.,Ltd	Affiliate of shareholder
2. BBHD Co.,Ltd	Affiliate of shareholder
3. Myxaysana Design and Construction Co.,Ltd	Fellow subsidiary
4.Lalugo Group Hotel Sole Co.,Ltd	Fellow subsidiary
5.Mr. Khamravay Chanthavong	Shareholder of Myxaysana Design and Construction Co.,Ltd
6.Mr. Yoshihito Oshima	Vice-chairman

Related transactions that occurred in 2018 and 2017 are currently not related, as LALCO has changed its shareholder structure, Board of Directors and management team.

The related party transactions as shown in the table above have been agreed upon by all parties involved in accordance with the company policies. All parties have a written contract, with reasonable interest rates as in the table below.

10.1 Procedure of Related Party Transaction

1. To avoid business activities related to the board of director members, committees, directors and shareholders which may cause of conflicts of interest with the company.
2. In the event that the Company needs to carry out related party transactions for the benefit of the Company, the transactions will be treated no differently from when the Company conducts business with any business partner. The Company complies with the regulations regarding transactions with related parties by LSCO, LSX and other regulatory organizations to ensure members of the board of directors, management committees, directors and other related persons are not unfairly benefited from related party transactions.

The company's related party transaction must strictly adhere to relevant regulations and related decrees. Issues regarding related party transactions must be disclosed to LSCO and LSX or relevant authorities, to ensure related party transactions are transparent, relevant, and are not in conflict of interest with the Company. Holding transactions to the same standard as with an external company leaves no space in the related transactions process for conflict of interest.

➤ The related party transactions approval

- Related party transactions are required to have the comments of the Related Party Transactions Inspection Committee before being submission to the BOD meeting for consideration and approval. The BOD meeting requires that, of the BOD members in attendance of the meeting, more than half of the total number of directors must be non-related persons. In the case more than half of the total number of directors are involved with the related party transaction, the related party transaction is submitted to the AGM (Annual General Meeting) for consideration and approval. In addition, the BOD members who are related person shall have no right to vote in the meeting.
- Related party transactions are approved in the resolution shareholders meeting. The Related Party Transactions Committee must report related party transactions to BOD. The transactions, with comments from the BOD, will later be sent to the

shareholder meeting for consideration and approval. Individual or entity shareholders who are related parties do not have the right to vote by themselves or by proxy.

- After related party transactions are submitted to the AGM (Annual General Meeting), any actions must be summarized, the results of the approval of related party transactions must be reported in the company's annual financial statements; the company must disclose the relevant information and report it to LSCO and LSX.
- When the company has related party transactions, they are to summarize the results of the approval and report to BOD meeting every quarter, to ascertain whether the transaction is in accordance with the company interest.

Table 28 Summary of related parties transactions

Related parties	Characteristic of the transaction	Value of the transaction (million LAK)	Necessity and reasonableness of the transaction	Related parties
		2017	2018	
Mr. Lasonethanou THONGPASEUTH	Lao Asean Leasing Company Limited offered a loan for Mr. Lasonethanou HONGPASEUTH with interest rate of 13% per annum (a loan agreement was made as a limited company before converting to a public company)	2,009	2,362	Lao Asean Leasing Public Company has approved a loan for Mr. Lasonethanou THONGPASEUTH because he has worked for Lao Asean Leasing Public Company for a long-time. A loan agreement was made between the two parties under the Law of Lao PDR. The loan has clearly set interest rates and payment terms. From this agreement, the company will carry out and collect the payment with full interest.
Ms. Somsangouane SINGTHIEMPHONE	Lao Asean Leasing Company Limited offered a loan for Ms. Somsangouane SINGTHIEMPHONE with interest rate of 13% per annum (a loan agreement was made as a limited company before converting to a public company)	2,177	2,559	Lao Asean Leasing Public Company has approved a loan for Ms. Somsangouane SINGTHIEMPHONE because she has worked for Lao Asean Leasing Public Company for a long-time. The loan agreement is between the two parties under the Law of Lao PDR. The loan has clearly set interest rates and payment terms. From this agreement, the company will carry out and collect the payment with full interest.

➤ **Policy for future related party transactions.**

The company may have related party transactions, which are normal business transactions and have clearly defined policies, prices and conditions. The transactions are required to be the same as for external practice and/or non-related companies. Some transactions are necessary and beneficial to the Company, and the related party transaction committee will inspect and consider, in accordance with the regulations to present a reasonable explanation of every related party transaction quarterly.

11. Legal deputes

In the normal course of business operations, claims or disputes can arise, which may result in litigation or regulatory proceeding. In the present, the Company's directors or shareholders are not involved in, the claimant of, a defendant in, a third party of or a witness to any litigation, arbitration, claims, tribunal or criminal proceeding or any other conflict current, which could possibility occur, or are prospective. The Company has some outstanding legal disputes, these cases do not currently have a serious effect on Company operations. The Court certified letters as below outline the current cases involving the Company:

1. Certify letter from Vientiane Capital People's Court, Number 05/PC.VTE, 07 Mar 2019
2. Certify letter from Vientiane Capital People's Court area I, Number 02/PC, 12 Mar 2019.
The Company is the plaintiff in a Civil case in the title of not observing the contract in 3 cases
3. Certify letter from Vientiane Capital People's Court area II, Number 67/PC. Area II, 18 Mar 2019
4. Certify letter from Vientiane Capital People's Court area III, Number 01/PC. Area III, 15 Mar 2019
5. Certify letter from Vientiane Capital People's Court area IV, Number 96/PC, 28 Mar 2019
6. Certify letter from Champasack province People's Court, Number 302/PC. CPS, 3 Apr 2019. The Company is the plaintiff in the 2 commerce cases and in 1 criminal case. There are more 4 cases where the Company is the plaintiff in commerce cases about the Loan contract. The Company proposed to stop the cases
7. Certify letter from Huaphan province People's Court, Number 130/PC., 19 Mar 2019.
8. Certify letter from Xiengkhouang province People's Court, Number 02/PC. XKH, 20 Mar 2019.

12 Financial and Operating Results

12.1 Financial Statement

Summary of Audited Financial Report

The Financial Statements of 2015, 2016, 2017 and 2018 were prepared by the external auditor with for the purpose of enabling data comparison in this prospectus, The Financial statements and cannot be used for any other purpose.

The law of initial public offering issuing No.05/LSC on 28th Jan 2019 of the LSCO which states that the Company must be issued a yearly audited financial statement by an/the external auditor which is approved by Lao Securities Commission Officer. The Financial Statement at the end of 2018 was audited by the external auditor who gives the unqualified opinion as reported below:

Summary of Audited Financial Report	
Audited Financial Report	The Financial Statement for 2018
External Auditor	(Ernst & Young Lao Co., Ltd)
External Auditor Opinion	which is approved by Lao Securities Commission Office Unqualified opinion. In our opinion, the financial statements of Lao Asian Leasing Public Company for the 2018 are prepared, in all material respects, in accordance with the accounting policies described in Note 2 to the Financial Statements.

12.2 Summary Table of Financial Statement and Operating Results

12.2.1 Balance Sheet

Table 29 Balance Sheet

Balance sheet	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	%	Million LAK	%	Million LAK	%	Million LAK	%
Asset								
Current assets								
Cash and Cash equivalents	47,433	14.94%	20,343	3.90%	127,243	18.09%	111,349	14.75%
Deposit with Bank of the Lao PDR (“BOL”)	863	0.27%	863	0.17%	1,667	0.24%	1,667	0.22%
Hire purchase receivable-current portion	134,586	42.40%	213,521	40.93%	314,519	44.71%	320,232	42.42%
Othe assets	5,301	1.67%	14,302	2.74%	14,728	2.09%	34,145	4.85%
Total current assets	188,184	59.29%	249,030	47.74%	458,158	65.13%	467,393	61.92%
Non-Current assets								
Hire purchase receivable-non-current portion	119,513	37.65%	258,040	49.47%	229,936	32.68%	275,005	36.43%
Loans to related parties	7,035	2.22%	7,686	1.47%	8,543	1.21%	10,040	1.33%
Property and equipment	2,671	0.84%	3,264	0.63%	2,552	0.36%	2314	0.31%
Asset under construction	-	-	3,611	0.69%	3,611	0.51%	-	-
Other non current assets	-	-	-	-	694	0.10%	88	0.01%
Total Non-Current assets	129,218	40.71%	272,600	52.26%	245,335	34.87%	287,447	38.08%
Total assets	317,402	100%	521,630	100%	703,493	100%	754,840	100%
Liabilities								
Current Liabilities								
Statutory obligations	2,158	0.68%	7,573	1.45%	24,318	3.46%	54,475	7.22%
Other liabilities	92	0.03%	273	0.05%	560	0.08%	2,935	0.39%
Total current liabilities	2,250	0.71%	7,846	1.50%	24,878	3.54%	57,410	7.61%
Non-current liabilities								
Long-term borrowings	317,342	99.98%	482,185	92.44%	577,516	79.25%	506,867	67.15%
Due to related parties	7,043	2.22%	31,543	6.05%	48,395	6.88%	46,632	6.18%
Total non-current liabilities	324,386	102.20%	513,728	98.49%	605,911	86.13%	553,499	73.33%
Total liabilities	326,636	102.91%	521,574	99.99%	630,789	89.67%	610,908	80.93%
Equity								
Registered paid-up capital	8,040	2.53%	8,040	1.54%	24,120	3.47%	24,120	3.20%
Other capital	-	-	-	-	-	-	290	0.04%
Retained earnings	(17,273)	-5.44%	(7,984)	-1.53%	48,583	6.86%	119,521	15.83%
Total Equity	(9,233)	-2.91%	56	0.01%	72,703	10.33%	143,932	19.07%
Total liabilities and equity	317,402	100%	521,630	100%	703,493	100%	754,840	100%

12.2.2 Income statement

Table 30 Income statement

Income statement	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	%	Million LAK	%	Million LAK	%	Million LAK	%
Interest income calculated using the effective interest method	31,429	100%	114,603	100%	171,388	95.60%	215,132	96.41%
Other interest and similar income	-	-	-	-	7,887	4.40%	8,015	3.59%
Interest expense calculated using the effective interest method	(17,086)	-54.36%	(46,139)	-40.26%	(41,724)	-16.76%	(37,410)	-16.76%
Net interest income	14,343	45.64%	68,464	59.74%	137,551	76.73%	185,738	83.24%
Fees and commission income	-	-	2,114	1.84%	3	0.00%	-	0.00%
Fees and commission expense	(4,563)	-14.52%	(10,142)	-8.85%	(8,402)	-4.69%	(11,385)	-5.10%
Net Fees and commission income	(4,563)	-14.52%	(8,029)	-7.01%	(8,399)	-4.68%	(11,385)	-5.10%
Net foreign exchange gain/(loss)	373	1.19%	629	0.55%	(10,847)	-6.05%	(16,427)	-7.36%
Other operating (expense)/ income	442	1.41%	121	0.11%	1,535	0.86%	(156)	-0.07%
Total operating income	10,595	33.71%	61,185	53.39%	119,840	66.85%	157,770	70.70%
Change in allowance for impairment losses	(5,829)	-18.55%	(16,673)	-14.55%	(2,425)	-1.35%	6,283	2.82%
Net operating income	4,765	15.16%	44,511	38.84%	117,414	65.49%	164,052	73.52%
Personnel expenses	(6,444)	-20.50%	(23,764)	-20.74%	(29,474)	-16.44%	(33,703)	-15.10%
Depreciation of property and equipment	(513)	-1.63%	(802)	-0.70%	(950)	-0.53%	(1,083)	-0.49%
Other operating expenses	(15,081)	-47.99%	(10,656)	-9.30%	(19,613)	-10.94%	(32,221)	-14.44%
Total operating expenses	(22,039)	-70.12%	(35,222)	-30.73%	(50,037)	-27.91%	(67,007)	-30.82%
Profit/(loss) before tax	(17,273)	-54.96%	9,289	8.11%	67,378	37.58%	97,045	43.49%
Current profit tax expense	-	-	-	-	(11,100)	-6.19%	(25,817)	-11.57%
Net profit/(loss) for the year	(17,273)	-54.96%	9,289	8.11%	56,278	31.39%	71,228	31.92%
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive profit/(loss) for the year/period	(17,273)	54.96%	9,289	8.11%	56,278	31.39%	71,228	31.92%

12.2.3 Cash flow statement

Table 31 Cash flow statement

Cash flow statement	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
	Million LAK	%	Million LAK	%
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	(17,273)	9,289	67,378	97,045
Adjustments for:	-	-	-	-
Depreciation and amortization changes	513	802	950	1,083
Change in allowance for impairment losses	5,829	16,673	2,425	(6,283)
Asset under construction write-offs				3,611
Net foreign exchange (gain)/loss	-	(1,050)	8,620	16,427
Changes in operating assets	-	-	-	-
Net change in due from BOL	(863)	-	(804)	-
Net change in hire purchase receivable	(254,100)	(217,461)	(75,320)	(44,499)
Net change in loans to related parties	(7,035)	2,046	(668)	(1,497)
Net change in other assets	(4,799)	(8,212)	(1,120)	(18,811)
Changes in operating liabilities	-	-	-	-
Net change in due to related parties	7,043	24,500	14,154	(1,763)
Net change in other liabilities	10,894	11,603	42,459	40,525
Net cash flows used in operating activities	(259,790)	(161,810)	58,075	85,838
INVESTING ACTIVITIES				
Acquisition of property and equipment	(3,269)	(5,125)	(238)	(845)
Proceeds from sale of property and equipment	97	131	-	-
Net cash used in investing activities	(3,172)	(4,994)	(238)	(845)
FINANCIAL ACTIVITIES				
Borrowing drawdown	342,737	140,019	49,062	2,483
Borrowing repayment	(40,382)	-	-	(103,369)
Net cash flow (used in)/from financing activities	310,396	140,019	49,062	(100,887)
Net change in cash and cash equivalents	47,433	(26,785)	109,126	(15,894)
Cash and cash equivalents at beginning of the year	-	47,433	20,343	127,243
Impact of exchange rate	-	(306)		-
Cash and cash equivalents at the end of the year	47,433	20,343	127,243	111,349

12.2.4 Key Financial Ratios

Table 32 Key financial ratios

Ratio	unit	2015	2016	2017	2018
Profitability ratio					
Rate for interest receive	%	12.37	24.30	31.48	36.14
Rate for interest paid	%	5.38	9.57	7.48	7.38
Net interest margin	%	6.98	14.73	23.99	28.76
Net profit margin	%	-53.57	7.91	31.12	31.94
Return on equity	%	-187.07	16,697.68	77.41	49.49
Efficiency ratio					
Return on asset	%	-5.44	1.78	8.00	9.44
Total assets turnover	Time	0.10	0.23	0.26	0.30
Financial policy ratio					
Debt to equity ratio	Time	-35.38	9,375.03	8.68	4.24
Finance lease to borrowing	%	0.80	0.98	0.98	1.17
Dividend payout ratio	%	N/A	N/A	N/A	N/A
Asset quality ratio					
Doubtful account and Bad debt to Finance Lease	%	2.29	3.54	0.45	N/A

12.3 Financial Analysis and Past performance

➤ Past performance

Lao Asian Leasing Public Company provides new and second-hand car leasing services. Currently, the Company is mainly focused on Japan vehicle brand. Currently, it provides leasing services in Vientiane capital and other provinces such as: Huapand, Xienkhouang, Luangprabang, Bolikhamxay, Savannakhet, Salavan and Champasack which has dealer partners of cars and motorcycles more than 100 shops.

The Company targets customers for motorcycle and car leasing service. The target group are retail customers who have a career and stable income such as government staff, employees from private sectors, merchants and private workers that want to buy vehicle using installment payment. Price of the motorcycle lease, installments and payment period will depend on the customer's ability to pay, which is in accordance with the down payment rate, the type/brand of motorcycle and the motorcycle price. Customers can choose to pay the installment from 6 to 60 months.

To prevent the risk of NPL, the Company focuses on procedure and verification of customer information. Company staff must go to customer's home to check the information provided. Also, the background of the customer is verified through: the chief of the customer's village, the Company database system (for returning customers) and Credit Information Bureau (CIB). The Company requires a guarantor for every leasing contract or co-leasehold to reduce the risk from customers that cannot pay the installment on time. In addition, the Company has

focused on systematic and effective management and debt reporting. The debt classification system is able to accurately show the company's credit quality. Other factors of risk protection include: determining appropriateness of Customer, type of vehicle, down payment rate, an appropriate payment period, responsible staff and considering both quantitative and qualitative criteria of debtors. The factors as mentions will help Company to prevent other risks.

The analysis and explanation of the business operating result and financial position from 2015 to 2019, are detailed below:

12.3.1 Operating Results

1. Revenues

Table 33 Revenues

Income statement	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	%	Million LAK	%	Million LAK	%	Million LAK	%
Interest income calculated using the effective interest method	31,429	97.47%	114,603	97.56%	171,388	94.787 0/	215,132	96.41%
Other interest and similar income	-	-	-	-	7,887	4.362%	8,015	3.59%
Fees and commission income	-	-	2,114	1.80%	3	0.002%	0	0
Net foreign exchange gain	373	1.16%	629	1.16%	0	0	0	0
Other operating incomes	442	1.37%	121	0.10%	1,535	0.849%	0	0
Total revenues	32,244	100%	117,466	100%	180,813	100%	223,147	100%

In the Income statement, the Company reported Total Revenues including: Interest Income Calculated Using The Effective Interest Method, Fees And Commission Income, Net Foreign Exchange Gain and Other Operating Incomes. In 2015, 2016, 2017 and 2018, the Company had Total Revenue of 32,244 million LAK, 117,466 million LAK, 180,813 million LAK and 223,147 million LAK respectively. The main incomes were from interest and similar income which covered about 94% of total revenues.

In 2015, 2016, 2017 and 2018 the Interest Income Calculated Using The Effective Interest Method were equal to LAK 31,429 million, LAK 114,603 million, LAK 171,388 million and LAK 215,132 million or equal to 97.47%, 97.56%, 94.79% and 96.41% of Total Revenue respectively. The extreme increase of the Interest Income Calculated Using The Effective Interest Method, due to expansion of leasing services and marketing promotion; increasing dealer partners, expanding branches to other provinces, launching leasing products to suit customer needs/demand (especially were the down payment rate, leasing rate and period of installment payment). The Company has expanded its second-hand car leasing service customer base. The Company's services have received good feedback from customers. The Company revenue had increased continuously over the last few years

In 2016 and 2017, the Company had Fees and Commission Income was equal to LAK 2,114 million and LAK 7,890 million or increased at 1.80% and 4.36% of Total Revenue respectively. Other Operating Incomes in 2015, 2016 and 2017 were equal to LAK 442 million, LAK 121 million and LAK 1,535 million or 1.37%, 0.10% and 0.85% of Total Revenues

respectively. Those increases were from the Fine Fees and Operating Fees which are related to the past expansion of leasing service.

2. Expenses

Table 34 Expenses

Details	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	%	Million LAK	%	Million LAK	%	Million LAK	%
Interest expense calculated using the effective interest method	17.086	34,50%	46.139	42,65%	41.724	36,78%	37.410	28,26%
Fees and commission expense	4.563	9,22%	10.142	9,38%	8.402	7,41%	11.385	8,60%
Net loss foreign exchange	-	-	-	-	10.847	9,56%	16.427	12,41%
Change in allowance or impairment losses	5.829	11,77%	16.673	15,41%	2.425	2,14%	-	-
operating expenses	22.039	44,51%	35.222	32,56%	50.037	44,11%	67.007	50,62%
Others operating expenses	-	-	-	-	-	-	156	0,12%
Total expenses	49.517	100%	108.177	100%	113.436	100%	132.385	100%

In 2015, 2016, 2017 and 2018, the Company had Total Expenses equal to LAK 49,517 million, LAK 108,177 million, LAK 113,436 million and LAK 132,385 millions respectively. It had increased continuously because the Company had expanded more leasing services. The increasing of expenses was consistent to the Revenues in the past few years.

In 2015, 2016, 2017 and 2018, Interest Expense Calculated Using the Effective Interest Method were equal to LAK 17,086 million, LAK 46,139 million, LAK 41,724 million and LAK 37,410 million or 34.50%, 42.65%, 36.78% and 28.26% of Total Expenses respectively. The increasing of expenses was from Long Term Debt and Related Parties which were used to expand its leasing service. So, Interest Expense Calculated Using the Effective Interest Method was quite higher than others expenses.

In 2015, 2016, 2017 and 2018, Fees and Commission Expense equal to LAK 4,563 million, LAK 10,142 million, LAK 8,402 million and LAK 11,385 million or 9.22%, 9.38%, 7.41% and 8.60% of Total Expenses respectively. The raising of these expenses was moving on the growth of leasing amount because about 50% of total customers came from the dealer partners. However, the Company's abilities to access customers directly could reduced some of this expenses that can be seen from the decrease of the expense in 2016 were equal to LAK 10,142 million to LAK 8,402 million in 2017.

The Company had Net Loss Foreign Exchange in 2017 and 2018 equal to LAK -10,847 million and LAK -16,427 million or 9.56% and 12.41% of Total Expenses. Due to the change in Foreign Exchange rate resulted in a Foreign Exchange Loss when closing date of Assets and Liabilities assessment, especially the Long-Term Loans and Loans from Related Parties because those loans were in foreign currencies.

The Operating Expenses of the Company included Personnel Expense, Depreciation of Property and Equipment and Others Operating Expenses. The Company's operating expenses in 2015, 2016, 2017 and 2018 were LAK 22,039 million, LAK 35,222 million, LAK 50,037 million and 67,007 million or 44.84%, 32.75%, 40.18% and 50.62% of Total Expenses respectively, seeing that, it had increased because of branches expansion, increasing staffs, stationery and marketing promotion which increased along with the Company growth.

Table 35 Non-performing Loans

Detail	Unit	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
Total revenue	Million LAK	32.244	117.466	180.813	223.147
Net hire purchase receivables	Million LAK	254.100	471.561	544.455	595.237
Change in allowance or impairment losses	Million LAK	(5.829)	(16.673)	(2.425)	-
Change in allowance or impairment losses / total Revenues	%	18,08%	14,19%	1,34%	0%
Change in allowance or impairment losses // Net hire purchase receivables	%	2,29%	3,54%	0,45%	0%

In 2015, 2016 and 2017, the Company's Change In Allowance or impairment losses were equal to LAK 5,829 million, LAK 16,673 million and LAK 2,425 million or 18.08%, 14.19% and 1.34% of change in allowance or impairment losses to total revenues respectively. It has decreased continuously in previous years due to better debt management through improved policies and tighter methods of lease approval. The efficiency ratio of Change in allowance or impairment losses to Net hire purchase receivables is equal to 2.29%, 3.54% and 0.45% respectively.

3. Net profit and Net Profit Margin

Table 36 Net profit and Net profit margin

Detail	unit	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
Total revenues	Million LAK	32.244	117.466	180.813	223.147
Net profit	Million LAK	- 17.273	9.289	56.278	71.228
Net profit margin	%	-53,57%	7,91%	31,12%	31,94%

In 2015, 2016, 2017 and 2018, the Company's net profit was equal to LAK -17,273 million, LAK 9.289 million, LAK 56,278 million and LAK 71,228 million or -53.57%, 7.91% and 31.12% and 31.94% of the Net Profit margin respectively. In 2015 the Company began providing leasing services. The first phase was investment in expanding the market share, resulting in an increase of marketing and promotion costs as well as operating expenses to make Net Profit margin loss LAK-17,273 million. During 2016-2018, the Company's net profits increased sharply due to efficient debt management methods and the Company's competitive approach strategies: increasing dealer partners, creating more leasing products to meet the needs of the market, expanding second-hand car leasing services, increasing the customer base, at the

same time, Also, The Company expanded branches to other provinces: Huaphan, Xiengkhouang, Luangprabang, Bolikhamxay, Savannakhet, Salavan and Champasack to add more channels to access customers.

12.5 Financial Position of the Company

1. Total Assets

Table 37 Total Assets

Balance sheet	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	%	Million LAK	%	Million LAK	%	Million LAK	%
Asset								
Current assets								
Cash and Cash equivalents	47.433	14,94%	20.343	3,90%	127.243	18,09%	111.349	14,75%
Deposit with BOL	863	0,27%	863	0,17%	1.667	0,24%	1.667	0,22%
Hire purchase receivable-current portion	134.586	42,40%	213.521	40,93%	314.519	44,71%	320.232	42,42%
Othe assets	5.301	1,67%	14.302	2,74%	14.728	2,09%	34.145	4,85%
Total current assets	188.184	59,29%	249.030	47,74%	458.158	65,13%	467.393	61,92%
Non-Current assets								
Hire purchase receivable-non-current portion	119.513	37,65%	258.040	49,47%	229.936	32,68%	275.005	36,43%
Loans to related parties	7.035	2,22%	7.686	1,47%	8.543	1,21%	10.040	1,33%
Property and equipment	2.671	0,84%	3.264	0,63%	2.552	0,36%	2.314	0,31%
Asset under construction	-	-	3.611	0,69%	3.611	0,51%	-	-
Other non current assets	-	-	-	-	694	0,10%	88	0,01%
Total Non-Current assets	129.218	40,71%	272.600	52,26%	245.335	34,87%	287.447	38,08%
Total assets	317.402	100%	521.630	100%	703.493	100%	754.840	100%

In 2015, 2016, 2017 and 2018, the Company had Total Assets equal to LAK 317,402 million, LAK 521,630 million, LAK 703,493 million and LAK 754,840 million respectively. The main asset was Hire Purchase Receivable, equal to LAK 254,100 million, LAK 471,561 million LAK 544,455 million and LAK 595,237 million or equivalent to 80.05%, 90.04%, 77.39% and 78.86% of total assets respectively. The Company's bussines and assets have increased due to the continuous expansion of leasing services during the past few years.

1.1 Current Assets

In 2015, 2016, 2017 and 2018, the Company had Current Assets equal to LAK 188,184 million, LAK 249,030 million, LAK 458,158 million and LAK 467,393 million or 59.29%, 47.74%, 65.13% and 61.92% of Total Assets respectively. There was an increase in the company's Current Assets each year, mainly from Hire Purchase Receivables-Current Portion equal to LAK 134,586 million, LAK 213,521 million, LAK 314,519 million and LAK 320,232 million or 42.40%, 40.93%, 44.71% or 42.42% of total assets respectively.

The Company's Cash And Cash Equivalents in 2015, 2016, 2017 and 2018, were equal to LAK 47,433 million, LAK 20,343 million, LAK 127,243 million and LAK 111,349 million respectively. The reason for the increase in cash in 2017 and 2018 is that the Company had to reserve its cash in preparation of expansion to new branches and increasing the leasing amount in 2019. The provinces, approved by the Financial Supervision Department of Bank of Lao are

Vientiane Capital, Huaphan, Xiengkhouang, Luangprabang, Bolikhamxay, Savannakhet, Salavan and Champasack.

In 2015, 2016, 2017 and 2018, the Company had Deposit With BOL equal to LAK 863 million, LAK 863 million, LAK 1,667 million and LAK 1,667 million respectively. The increase in 2017 was due to the Company increasing its registered capital. Under the BOL's regulations, the Company must maintain the minimum deposit amount in accordance with the terms of BOL. According to BOL's notice, the Deposit with BOL would not receive interest.

In 2015, 2016, 2017 and 2018, the Company had Other Assets equal to LAK 5,301 million, LAK 14,302 million, 14,728 million and LAK 34,145 million respectively. The Others Assets had increased due to an increase of Advances to Related Parties over the past year.

1.2 Non-current assets

In 2015, 2016, 2017 and 2018, the Company had Non-Current Assets equal to LAK 129,218 million, LAK 272,600 million, LAK 245,335 million and LAK 287,447 million or 40.71%, 52.26%, 34.87% and 38.08% of Total Assets respectively. In that, the main asset was the Hire Purchase Receivables-Non-Current Portion which was equal to LAK 119,513 million, LAK 258,040 million, LAK 229,936 million and LAK 275,005 million or 37.65%, 49.47%, 32.68% and 36.43% of total assets respectively. Hire Purchase Receivables-Non-Current Portion from 2015, 2016, 2017 and 2018, was from the allocation of leasing contracts which were more than 1 year old.

In 2015, 2016, 2017 and 2018, the Company had Loans To Related Parties equal to LAK 7,035 million, LAK 7,686 million, LAK 8,543 million and LAK 10,040 million or 2.22%, 1.47%, 1.21% and 1.33% of Total Assets respectively.

In 2015, 2016, 2017 and 2018, the Company had Property And Equipment equal to LAK 2,671 million, LAK 3,264 million, LAK 2,552 million and 2,314 million or 0.84%, 0.63%, 0.36% and 0.31% of Total Assets respectively. For the Asset Under Construction in 2016 and 2017, were amount to LAK 3,611 million and LAK 3,611 million. Which includes the computer software development, for management and system control of the leasing business, it raised the operating performance of the Company to the better level.

2. Total Liabilities

Table 38 Total Liabilities

Balance sheet	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	%	Million LAK	%	Million LAK	%	Million LAK	%
Liabilities								
Current Liabilities								
Statutory obligations	2.158	0,66%	7.573	1,45%	24.318	3,86%	54.475	8,92%
Other liabilities	92	0,03%	273	0,05%	560	0,09%	2.935	0,48%
Total current liabilities	2.250	0,69%	7.846	1,50%	24.878	3,94%	57.410	9,40%
Non-current liabilities	-		-		-			
Long-term borrowings	317.342	97,15%	482.185	92,45%	577.516	88,38%	506.867	82,97%
Due to related parties	7.043	2,16%	31.543	6,05%	48.395	7,67%	46.632	7,63%
Total non-current liabilities	324.386	99,31%	513.728	98,50%	605.911	96,06%	553.499	90,60%
Total liabilities	326.636	100%	521.574	100%	630.789	100%	610.908	100%

In 2015, 2016, 2017 and 2018, the Company had Total Liabilities equal to LAK 326,636 million, LAK 521,574 million, LAK 630,789 million and LAK 610,908 million or 102.91%, 99.99%, 89.67% and 80.93% of Total Assets respectively. The main Liability was the Long-Term Borrowing equal to LAK 317,342 million, LAK 482,185 million, LAK 577,516 million and LAK 506,867 million, or 97.15%, 92.45%, 88.38% and 82.97% of Total Liabilities respectively.

2.1 Current Liabilities

In 2015, 2016, 2017 and 2018, the Company had Current Liabilities equal to LAK 2,250 million, LAK 7,846 million, LAK 24,878 million and LAK 57,410 million or 0.69%, 1.50%, 3.94% and 9.40% of Total Liabilities respectively. Increases were from the Statutory Obligations, mainly from Profit Tax And Foreign Contractors With Holding Taxes of year 2017 and 2018. Other Liabilities were equal to LAK 92 million, LAK 273 million and LAK 560 million and LAK 2,935 million or 0.03%, 0.05%, 0.09% and 0.48% of Total Liabilities respectively.

2.2 Non-current liabilities

The Non-Current Liabilities in the financial report include: Long-Term Borrowings and [Liabilities] Due To Related Parties. In 2015, 2016, 2017 and 2018, the Company had Non-Current Liabilities equal to LAK 324,386 million, LAK 513,728 million, LAK 605,911 million and LAK 553,499 million or 99.31%, 95.50%, 96.06% and 90.60% of Total Liabilities respectively. The Long-Term Borrowings were equal to LAK 317,342 million, LAK 482,185 million, LAK 577,516 million and LAK 506,867 million or 97.15%, 92.45%, 88.38% and 82.97% of Total Liabilities respectively. Due To Related Parties were equal to LAK 7,043 million, LAK 31,543 million, LAK 48,395 million and LAK 46,632 million or 2.16%, 6.05%, 7.67% and 7.63% of Total Liabilities respectively. Both increased due to the Company taking loans to further expand leasing services in the previous year.

3. Liquidity of the Company

Table 39 Liquidity of the Company

Cashflow statement	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018
	Million LAK	Million LAK	Million LAK	Million LAK
Net Cash flows from operating activities	(259.790)	(161.810)	58.075	85.838
Net Cash flows from investment activities	(3.172)	(4.994)	(238)	(845)
Net Cash flows from financing activities	310.396	140.019	49.062	(100.887)
Net change in cash and cash equivalents	47.433	(26.785)	106.900	(15.894)
Cash and cash equivalents at the beginning of the year	-	47.433	20.343	127.243
Impact of exchange rate	-	(306)	-	-
Cash and cash equivalents at the end of the year	47.433	20.343	127.243	111.349

❖ Cash flow analysis

The vehicle leasing business operation is the main income of the Company's leasing business, the income comes from interest from leasing customers. The Company is not a deposit financial institution. The Company's major sources of funding for vehicle leasing must come from Shareholders' equity and loans. When the Company wants to further expand its vehicle

leasing service, the operating cash flow will be minus number (Paying the bill to the Dealer for the vehicle, then receiving installments from Customer as per the leasing contract) which is the normal nature of leasing business operation. The operating cash flow is then offset by Cash flow from financing activities to bring liquidity to the Company.

In 2015, 2016, 2017 and 2018, the Company had Net Cash Flows From Operating Activities equal to LAK -259,790 million, LAK -161,810 million, LAK 58,075 million and LAK 85,838 million respectively. Seeing that, in 2015 and 2016, the Net Cash Flows From Operating Activities decrease from LAK -259,790 million to LAK -161,810 million, because the Hire Purchase Receivable had decreased or the Company had received more cash from installment payment. Then in 2017 and 2018, seeing that, the Net Cash Flows From Operating Activities increased to LAK 58,075 million and LAK 85,838 million because of the Net Change In Others Liabilities in the operating making the Net Cash Flows From Operating Activities increase.

In 2015, 2016, 2017 and 2018, The Company had Net Cash Flows From Investment Activities equal to LAK -3,172 million, LAK -4,994 million, LAK -238 million and LAK -845 million respectively. The flows from investment activities had more decrease between 2015 and 2016. Because of the Company invested more in non-current assets such as vehicles and equipments.

In 2015, 2016, 2017 and 2018, the Company had Net Cash Flows From Financing Activities equal to LAK 310,396 million, LAK 140,019 million, LAK 49,062 million and LAK -100,887 million respectively, it had decreased continuously in the previous time, because the Company received more Cash flow from operating activities resulting in better liquidity. The Company was able to effectively manage finance and financing activities appropriately.

In 2015, 2016, 2017 and 2018, the Company had Cash and cash equivalents at the end of the year equal to LAK 47,433 million, LAK 20,343 million, LAK 127,243 million and LAK 111,349 million respectively. Overall, the Company had financial liquidity which was managed appropriately to support the growth of business in the past.

4. Source of funds

Table 40 Source of funds

Source of funds	31 Dec 2015		31 Dec 2016		31 Dec 2017		31 Dec 2018	
	Million LAK	(%)	Million LAK	(%)	Million LAK	(%)	Million LAK	(%)
1.Shareholder's equity	(9.233)	-2,93%	56	0,01%	72.703	10,71%	143.932	20,64%
2.Long-term borrowings and Due to related parties	324.386	102,93%	513.728	99,99%	605.911	89,29%	553.499	79,36%
Total	315.153	100%	513.784	100%	678.614	100%	697.431	100%

In 2015, 2016, 2017 and 2018, the Company had Sources of Fund equal to LAK 315,153 million, LAK 513,784 million, LAK 678,614 million and LAK 697,431 million respectively. In that, the main Source of Fund was from Long-Term Borrowings and Due To Related Parties equal to LAK 324,386 million, LAK 513,784 million, LAK 605,911 million and LAK 553,499 million or 102.9%, 99.99%, 89.29% and 79.36% of Sources of Funds respectively. The Sources of Funds have increased continuously because the Company has expanded its vehicle leasing service due to foreseen potential vehicle market growth in the country. Borrowing more money was the appropriate choice and provided opportunity to expand the Company's business. The business operating of the Company has increased over in the previous years.

In 2015, 2016, 2017 and 2018, the Company had shareholders' Equity equal to LAK -9,233 million, LAK 56 million, LAK 72,703 million and LAK 143,932 million or -2.93%, 0.01%, 10.71% and 20.64% of Sources of Fund respectively. In 2015, the Company had shareholders' equity of LAK -9,233 million, because of the cost of marketing promotions. Marketing promotion was managed in order to increase the customer base, as part of the first phase, the cost was LAK-17.273 million.. Business direction and good practice in business operations resulted in an increase of profits. The Shareholders' Equity increased from LAK 56 million to LAK 72,703 million in 2017 and LAK 143,932 million in 2018.

5. Key Financial Ratios

In 2015, 2016, 2017 and 2018, the Company had Net Profit Margin equal to -53.57%, 7.91%, 31.12% and 31.94% respectively. The Net Profit margin had increase from 2016 of 7.91% to 31.94% in 2018. The effective rate Shows the Company had ability to make more profit.

In 2015, 2016, 2017 and 2018, the Company had the return on equity equal to -187.07%, 16,697.68%, 77.41% and 49.49% respectively. In 2017 and 2018, the Company had a very high rate of return on Equity, it reached to 45%. It was a good rate when comparing in other business in the same sector. Showing the abilities of administration to set strategize and implement effective practices and methods within the leasing business.

In 2015, 2016, 2017 and 2018, the Company had the Return on Assets equal to -5.44%, 1.78%, 8% and 9.44% respectively. The Total Assets Turnover rate was equal to 0.10 times, 0.23 times, 0.26 times and 0.30 times respectively. It showed both step by step improvement on the rate and the that the operating performance was very high when comparing to other businesses in the same sector.

In 2015, 2016, 2017 and 2018, the Company had Doubtful Account and Bad Debt to equity equal to -35.38 times, 9,375.03 times, 8.68 times and 4.24 time respectively. Showing a decline owed to business operation profit and Company capital increases in 2017. Expansion of leasing in Vientiane capital and other provinces gives those ratios a declining trend.

In 2015, 2016, 2017 and 2018, the Company had Doubtful Account and Bad Debt to finance lease equal to 2.29%, 3.54% , 0.45% and 0% respectively. The Company improves the rates by provided leasing focused on good quality customers, good control methods and effecient lease management.

Chapter 2

Information relating to the offer

1. Description of Shares

The following section outlines information relating to the shares of the Company and ownership rights of the shareholders based on the Company's Article of Association (AOA) and the relevant laws and regulations of Lao PDR.

1.1 General Information

The Company was converted from a private company (company limited) to a public Company with limited liability under the laws of Lao PDR. On the Conversion Date, the 9 existing shareholders owned 100% of registered shares of the Company. Thereafter, the resolution of the Extraordinary Shareholders Meeting VI of 2018 has agreed to increase registered shares to not more than 60,300,000 shares with the par value LAK 100 per share or add up not less than LAK 6,030,000,000, which has increased its registered capital from LAK 24,120,000,000 to not exceed LAK 30,015,000,000 and increased the previous number of shares from 241,120,000 shares to not exceed 301,500,000 shares. For the issuance of the Company shares for Initial Public Offering (IPO), the Company shall issue 60,300,000 additional shares or around 20% of total paid up capital after the IPO. The Extraordinary Shareholder's Meeting has approved Initial Public Offering (IPO) not less than 60,300,000 shares.

In principle, the Company is administrated following the Company's regulation and some from enterprise law.

1.2 Capital

The Company's capital stipulated in this prospectus is LAK 24,120,000,000 consisting of 241,120,000 shares, with a par value of LAK 100 per share.

After the IPO, the financial advisor and underwriter, BCEL-KT Securities Company Limited, shall propose to list all shares of the Company on LSX. The Company expects the proposal will be approved for the implementation, and the qualification of the Company will be in line with LSX's regulation.

1.3 The limitations of foreign shareholders.

According to the regulation on the management on securities trading of foreign investors in Lao PDR (revised) No. 005/LSCO, date 8 December 2015, foreign investors can hold stocks of a listed securities company or listed company following the order set out in Article 8 of the regulation as follows:

- 1) As required by the law of the relevant sector;
- 2) In accordance with the resolution of the shareholder meeting of the issuing company or the register company;
- 3) According to the LSCO;

Based on the resolution of the issuance of IPO, the Company agrees not to limit foreign shareholder ratio and are able to hold a maximum of 100% of the total shares in order to comply

with the regulation on the management on securities trading of foreign investors in Lao PDR (revised) No. 005/LSCO, date 8 December 2015, Article 8.

There are no restrictions on foreign investor's shareholding proposed by the law of the relevant sector. Therefore, the limitations of foreign shareholders shall comply with the resolution of the shareholders' meeting of the Company.

1.4 Shareholder's meeting.

According to the Company's regulation, the Board of Directors of the Company shall call on the annual general meeting of the shareholders of the Company at least once a year within June. Then after listing in LSX, the Company also has to comply the regulations from LSCO and LSX as well as other regulations from related parties. The Board of Directors of the Company call an Extraordinary Shareholders Meeting when it is necessary, to request a resolution for an agenda of the shareholder's meeting on, stipulated in the Company's regulation or related laws. In case the extraordinary general meeting of shareholders is called on by shareholders, core directors (refers to the enterprise law) or court order, the Board Of Directors shall call an Extraordinary Shareholder's Meeting within 30 days from the date notifications were received.

According to the regulations, a notice of a shareholders' meeting shall be directly sent via the appropriate channels to all shareholders of the Company at least 21 days prior to convening the meeting day.

The quorum for a shareholders' meeting of the Company shall be at least two shareholders representing more than half of total paid up shares.

1.5 Voting Right

A shareholder is generally entitled to one vote per share. A resolution may be approved at the general meeting by a simple majority vote. However, specific matters require approval from votes of at least two-thirds of shareholders or their proxies attending the meeting and more than 80% of total shares contributed. The following matters related to the Company require special resolution of the shareholders are:

- Voting on matters specified by the Enterprise Law
- Amending the Article of Association (AOA) or Memorandum of Association (MOA).
- Increasing or decreasing the capital of the Company
- Merger or dissolution of the Company
- Sale or transfer of all or substantial part of the Company's business to another person.
- Purchase or acceptance of the business of other enterprise.

Pursuant to the Enterprise Law, a shareholder may be prohibited from voting on any matter in which they are involved or which is directly or indirectly attributable to their personal gain or benefit. The participating members in the shareholders' meeting shall determine whether a shareholder falls within this scope.

1.6 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 Company's investment plan, the necessity and other business activities. Once the Board of Directors agree to pay annual dividend, the decision must be shared in the shareholders meeting to consider and approve. Dividend payments, during the year, can be authorized by the Board of Directors but they must be reported to, and approved in the shareholders meeting.

1.7 Pre-emptive Right on shares offering and additional shares issuance.

Chapter 1 of the resolution of national Assembly members provides an exemption for all companies listed on the LSX from their legal obligations under the Enterprise Law relating to the pre-emptive rights of the shareholders when selling additional shares of a company.

Pursuant to the Enterprise Law, the Company is required to call for a Shareholders meeting seeking approval for any increase of the Company's registered capital. An increase in registered capital shall be registered with the MOIC within 10 business days from the date specified for the payment of subscribed shares. In addition, after the registration of the increase of capital, the Company shall give public notice of the increase within 10 business days from the registration date.

1.8 Right on Settlement

In the event of liquidation, the assets remaining after distribution to the creditors in full shall be distributed to the shareholders in proportion to the number of shares held by the shareholders.

1.9 Shareholder Register Book

The Company shall record name and surname, address and nationality of the shareholders in the shareholder book herein after it's called "shareholder register book".

1.10 Disclosure of Financial Statements

The Enterprise Law state provides that the Board of Directors must cooperate with the independent auditor. The BOD provide clarifications on the source and accuracy of numbers and information appearing in the financial statements before submitting them to the shareholders' meeting for approval. The financial statements must be certified by the independent auditor and approved by the shareholders at the annual general meeting.

In addition, the Reporting and Disclosure of Information No. 007/LSC, dated 3 April 2014 requires the Company to prepare and submit the audited annual financial statements and reviewed quarterly financial statements to LSCO. Moreover, the Company is subject to further requirements of the LSX.

Under the Regulation regarding Reporting and Disclosure of Information No. 007/LSC, dated 3 April 2014, the normal reporting and disclosure of information is on a quarterly, half-yearly, and yearly basis.

- Quarterly reporting and disclosure: The securities issuing companies and the listed companies are required to report and disclose information for the first and the third quarters of the year within 45 days from the end of the first and the third quarter respectively. The quarterly report shall include the summary of the Company's business operation for that quarter and the financial statements certified by its accounting department, internal audit department, and directors.
- Semi-annual reporting and disclosure: The securities issuing companies and the listed companies are required to report and disclose information for the first half of the year within 60 days from the end of the second quarter. The report shall include the summary of the Company's business operation for the first half of the year and the financial statements which have been examined by an independent auditor approved by the LSCO and have been accepted by the Company's Board of Directors' meeting. The semi-annual financial statements shall also include the Company's information for the second quarter.
- Annual reporting and disclosure: The securities issuing companies and the listed companies are required to report and disclose information for the year within 120 days

from the end of each fiscal year. The report shall include the summary of the Company's business operation for the year and the financial statements which have been examined by an independent auditor approved by the LSCO and have been accepted by the shareholders' meeting. Such annual financial statements shall also include the Company's information for the fourth quarter.

2. Share Transfer Restriction

According to Article 190 of the Enterprise Law (updated) No. 46/SPS, posted on 26 Dec 2013 states establisher of Public Company are restricted on transfer of their shares for 2 years from the date of registering as a public company, consistent with Enterprise Law. In addition, if the Company is listed on LSX, according to listing regulation of LSX, No. 005/LSX, dated 26th November 2015, the Largest Shareholders and Related Parties shall be restricted on transferring shares for 6 months from the listing date (Silent Period).

3. Determination of Offering Prices

The determination of the offering price is based on "Price to Earnings per Share" (P/E Ratio). According to The determination of the offering price No. 08/LSCO dated 09 February 2018, the Company has determined an offering price not lower than book value per share and a P/E ratio not more than 16 times as below:

Table 41: Determination of Offering Price

Before Initial Public Offering (IPO)				
Net Profit 2018 (LAK)	Par Value (LAK 100 per share)	EPS (LAK)	Price IPO (LAK)	P/E (time)
71,228,376,816	241,200,000	295	2,700	9.15
After Initial Public Offering (IPO)				
Net Profit 2018 (LAK)	Par Value (LAK 100 per share)	EPS (LAK)	Price IPO (LAK)	P/E (time)
71,228,376,816	301,500,000	236	2,700	11.44

4. Distribution, Subscription and Allocation of IPO

4.1 Distribution Method

The Shares are being distributed and offered in a public offering by the Underwriter through the Selling Agent to investors inside Lao PDR and foreign investors.

- The 60,300,000 shares of this Initial Public Offering shall be distributed to both public investors in Lao PDR and foreign investors.

The shares offered in this IPO the detail in table below:

Table 42 Shareholder proportion

Shareholder	%	Shares	Condition
General public shareholders	20	60,300,000	Price 2,700 Kip per share Subscription date 4 – 6 Sep 2019

➤ The distribution of all IPO shares had already been registered with LSCO.

4.2 Information of Underwriter and Selling Agents

4.2.1 Information on Underwriter

BCEL-KT Securities Co., Ltd (BCEL-KT) established in 2010, is one of the first companies licensed from the Lao Securities Committee (LSC) to operate all securities businesses allowed in the Lao PDR. Moreover, the company is one of the first members of the Lao Securities Exchange (LSX) and has been recognized as the leading company in the Lao securities industry.

BCEL-KT is a joint venture between Banque Pour Le Commerce Extérieur Lao Public – BCEL (70%) and KT-Zmico Securities Co., Ltd - KT-ZMICO (30%). BCEL is a leading, trustworthy and largest commercial bank in Laos. The bank provides various banking services since 1975, namely, deposit, loan, bank guarantees issuance, etc. BCEL currently has 18 branches, 70 service units, 13 foreign exchange service offices and over 100 correspondent banks worldwide. KT-ZMICO is one of leading securities companies in Thailand with more than 30 years experiences in brokerage, financial advisory and underwriting services in various sectors, including banking, finance, production, insurance, telecommunication, electronic,

BCEL-KT's office is located at : Lao Securities Exchange Building 7th Floor, Kamphaengmaueng Road (T4), Phonthan Neua Village, Xaysetha District, Vientiane Capital.

Telephone : (856-21) 265477

Fax : (856-21) 265488

Website : www.bcel-kt.com

Email : info@bcel-kt.com

mining, heavy industry, chemical industry, etc.

BCEL-KT offers a wide range of securities-related services, including financial advisory, underwriting and brokerage services. The company, currently, holds the largest market share in terms of market trading value and customer base in Laos. Furthermore, the company has highly experienced brokers along with a strong research team and back office. In essence, BCEL-KT also has experienced financial advisors recognized by both local and foreign customers.

4.2.2 Settlement Bank

Banque Pour Le Commerce Extérieur Lao Public, as the representative bank for settlement of the Underwriter, investors in Lao PDR and oversea can open a bank account in LAK with the settlement bank to subscribe the ordinary shares for this offering. Please see the details below:

Table 43: Branches of Settlement Bank

No	Name	Location	Contact
1	Banque Pour Le Commerce Extérieur Lao(Head Office)	<u>No01, Pangkham Street, Ban Xiengnheun, Chanthabouly District, Vientiane Lao PDR</u>	Tel: (85621) 213200-1 , (85621) 223243-4 (85621) 217899 , (85621) 222495 Fax: (85621) 213202 , (85621) 223012, (85621) 214944 Email: bcelhovt@bcel.com.la, bcelhqv@bcel.com.la P.O.BOX: 2925 Swift Code: COEBLALA
2	Champasak Branch	<u>No11 Phatthana Lakmeung Village, Pakse District Champasak Province.</u>	Tel: (856-31) 213207 Fax: (856-31) 213206 P.O.BOX: 789 Swift Code: COEBLALA
3	Phongsaly Branch	<u>Phoufa Street, Chommeuang Village, Phongsaly District, Phongsaly Province.</u>	Tel: (856-88) 210224 Fax: (856-88) 210221 Email: bcelpsl@bcel.com.la Swift Code: COEBLALA
4	Luang Prabang Branch	<u>Kaisone Road, PhonPheang Village, Laungprabang District, Laungprabang Province</u>	Tel: (856-71) 252814 Fax: (856-71) 260598 Email: bcellpb@bcel.com.la P.O.BOX: 534 Swift Code: COEBLALA
5	Xayabuly Branch	<u>Kaisone Rd, Simeuang Village, Sayyabouly District , Sayyabouly Province.</u>	Tel: (856-74) 260038 Fax: (856-74) 211318 Email: bcelxyb@bcel.com.la Swift Code: COEBLALA
6	Khammouan Branch	<u>Vientiane Road, Chomthong Village, Thakhek District Khammouane Province.</u>	Tel: (856-51) 212689, 212688, Fax: (856-51) 212685, 214409, Email: bcelkmn@bcel.com.la Swift Code: COEBLALA
7	Xiangkhuang Branch	<u>No.7 Rd, Phonesavanhtai Village, Paek District, Xiengkhuang Province.</u>	Tel: (856-61) 213297 Fax: (856-61) 213293 Email: bcelxkh@bcel.com.la Swift Code: COEBLALA
8	Dong Dok Branch	<u>13 North Street, Khamhoung Village, Xaythany District,</u>	Tel: (856-21) 771495 Fax: (856-21) 771496

No	Name	Location	Contact
		<u>Vientiane Capital</u>	Email: bcelddb@bcel.com.la
9	Vientiane Capital Branch	Route ASEAN, thongkhankham Village, Chanthabouly District, Vientiane Capital	Tel: (856-21) 213205, 219763, 219764 Fax: (856-21) 219765 Email: bcelvtc@bcel.com.la P.O Box: 2925 Swift Code: COEBLALA
10	bolikhamxay Branch	<u>13 south Road, Phonxay Neua Village, Paksan District, Bolikhamxay Province</u>	Tel: (856-54) 280112 Fax: (856-54) 790918 Email: bcelblx@bcel.com.la
11	Bokeo Branch	<u>R3 Road, Oudom Village, Huaysay District, Borkeo Province</u>	Tel: (856-84) 212162 Fax: (856-84) 212162 Email: bcelbok@bcel.com.la
12	VangVieng Branch	<u>Kangmeuang Street, Sawang Village, Vangvieng District, Vientiane Province</u>	Tel: (856-23) 511434 Fax: (856-23) 511433 Email: bcelvv@bcel.com.la Swift Code: COEBLALA
13	Savannakhet Branch	<u>Latsavongseuk Road, Sunantha Village, Kaisonphomvihan District, Savannakhet Province.</u>	Tel: (856-41) 212261 Fax: (856-41) 212723 Email: bcelsvn@bcel.com.la Swift Code: COEBLALA
14	Salavan Branch	<u>No.15A Rd, Nalek Village, Salavan District, Salavan Province</u>	Tel: (856-34) 212016 Fax: (856-34) 212037 Email: bcelslv@bcel.com.la Swift Code: COEBLALA
15	Luangnamtha Branch	<u>Luangnumtha Road, Phonexay Village, Luangnumtha District, Luangnamtha Province</u>	Tel: (856-86) 211316 Fax: (856-86) 212334 Email: bcelint@bcel.com.la Swift Code: COEBLALA
16	Houaphanh Branch	<u>Phathee Street, Phanxay Village, Samneua District, Houaphanh Province.</u>	Tel: (856-64) 312178 Fax: (856-64) 312090 Email: bcelhpn@bcel.com.la
17	Attapeu Branch	<u>Road 16i, Phonsawang village, Samakixay District, Attapue Province.</u>	Tel: (856-36) 210062-0, 211929 Fax: (856-36) 211939, 210063 Email: bcelatp@bcel.com.la
18	Oudomxay Branch	<u>North No13 Road, Navannoi Village, Xay District, Oudomxay Province.</u>	Tel: (856-81) 211260 Fax: (856-81) 212234 Email: bcelodx@bcel.com.la Swift Code: COEBLALA
19	Sekong Branch	<u>No.16 Rd, Maihuameuang Village, Lamam District, Sekong Province.</u>	Tel: (856-38) 211689 Fax: (856-38) 211689 Email: bcelsek@bcel.com.la Swift Code: COEBLALA
20	Phonehong Branch	<u>No 13 North street, Phonehong Village, Phonehong District, Vientiane Province</u>	Tel: (856-23) 212171 Fax: (856-23) 212173, (856-23) 212178 Email: bcelhqv@bcel.com.la

No	Name	Location	Contact
			Swift Code: COEBLALA

However, the Underwriter may consider a change or increase in the number of Selling Agents according to the conditions and appropriateness.

4.2.3 Underwriting Condition

The Company has appointed BCEL-KT Securities Company Limited to be the Underwriter for the total 60,300,000 shares, which has par value of LAK 100 per share by guaranteeing the purchase of the remaining shares. On the underwriting condition of the Company's shares in this IPO, the Company and the Underwriter shall comply with the term and conditions that are stipulated in the underwriting agreement.

4.3 Estimated Expenditures in relation to the Offer

The Company shall pay the underwriting fees to the Underwriter. The Selling Agents shall receive partial commission for from the Underwriter. The total expenditures in relation to the offer excluding underwriting fees shall be paid mostly by the Company and it is expected to be approximately LAK 1,780,940,074 Kip

5. Subscription on IPO and Subscription Method

5.1 Procedures for Obtaining Prospectus and Subscription Form

The prospectus and the share subscription form will be available to investors at BCEL-KT's office on 7th floor, LSX Building, Kamphaengmaueng Road (T4), Phonthan Village, Xaysetha District, Vientiane Capital, Lao PDR from 8.30 am to 3.30 pm from 4 – 6 Sep 2019 hereafter referred to as "subscription period".

5.2 Subscription Method

A subscriber can obtain the subscription form at the Underwriter and Selling Agents, within the Subscription Period specified in this section. The subscriber must clearly fill out the subscription form and cause its authorized signatory to sign together with the Company's seal affixed (if any), and must pay a subscription price according to the procedures in this section, by the end of the Subscription Period

In the Combined Offer, the subscription shall be at the minimum amount of 100 shares and in multiples of 100 shares.

A subscriber must fully and clearly fill out the subscription form and submit all documents as shall be required by the Underwriter or Selling Agent (as the case may be) together with the full payment of the subscription price to the Underwriter or Selling Agent. A subscriber must make a subscription payment in a full amount of the share subscription by cash transferring into the shown account number on the subscription form so that the Underwriter can receive such amounts within the last day of subscription.

A subscriber shall bring (1) Subscription form and (2) Document of Identification and (3) Documents certifying money transfer after that submit those documents to BCEL-KT Securities Company Limited or Selling Agent within due date and time defined on the subscription form.

Required certification documents:

- (1): For Lao individual: A certified copy of Lao ID card
- (2): For Foreign individual: A certified copy of passport
- (3): Letter of attorney: in case there is a third person to be a subscriber's representative
- (4): Juristic Person: A certified copy of the passport or Lao ID card of authorized person(s) and/or Copies of certificate of incorporation (if any)

The Underwriter or Selling Agents must issue a certification as an evidence for the subscribers, the Underwriter and Selling Agents have to notify the number of allocated shares, procedure and after the end of subscriptions period.

5.3 Refund for unallocated shares.

Investors who wish to subscribe for the IPO are required to deposit or transfer sufficient amount of fund into the shares subscription account with BCEL-KT Securities Company Limited as specified in the subscription form. Those who wish to transfer fund from their securities account with respective securities brokers shall authorize their securities brokers to transfer the fund equal to their subscription amount into the shares subscription account as specified in the subscription form.

The subscribers shall be responsible for any fees and charges incurred by the bank and losses incurred due to foreign currency exchange (if any) and provide the proof of payment to the underwriter before the end of the subscription period. Any successful subscriptions are non-cancellable and not subject to refund except those stipulated in 6.2. "Refund of Subscription Payment".

6. Shares allocation.

6.1 Shares Allocation Principal

After the underwriter and selling agents have already completed the share subscription process accordingly. The share allocation to investor will be completed within 3 business days after the share subscription period has been ended. To ensure the right and maximize the benefit of the investors and the Company, the underwriter shall have discretion to allocate the shares to any or all of the investors in accordance with the Company's best interest, which may be based on first come first serve or averaging method or others method, as deemed appropriate according to the relevant regulations. The Underwriter and selling agent reserve the right to refuse a subscription for the shares, as identified by the subscription form, where the underwriter or selling agent deems that the subscription does not comply with the subscription method. or the subscription is not in the best interests of the Company. In the case all offering shares are booked prior the subscription closure, the underwriter shall close the subscription earlier than stated above.

6.2 Refund of Subscription Payment

The Underwriter and selling agents may disclose details of unallocated shares to shareholders who are allocated shares in this IPO (depending on the situation). Shares must be subscribed to by means of a wire transfer to the subscriber's bank account within 2 business days from the end of the Offering Period. Refund of subscription payment shall be proportionate to investors who have not been allocated shares. Refund of subscription payments, which are not redeemed, will not calculate interest or compensation for any damages. If the underwriter and selling agents are unable to refund payment, as outlined in this prospectus, interest of 5% per year on the defaulted amount, will be paid to the subscribers until the subscription has been fully paid back.

7. Delivery of Share

The share registrar shall deposit the shares in the securities account of the subscribers through registered brokers who have opened accounts on behalf of their clients as notified by the subscribers in the subscription forms. The shares will then be registered and deposited at the Securities Depository Center of the LSX.

8. Distribution Plan and Use of Capital Increase

The Underwriter has entered into an Underwriting Agreement pursuant to which the Company has agreed to issue and the Underwriter has agreed to procure subscribers for the subscription and purchase of 60,300,000 shares with par value of LAK 100 per share. Under the condition of the underwriting contract, the Underwriter shall take on underwriting of all issued shares as consistent with the contract.

The Selling Agent has entered into an agreement with the Underwriter pursuant to which the Selling Agent will place the Shares with general investors inside Lao PDR and the Underwriter will place the Shares with foreign investors (investors living outside the Lao PDR) in compliance with applicable laws in the countries in which such offers are made, which will not be subject to any filing requirement. The Underwriter and the Selling Agent plan to distribute 60,300,000 shares to public investors in Lao PDR and foreign investors.

The Underwriter is to market the Shares under LSX, subject to approval of legal matters by its counsel, including the validity of the Shares, and other conditions contained in the Underwriting Agreement, such as the receipt by the Underwriter of officer's certificates. The Underwriter reserves the right to withdraw, cancel or modify its offer of the Shares and to reject orders in whole or in part to the extent permissible under the securities laws of the Lao PDR.

The Company has agreed to fully indemnify the Underwriter against certain liabilities, including liabilities under the Lao laws and any other Lao securities laws, and to contribute to payments which the Underwriter may be required to make in respect of those liabilities.

9.

10. Use of Proceeds

The Company expects to receive fund from initial public offering (IPO) not less than 6,030 million kip for expansion of its business in Vientiane Capital and others provinces.

The proportion of investment plan and use of funding from initial public offering (IPO) (hereinafter “IPO”) are detailed as the table below:

Use of proceeds from IPO

Objective	Total Investment Amount (million LAK)	Proportion of proceed of fund from IPO	Estimated Period of Investment
Expand finance lease to clients within Vientiane Capital;	Not less than 3,016	50%	period 2019 - 2020
Expand finance lease to clients in others provinces;	Not less than 3,016	50%	period 2019 - 2020
Total	No less than 6,030	100%	

Chapter 3

Certification of the Accuracy

1. Certification of the Company accuracy.

I have already checked the information in the prospectus carefully in the Lao language version and as a member of the Board of Directors, certify that the information is accurate and complete.

As evidence, all documents shall be identical and certified by me. I hereby authorized Mr. Tomofumi Suematsu to countersign on every page of the documents. The documents will be considered an uncertified document without the countersignature of Mr. Tomofumi Suematsu.

Board of Directors

No.	Name	Position	Signature
1	Ms. Yuki Scott	Chairman	
2	Ms. Makiko Oikawa	Vice Chairwoman	及川 真樹子
3	Mr. Tomofumi Suematsu	Member of BOARD OF DIRECTORS/CEO	末松 知史
4	Mr. Tomohiro Yoshida	Member of BOARD OF DIRECTORS	吉田 智大
5	Ms. Harumi Ide	Member of BOARD OF DIRECTORS	井手 春美

Authorized person

Name	Position	Signature
Ms. Risa Yamaguchi	CFO	山口 梨沙

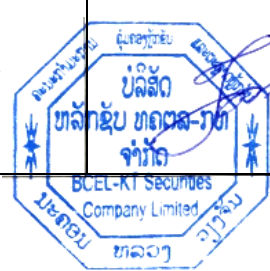
Name	Position	Signature
Mr. Tomofumi Suematsu	CEO	末松 知史

2. Certification of Financial Advisor

This prospectus is a part of IPO listing application documents of Lao Asian Leasing Public Company made by between the Company and BCEL-KT Securities Co., Ltd. under the financial advisory contract for going to public (IPO).

I hereby certify that the analysis, value estimation and words definition in this prospectus is proper and completed base on the information provided by Lao Asian Leasing Public Company.

BCEL-KT securities company Co., Ltd

Name	Position	Signature
Mr. Thepsavanh Kitignavong	Managing director	 



Subscription Form for New Ordinary Shares (IPO) of LAO ASEAN LEASING PUBLIC COMPANY

Initial Public offering with par value of LAK 100 at the offering price of **2,700** kip per share
(Each subscriber must subscribe for a minimum of 100 shares, and if more, in multiples of 100 shares)

Subscription Date : _____ / _____ / _____

Subscription No. _____

Subscriber please clearly fill In the spaces below

Name of subscriber _____ Securities A/C No. _____

Document Required () ID Card () Alien Card () Passport () Company Registered No. _____

Nationality _____ Date of Birth _____ / _____ / _____ Occupation _____

Address _____ Country _____

Telephone No. _____ Mobile Phone _____

Fax No. _____ E-mail : _____

Hereby subscribe for and request allotment of new ordinary shares of Lao Asean Leasing Public Company as follows:

No. of Share subscribed	Offering Price (Kip)	Amount Due (Kip)	Amount (Words)
	2,700		

Made payable to Bank: Banque Pour Le Commerce Extérieur Lao Public Company Bank (BCEL) as the following accounts Bank Account No.:

Acc. Name: BCEL-KT FOR LALCO IPO Acc. No: 01011000166704002 Currency: LAK Amount: _____ LAK

BCEL Address: No. 1, Pangkham Street, VTE, LAO PDR. SWIFT Code : COEBLALA

If the shares are allotted to me/us, I/we hereby agree to the underwriter to issue a share certificate in the name of "Settlement and Depository Department" for the allotted shares and arrange further to _____ to deposit the said Shares with Lao Securities Depository Center for my/our securities securities A/C name _____ securities A/C No. _____

(Name of the subscriber must be the same as the name of the securities account)

If I/we have not been allotted the Share or have been allotted lower than the subscribed amount, I/we agree to have the payment or excess payment returned to me/us by deposit into my/our account as the following information

☐ Deposit to my/our account at Bank _____ Branch _____ A/C. No _____

(Note: Bank charges or any other expense will be deducted from the refund amount to the subscriber).

I/We hereby undertake to subscribe the above ordinary shares as allotted to me/us and shall not cancel this offering subscription including acceptance of fund return in the case that my/our subscription is to be refused because of incompleteness of documents as required by the Company or any other reasons.

Signature Subscriber _____

Name (_____)

**** Please be aware that there is risk involved in stock investment and make sure you have thoroughly studied all information before deciding on the share subscription.****

>>> For officer uses only >>>	Checker: _____ _____ / _____ / _____	Input: _____ _____ / _____ / _____
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✂-----

Subscription Receipt New Ordinary Shares of Lao Asean Leasing Public Company (Subscriber please also fill out this portion)

Subscription Date : _____ / _____ / _____

Subscription No. _____

Evidence of subscription fund payment from (name of subscriber) _____ for the subscription of new ordinary shares of LALCO from Public Offering with _____ shares at the offering price of 2,700 kip, Amount: _____ Kip, Payment Date: _____/_____/2019 has been submitted and duly received.

If the shares are allotted to me/us, I/we hereby agree to the underwriter to issue a shareholding certificate in the name of "Lao Securities Depository Center" for the allotted shares and arrange further to _____, my/our securities account no. _____

Authorized Officer _____

Name (_____)

Lao ASEAN Leasing Company Limited

Special Purpose Financial Statements

For the year ended 31 December 2018

Lao ASEAN Leasing Company Limited

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Lao ASEAN Leasing Company Limited

GENERAL INFORMATION

THE COMPANY

Lao ASEAN Leasing Company Limited ("the Company") is a limited liability company incorporated in Lao PDR in accordance with Enterprise Registration No.081/ELSD issued by the Enterprise Licensing and Supervision Department, Ministry of Industry and Commerce on 5 February 2015 and the latest amendment which is Enterprise Registration No. 1191/ELSD dated 17 December 2018. The Company was granted approval from the Bank of Lao PDR (the "BOL") on 2 February 2015 and the latest amendment on 14 September 2017 for conducting its leasing activities.

The principal business operation of the Company is to provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles and cars.

Paid-up capital

The Company's registered paid-up capital as at 31 December 2018 is LAK 24,120,000,000.

Location

The Company's head office is located at 2nd Floor, NNN building, Phonsinuan Village, Sisattanak District, Vientiane Capital, Lao PDR.

THE BOARD OF DIRECTORS

Members of the Board of Directors during the year and at the date of this report are as follows:

<i>Name</i>	<i>Position</i>	<i>Date of appointment/resignation</i>
Mr. Tomofumi Suematsu	Chairman cum General Director	Appointed on 13 October 2015 Resigned on 19 February 2019
Mrs. Yuki Scott	Chairman	Appointed on 19 February 2019
Ms. Makiko Oikawa	Vice-chairman	Appointed on 19 February 2019
Mr. Yoshihito Oshima	Vice-chairman	Appointed on 13 October 2015 Resigned on 19 February 2019
Ms. Yuriko Oshima	Member	Appointed on 13 October 2015 Resigned on 19 February 2019
Mr. Somsouk Phimpachanh	Member	Appointed on 13 October 2015 Resigned on 19 February 2019
Mrs. Yuki Scott	Member	Appointed on 13 October 2015 Resigned on 19 February 2019
Mr. Tomohiro Yoshida	Member	Appointed on 19 February 2019
Mr. Tomofumi Suematsu	Member cum General Director	Appointed on 19 February 2019
Mrs. Harumi Ide	Member	Appointed on 19 February 2019

LEGAL REPRESENTATIVE

The legal representative of the Company during the year and at the date of this report is Mr. Tomofumi Suematsu, General Director and Member of the Board of Directors.

AUDITORS

The auditors of the Company are Ernst & Young Lao Co., Ltd.

Lao ASEAN Leasing Company Limited

REPORT OF MANAGEMENT

The Management of Lao ASEAN Leasing Company Limited ("the Company") is pleased to present its report and the Company's financial statements as at and for the year ended 31 December 2018.

MANAGEMENT' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

Management is responsible for the financial statements of each financial year which give a true and fair view of the financial position of the Company and its operational results and cash flows for the year. In preparing those financial statements, management is required to:

- ▶ select suitable accounting policies and then apply them consistently;
- ▶ make judgements and estimates that are reasonable and prudent;
- ▶ state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- ▶ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the financial position of the Company and to ensure that the accounting records comply with an appropriate accounting framework. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying financial statements.

APPROVAL OF THE FINANCIAL STATEMENTS

We hereby approve the accompanying financial statements as at and for the year ended 31 December 2018 which are prepared in accordance with Note 5 to the financial statements.

For and on behalf of Management:



Mr. Tomofumi Suematsu
General Director

Vientiane, Lao PDR

27 April 2019

Reference: 61235186/18918353

INDEPENDENT AUDITORS' REPORT

To: The management of Lao ASEAN Leasing Company Limited

Opinion

We have audited the financial statements of Lao ASEAN Leasing Company Limited ("the Company"), which comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Company for the year ended 31 December 2018 are prepared, in all material respects, in accordance with the accounting policies as described in Note 5 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in Lao PDR, and we have fulfilled our other ethical responsibilities in accordance these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2 to the financial statements, which describes the basis of preparation, under which the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards as the accounting policies for recognition and measurement of financial instruments are based on IAS 39 Financial instruments: Recognition and Measurement instead of IFRS 9 - Financial instruments. The financial statements are prepared solely for the use of the Company to meet the reporting requirements of the management and owners of the Company. As a result, the financial statements may not be suitable for another purpose. Our auditor's report is intended solely for the information and use of the Company, its management and owners, and should not be distributed to or used by other parties.

Responsibilities of the Company's Management for the Financial Statements

The Company's management is responsible for the preparation of the financial statements in accordance with the accounting policies as described in Note 5 to the financial statements and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

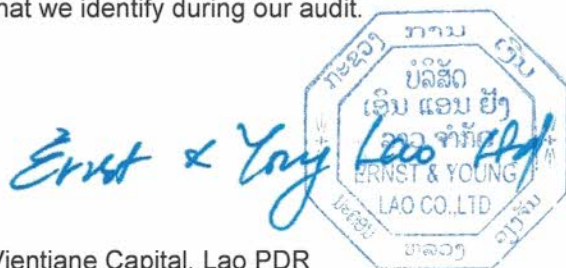
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicate with the Company's management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Vientiane Capital, Lao PDR

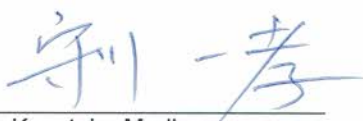
27 April 2019

Lao ASEAN Leasing Company Limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the year ended 31 December 2018

	Notes	2018 LAK	2017 LAK
Interest income calculated using the effective interest method		215,132,054,164	171,388,312,858
Other interest and similar income		8,015,499,669	7,886,757,397
Interest expense calculated using the effective interest method		(37,409,882,023)	(41,724,443,592)
Net interest income	7	185,737,671,810	137,550,626,663
Fees and commission income		-	3,394,000
Fees and commission expense		(11,384,532,584)	(8,402,427,632)
Net fees and commission income	8	(11,384,532,584)	(8,399,033,632)
Net foreign exchange loss		(16,427,230,737)	(10,846,895,327)
Other operating (expense)/income		(156,369,348)	1,535,294,803
Total operating income		157,769,539,141	119,839,992,507
Change in allowance for impairment losses	13.2	6,282,704,494	(2,425,494,053)
NET OPERATING INCOME		164,052,243,635	117,414,498,454
Personnel expenses	9	(33,703,465,680)	(29,473,991,832)
Depreciation of property and equipment	15	(1,082,769,538)	(949,922,665)
Other operating expenses	10	(32,221,096,542)	(19,612,642,049)
TOTAL OPERATING EXPENSES		(67,007,331,760)	(50,036,556,546)
PROFIT BEFORE TAX		97,044,911,875	67,377,941,908
Current profit tax expense	19	(25,816,536,060)	(11,100,133,896)
NET PROFIT FOR THE YEAR		71,228,375,815	56,277,808,012
Other comprehensive income		-	-
TOTAL COMPREHENSIVE PROFIT FOR THE YEAR		71,228,375,815	56,277,808,012


 Mr. Tomofumi Suematsu
 General Director


 Mr. Kazutaka Morikawa
 Accounting-Finance Manager

Vientiane Capital, Lao PDR

27 April 2019

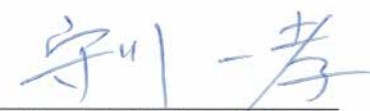
Lao ASEAN Leasing Company Limited

STATEMENT OF FINANCIAL POSITION as at 31 December 2018

	Notes	31 December 2018 LAK	31 December 2017 LAK
ASSETS			
Current assets			
Cash and cash equivalents	11	111,348,525,693	127,242,703,695
Deposit with Bank of the Lao PDR ("BOL")	12	1,667,400,000	1,667,400,000
Hire purchase receivables – current portion	13	320,232,040,930	314,519,493,308
Other assets	14	34,145,009,145	14,728,483,940
Total current assets		467,392,975,768	458,158,080,943
Non-current assets			
Hire purchase receivables – non-current portion	13	275,004,681,523	229,935,870,104
Loans to related parties	21	10,039,792,707	8,542,502,457
Property and equipment	15	2,314,208,608	2,551,670,313
Asset under construction	16	-	3,610,763,590
Other non current assets		88,491,084	693,925,000
Total non-current assets		287,447,173,922	245,334,731,464
TOTAL ASSETS		754,840,149,690	703,492,812,407
LIABILITIES			
Current liabilities			
Statutory obligations	17	54,475,055,111	24,318,113,214
Other liabilities		2,934,608,730	559,980,380
Total current liabilities		57,409,663,841	24,878,093,594
Non-current liabilities			
Long-term borrowings	18	506,867,134,110	557,516,304,888
Due to related parties	21	46,631,533,510	48,394,971,511
Total non-current liabilities		553,498,667,620	605,911,276,399
TOTAL LIABILITIES		610,908,331,461	630,789,369,993
EQUITY			
Registered paid-up capital	20	24,120,000,000	24,410,000,000
Other capital		290,000,000	-
Retained earnings		119,521,818,229	48,293,442,414
TOTAL EQUITY		143,931,818,229	72,703,442,414
TOTAL LIABILITIES AND EQUITY		754,840,149,690	703,492,812,407



Mr. Tomofumi Suematsu
General Director



Mr. Kazutaka Morikawa
Accounting-Finance Manager

Vientiane Capital, Lao PDR

27 April 2019

Lao ASEAN Leasing Company Limited

STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2018

	Registered paid-up capital LAK	Other capital LAK	(Accumulated losses)/ retained earnings LAK	Total LAK
Balances as at 31 December 2016	8,040,000,000	-	(7,984,365,598)	55,634,402
Capital contribution	16,370,000,000	-	-	16,370,000,000
Profit for the year	-	-	56,277,808,012	56,277,808,012
Balances as at 31 December 2017	24,410,000,000	-	48,293,442,414	72,703,442,414
Reclassification	(290,000,000)	290,000,000	-	-
Profit for the year	-	-	71,228,375,815	71,228,375,815
Balances as at 31 December 2018	24,120,000,000	290,000,000	119,521,818,229	143,931,818,229



Mr. Tomotumi Suematsu
General Director



Mr. Kazutaka Morikawa
Accounting-Finance Manager

Vientiane Capital, Lao PDR

27 April 2019

Lao ASEAN Leasing Company Limited

STATEMENT OF CASH FLOWS for the year ended 31 December 2018

	Notes	2018 LAK	2017 LAK
OPERATING ACTIVITIES			
Profit before tax		97,044,911,875	67,377,941,908
<i>Adjustments for:</i>			
Depreciation and amortization charges	15	1,082,769,538	949,922,665
Change in allowance for impairment losses	13	(6,282,704,494)	2,425,494,053
Asset under construction write-offs		3,610,763,590	-
Net foreign exchange loss		16,427,230,737	8,620,432,028
<i>Change in operating assets</i>			
Net change in due from BOL		-	(804,000,000)
Net change in hire purchase receivable		(44,498,654,547)	(75,320,148,245)
Net change in loans to related parties		(1,497,290,250)	(667,828,784)
Net change in other assets		(18,811,091,289)	(1,120,053,888)
<i>Change in operating liabilities</i>			
Net change in due to related parties		(1,763,438,001)	14,154,282,665
Net change in other liabilities		40,525,300,321	42,459,000,620
Net cash flows from operating activities		85,837,797,480	58,075,043,022
INVESTING ACTIVITIES			
Acquisitions of property and equipment		(845,307,833)	(237,635,054)
Proceeds from sale of property and equipment		-	-
Net cash flows used in investing activities		(845,307,833)	(237,635,054)
FINANCING ACTIVITIES			
Borrowing drawdown		2,482,670,351	49,062,149,549
Borrowing repayment		(103,369,338,000)	-
Net cash flows (used in)/from financing activities		(100,886,667,649)	49,062,149,549
Net change in cash and cash equivalents		(15,894,178,002)	106,899,557,517
Cash and cash equivalents at the beginning of the year	11	127,242,703,695	20,343,146,178
Cash and cash equivalents at the end of the year	11	111,348,525,693	127,242,703,695



Mr. Tomofumi Suematsu
General Director

Vientiane Capital, Lao PDR

27 April 2019


Mr. Kazutaka Morikawa
Accounting-Finance Manager

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

1. CORPORATE INFORMATION

Lao ASEAN Leasing Company Limited ("the Company") is a limited liability company incorporated in Lao PDR in accordance with Enterprise Registration No.081/ELSD issued by the Enterprise Licensing and Supervision Department, Ministry of Industry and Commerce on 5 February 2015 and the latest amendment which is Enterprise Registration No. 1191/ELSD dated 17 December 2018. The Company was granted approval from the Bank of Lao PDR (the "BOL") on 2 February 2015 and the latest amendment on 14 September 2017 for conducting its leasing activities.

The principal business operation of the Company is to provide hire-purchase services through providing credit line for individual and corporate customers to buy motorcycles and cars.

The registered paid-up capital as at 31 December 2018 is LAK 24,120,000,000.

The Company's head office is located at 2nd Floor, NNN building, Phonsinuan Village, Sisattanak District, Vientiane Capital, Lao PDR.

Total number of employees of the Company as at 31 December 2018 is 546 people (2017: 345 people).

2. BASIS OF PREPARATION

The financial statements are prepared solely for the use of the Company to meet the reporting requirements of the management and owners of the Company. These financial statements are prepared in accordance with the accounting policies as described in Note 5. These accounting policies are primarily based on the International Financial Reporting Standards ("IFRS") as issued by International Accounting Standard Board. However, this is not a complete set of general purpose financial statements prepared in accordance with IFRS as the Company follows the reporting requirement by the management of the Company following which the accounting policies for recognition and measurement of financial instruments are based on IAS 39: "Financial instruments: Recognition and Measurement" instead of IFRS 9: "Financial instruments".

Accordingly, the accompanying financial statements are not intended to be prepared in accordance with IFRS ("the special purpose financial statements").

The special purpose financial statements have been prepared on a historical cost basis, except as disclosed in other notes.

The Company maintains its accounting records in Lao Kip ("LAK") which is the Company's functional currency and presents its special purpose financial statements in Lao Kip.

The Company's fiscal years start on 1 January and end on 31 December.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

3. PRESENTATION OF FINANCIAL STATMENTS

The Company presents its statement of financial position in order of liquidity. Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognized amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- ▶ The normal course of business
- ▶ The event of default
- ▶ The event of insolvency or bankruptcy of the Company and/or its counterparties

4. CHANGE IN ACCOUNTING POLICIES AND DISCLOSURES

4.1 *New and amended standards and interpretations*

In these financial statements, the Company has applied, for the first time, the new accounting standards and interpretations as described below. The Company has not adopted early any other standard, interpretations or amendments that has been issued but is not yet effective.

4.2 *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The Company's revenue streams that are within the scope of IFRS 15 relate to fee and commission income. The Company has not restated the comparative figures as the impact of retrospective adoption is immaterial.

4.3 *Presentation of net interest income*

With effect from 1 January 2018, paragraph 82(a) of IAS 1 requires interest income/expense calculated using the effective interest rate (EIR) method to be presented separately from interest income/expense calculated using other methods. The Company does not have other interest income/expense other than those calculated using the EIR method. The change in presentation does not impact on the 2017 comparatives.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 *Foreign currency translation*

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into LAK at the spot rate of exchange at the reporting date (see list of exchange rates of applicable foreign currencies against LAK on 31 December 2018 and 31 December 2017 as presented in Note 28). Unrealized exchange differences arising from the translation of monetary assets and liabilities on the reporting date are recognized in the statement of profit or loss.

5.2 *Financial instruments - initial recognition and subsequent measurement*

5.2.1 *Date of recognition*

All financial assets and liabilities, with the exception of Hire purchase receivables, are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes "regular way trades" - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Hire purchase receivables are recognised when funds are transferred to pay for the assets under hire purchase agreements.

5.2.2 *Initial measurement of financial instruments*

The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention in acquiring them. All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss.

5.2.3 *The effective interest rate method*

The effective interest rate (EIR) is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate a shorter period, to the net carrying amount of the financial asset or financial liability. The amortised cost of the financial asset or financial liability is adjusted if the Company revises its estimates of payments or receipts. The adjusted amortised cost is calculated based on the original or latest re-estimated EIR and the change in is recorded as 'Interest and similar income' for financial assets and 'Interest and similar expense' for financial liabilities. The accounting policies for the EIR method vary by instruments and are further explained in Notes:

- ▶ 5.2.5 for 'Hire purchase receivables'
- ▶ 5.2.6 for 'Borrowings'
- ▶ 5.4 for 'Impairment of financial assets'
- ▶ 5.5 for 'Recognition of income and expenses'

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 *Financial instruments - initial recognition and subsequent measurement* (continued)

5.2.4 *'Day 1' profit or loss*

When the transaction price differs from the fair value of other observable current market transactions in the same instrument, or based on a valuation technique whose variables include only data from observable markets, the Company immediately recognises the difference between the transaction price and fair value (a 'Day 1' profit or loss) in 'Net trading income'. In cases where fair value is determined using data which is not observable, the difference between the transaction price and model value is only recognised in the statement of profit or loss when the inputs become observable, or when the instrument is derecognised.

5.2.5 *Hire purchase receivables*

Hire purchase receivables are classified as "Loans and receivables" in accordance with IAS 39. After initial measurement, amounts 'Hire purchase receivables' are subsequently measured at amortized cost using the EIR methodology, less allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees and costs that are an integral part of the EIR. Therefore, the Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of the receivable, hence, recognising the effect of potentially different interest rates charged at various stages, and other characteristics of the product life cycle (prepayments, penalty interest and charges).

If expectations are revised the adjustment is booked a positive or negative adjustment to the carrying amount in the statement of financial position with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest and similar income in the statement of profit or loss.

5.2.6 *Borrowings*

"Borrowings" include arrangements where the substance of the contractual arrangements result in the Company having an obligation either to deliver cash or another financial asset to the holder.

After initial measurement, "borrowings" are subsequently measured at amortised cost using the EIR. Amortised cost is calculated by taking into account any discount or premium on the issue and costs that are an integral part of the EIR.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.2 *Financial instruments - initial recognition and subsequent measurement (continued)*

5.2.7 *Reclassification of financial assets*

Effective from 1 July 2008, the Company was permitted to reclassify, in certain circumstances, non-derivative financial assets out of the 'Held-for-trading' category and into the 'Available-for-sale', 'Loans and receivables', or 'Held-to-maturity' categories. From this date it was also permitted to reclassify, in certain circumstances, financial instruments out of the 'Available-for-sale' category and into the 'Loans and receivables' category. Reclassifications are recorded at fair value at the date of reclassification, which becomes the new amortized cost.

For a financial asset reclassified out of the 'Available-for-sale' category, any previous gain or loss on that asset that has been recognized in equity is amortized to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the expected cash flows is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired then the amount recorded in equity is recycled to the statement of profit or loss.

In rare circumstances, the Company may reclassify a non-derivative trading asset out of the 'Held-for-trading' category and into the 'Loans and receivables' category if it meets the definition of loans and receivables and the Company has the intention and ability to hold the financial asset for the foreseeable future or until maturity. If a financial asset is reclassified, and if the Company subsequently increases its estimates of future cash receipts as a result of increased recoverability of those cash receipts, the effect of that increase is recognized as an adjustment to the EIR from the date of the change in estimate.

Reclassification is at the election of management, and is determined on an instrument by instrument basis.

5.3 *De-recognition of financial assets and financial liabilities*

5.3.1 *Financial assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when the rights to receive cash flows from the asset have expired. The Company also derecognises the assets if it has both transferred the asset, and the transfer qualifies for derecognition.

The Company has transferred the asset if, and only if, either:

- ▶ The Company has transferred its contractual rights to receive cash flows from the asset;
Or
- ▶ It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions when the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when certain conditions are met. At 31 December 2018, the Company does not have financial assets which are subject to such arrangements.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.3 *De-recognition of financial assets and financial liabilities* (continued)

5.3.1 *Financial assets* (continued)

A transfer only qualifies for derecognition if either:

- ▶ The Company has transferred substantially all the risks and rewards of the asset;
Or
- ▶ The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

In relation to the above, the Company considers the control to be transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company also derecognises a financial asset, in particular, a loan to customer when the terms and conditions have been renegotiated to the extent that it substantially became a new loan, with the difference recognised as an impairment in the statement of profit or loss.

5.3.2 *Financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 *Impairment of financial assets*

The Company assesses at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include: indications that the borrower or a group of borrowers is experiencing significant financial difficulty; the probability that they will enter bankruptcy or other financial reorganization; default or delinquency in interest or principal payments; and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5.4.1 *Financial assets carried at amortized cost*

Specific impairment losses

For financial assets carried at amortised cost (such as amounts due from banks, Hire purchase receivables), the Company first assesses whether objective evidence of impairment exists for financial assets that are individually significant or are already under specific work out by management.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in credit loss expense in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of interest and similar income.

Hire purchase receivables together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to income.

The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR. If the Company has reclassified trading assets to loans and advances, the discount rate for measuring any impairment loss is the new EIR determined at the reclassification date.

The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.4 *Impairment of financial assets (continued)*

5.4.1 *Financial assets carried at amortized cost (continued)*

Collective impairment model

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms (for example, on the basis of a credit risk evaluation or grading process that considers asset type, industry, geographical location, collateral type, past-due status and other relevant factors).

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows reflect and are directionally consistent with changes in related observable data from period to period (such as changes in unemployment rates, personal indebtedness, collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of incurred losses in the group and their magnitude). The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

5.4.2 *Collateral valuation*

The Company seeks to use collateral, where possible, to mitigate its risks on financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and based on the Company's annually reporting schedule.

To the extent possible, the Company uses active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

5.4.3 *Collateral repossessed*

The Company's policy is to determine whether a repossessed asset is best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets that are determined better to be sold, are immediately transferred to assets held for sale at their fair value at the repossession date in line with the Company's policy.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.5 *Recognition of income and expense*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized.

5.5.1 *Interest and similar income and expense*

For all financial instruments measured at amortized cost, interest-bearing financial assets classified as available-for-sale and financial instruments designated at fair value through profit or loss, interest income or expense is recorded using the EIR. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

When the recorded value of a financial asset or a group of similar financial assets has been reduced by an impairment loss, interest income continues to be recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

5.5.2 *Fees and commission income*

The Company earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for providing the services. The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Company's revenue contracts do not typically include multiple performance obligations, as explained further in 5.5.2.1 and 5.5.2.2 below. When the Company provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time (unless otherwise specified in 5.5.2.1 and 5.5.2.2 below). The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

5.5.2.1 *Fee and commission income from services where performance obligations are satisfied over time*

Performance obligations satisfied over time include services where the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.

5.5.2.2 *Fee and commission income from providing services where performance obligations are satisfied at a point in time*

Services provided where the Company's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer. This is typically on completion of the underlying transaction or service or, for fees or components of fees that are linked to a certain performance, after fulfilling the corresponding performance criteria. These include fees and commissions arising from negotiating or participating in the negotiation of a transaction for a third party, such as the arrangement/participation or negotiation of the acquisition of shares or other securities, or the purchase or sale of businesses, brokerage and underwriting fees.

The Company typically has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

5.6 *Cash and cash equivalents*

Cash in the statement of financial position comprise cash at banks and on hand.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.7 *Property and equipment*

Property and equipment is stated at cost excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Changes in the expected useful life are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives. The following are annual rates used:

Office equipment	20%
Computer equipment	20%
Furniture and fixtures	20%
Motor vehicles	20%

Property and equipment is derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in 'Other operating income' in the statement of profit or loss in the year the asset is derecognized.

5.8 *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit (CGU)'s fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.9 *Employee benefits*

Post-employment benefits

Post-employment benefits are paid to retired employees of the Company by the Social Security Fund Department which belongs to the Ministry of Labor and Social Welfare. The Company is required to contribute to these post-employment benefits by paying social insurance premium to the Social Insurance Agency at the rate of 6.00% of employee's basic salary on a monthly basis. The Company has no further obligation concerning post-employment benefits for its employees other than this.

Termination benefits

In accordance with Article 82 of the Amended Labour Law No. 43/NA approved by the President of the Lao People's Democratic Republic on 28 January 2014, the Company has the obligation to pay allowance for employees who are terminated by dismissal in the following cases:

- ▶ The worker lacks specialised skills or is not in good health and thus cannot continue to work;
- ▶ The employer considers it necessary to reduce the number of workers in order to improve the work within the labour unit.

For the termination of an employment contract on any of the above-mentioned grounds, the employer must pay a termination allowance which is calculated on the basis of 10% of the basic monthly salary earned before the termination of work. As at 31 December 2018, there is no employee of the Company who was dismissed under the above-mentioned grounds; therefore the Company has not made a provision for termination allowance in the financial statements.

5.10 *Provisions*

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit or loss net of any reimbursement in other operating expenses.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.11 Profit tax

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred taxes are recognised as income tax benefits or expenses in the statement of profit or loss except for tax related to the fair value remeasurement of available-for-sale assets, foreign exchange differences and the net movement on cash flow hedges, which are charged or credited to OCI. These exceptions are subsequently reclassified from OCI to the statement of profit or loss together with the respective deferred loss or gain. The Company also recognises the tax consequences of payments and issuing costs, related to financial instruments that are classified as equity, directly in equity.

The Company only off-sets its deferred tax assets against liabilities when there is both a legal right to offset and it is the Company's intention to settle on a net basis.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.12 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

IFRS 16 Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted provided the new revenue standard, IFRS 15, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. The Company does not anticipate early adopting IFRS 16 and is currently evaluating its impact.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 and does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- ▶ whether an entity considers uncertain tax treatments separately,
- ▶ the assumptions an entity makes about the examination of tax treatments by taxation authorities,
- ▶ how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and
- ▶ how an entity considers changes in facts and circumstances.

An entity has to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but certain transition reliefs are available. The Company will apply the interpretation from its effective date and is currently evaluating its impact.

Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 12 Income Taxes

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognises the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application is permitted. When an entity first applies those amendments, it applies them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period. The Company will apply the amendments from their effective date and is currently evaluating its impact.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

5.12 *Standards issued but not yet effective* (continued)

Annual Improvements 2015-2017 Cycle (issued in December 2017)

IAS 23 Borrowing Costs

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete. An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after 1 January 2019, with early application permitted. The Company will apply the amendments from their effective date and is currently evaluating its impact.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the consolidated financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimates involved.

6.1 *Going concern*

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

6.2 *Effective Interest Rate (EIR) method*

The Company's EIR methodology, as explained in Note 5.2.3, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of hire purchase receivables and borrowings and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to other fee income/expense that are integral parts of the instrument.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

6. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS (continued)

6.3 *Impairment losses on loans and advances*

The Company reviews its individually significant hire purchase receivables at each reporting date to assess whether an impairment loss should be recorded in the statement of profit or loss.

The Company's impairment methodology for assets carried at amortised cost results in the recording of provisions for:

- ▶ Specific impairment losses;
- ▶ Collective impairment

The detailed approach for each category is further explained in Note 5.4.1. All categories include an element of management's judgement, in particular for the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, the changing of which can result in different levels of allowances.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

7. NET INTEREST INCOME

	2018 LAK	2017 LAK
Interest and similar income calculated using effective interest method:		
Hire purchase receivables	213,773,428,774	170,697,568,425
Loans to related parties	1,358,625,390	690,744,433
Other interest and similar income	8,015,499,669	7,886,757,397
	<u>223,147,553,833</u>	<u>179,275,070,255</u>
Interest and similar expense calculated using effective interest method:		
Long-term borrowings	(37,409,882,023)	(41,724,443,592)
	<u>185,737,671,810</u>	<u>137,550,626,663</u>

8. NET FEES AND COMMISSION INCOME

	2018 LAK	2017 LAK
Fees and commission income from:		
Other fees	-	3,394,000
	<u>-</u>	<u>3,394,000</u>
Fees and commission expense for		
Commission fees	(11,384,532,584)	(8,402,427,632)
	<u>(11,384,532,584)</u>	<u>(8,402,427,632)</u>
Net fees and commission income	<u>(11,384,532,584)</u>	<u>(8,399,033,632)</u>

9. PERSONNEL EXPENSES

	2018 LAK	2017 LAK
Wages and salaries	21,902,865,615	18,450,057,094
Other staff costs	11,800,600,065	11,023,934,738
	<u>33,703,465,680</u>	<u>29,473,991,832</u>

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

10. OTHER OPERATING EXPENSES

	2018 LAK	2017 LAK
Marketing	1,427,525,302	1,202,807,779
Petrol	2,265,083,404	1,270,239,647
Supplies	2,920,519,470	2,331,134,463
Legal fees	1,470,399,798	1,139,697,028
Repairs and maintenance	3,004,180,649	2,427,582,210
Utilities	2,367,405,033	1,439,980,148
Insurance	414,877,927	443,947,934
Transportation and travel	1,202,470,917	751,825,356
Taxes and Social Insurance obligation	7,207,581,261	3,577,394,846
Rental expenses	3,324,137,542	2,746,169,611
Consultancy fee	1,092,042,736	350,063,853
Write offs of CIP	3,610,763,590	-
Others	1,914,108,913	1,931,799,174
	32,221,096,542	19,612,642,049

11. CASH AND CASH EQUIVALENTS

	31 December 2018 LAK	31 December 2017 LAK
Cash on hand	5,883,713,893	1,753,933,505
Demand deposits at local banks		
- in LAK	601,717,309	17,660,003,910
- in THB	4,537,750,887	4,175,995,962
- in USD	100,240,552,639	103,652,770,318
- in other currencies	84,790,965	-
	111,348,525,693	127,242,703,695

Demand deposit at local banks earn no interest.

12. DEPOSIT WITH BANK OF THE LAO PDR ("BOL")

	31 December 2018 LAK	31 December 2017 LAK
Registered capital reserve		
- in LAK	1,667,400,000	1,667,400,000
	1,667,400,000	1,667,400,000

Under regulations of the BOL, the Company is required to maintain a minimum balance of special deposit at the BOL which is at least 5% of the Company's registered capital, upon the notice of request from the BOL from time to time. This balance earns no interest.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

13. HIRE PURCHASE RECEIVABLES

13.1 Hire purchase receivables

	31 December 2018 LAK	31 December 2017 LAK
Hire purchase receivables	613,882,409,974	569,383,755,427
Allowance for impairment losses	(18,645,687,521)	(24,928,392,015)
	595,236,722,453	544,455,363,412
<i>In which:</i>		
Current portion	320,232,040,929	314,519,493,308
Non-current portion	275,004,681,524	229,935,870,104

Title of the goods is only transferred completely to the purchaser after the complete settlement of principal and interest. Each receivable is guaranteed by a third party who will be responsible for the payment in case the purchaser defaults.

Interest rates for hire purchase receivables during the year are as follows:

	2018 % per month	2017 % per month
Hire purchase receivables from car product	0.73% – 8.76%	1% – 8%
Hire purchase receivables from bike product	0.38% - 15.81%	3% - 15%

Analysis by currency

	31 December 2018 LAK	31 December 2017 LAK
Hire purchase receivables denominated in LAK	29,524,324,552	57,308,077,505
Hire purchase receivables denominated in USD	568,086,681,754	500,506,694,386
Hire purchase receivables denominated in THB	16,271,403,668	11,568,983,536
	613,882,409,974	569,383,755,427

13.2 Allowance for impairment losses

Changes in the provision for impairment losses consist of the following:

	2018 LAK	2017 LAK
Opening balance	24,928,392,015	22,502,897,962
Change during the year	(6,282,704,494)	2,425,494,053
Closing balance	18,645,687,521	24,928,392,015

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

14. OTHER ASSETS

	31 December 2018 LAK	31 December 2017 LAK
Advances to related parties (<i>Note 21.2.2</i>)	17,617,762,441	11,872,538,058
Advances to other parties	12,613,500,000	-
Other advances	420,835,165	1,333,969,471
Rental prepayment	1,821,678,504	1,260,816,480
Other assets	1,671,233,035	261,159,931
	34,145,009,145	14,728,483,940

15. PROPERTY AND EQUIPMENT

Movements of property and equipment for the year ended 31 December 2018 are as follows:

	Vehicles LAK	Furniture and fixtures LAK	Computer equipment LAK	Total LAK
Cost				
As at 1 January 2018	3,954,185,643	246,177,422	592,106,286	4,792,469,351
Additions	-	21,395,000	823,912,833	845,307,833
As at 31 December 2018	3,954,185,643	267,572,422	1,416,019,118	5,637,777,184
Accumulated depreciation				
As at 1 January 2018	2,012,294,129	68,552,016	159,952,893	2,240,799,038
Charge for the year 2018	790,837,129	50,762,469	241,169,940	1,082,769,538
As at 31 December 2018	2,803,131,258	119,314,485	401,122,833	3,323,568,576
Net book value				
As at 1 January 2018	1,941,891,514	177,625,406	432,153,393	2,551,670,313
As at 31 December 2018	1,151,054,385	148,257,937	1,014,896,285	2,314,208,608

Movements of property and equipment for the year ended 31 December 2017 are as follows:

	Vehicles LAK	Furniture and fixtures LAK	Computer equipment LAK	Total LAK
Cost				
As at 1 January 2017	3,954,185,643	151,861,655	448,787,000	4,554,834,298
Additions	-	94,315,767	143,319,286	237,635,053
As at 31 December 2017	3,954,185,643	246,177,422	592,106,286	4,792,469,351
Accumulated depreciation				
As at 1 January 2017	1,221,457,001	19,810,986	49,608,386	1,290,876,373
Charge for the year 2017	790,837,128	48,741,030	110,344,507	949,922,665
As at 31 December 2017	2,012,294,129	68,552,016	159,952,893	2,240,799,038
Net book value				
As at 1 January 2017	2,732,728,642	132,050,669	399,178,614	3,263,957,925
As at 31 December 2017	1,941,891,514	177,625,406	432,153,393	2,551,670,313

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

16. ASSET UNDER CONSTRUCTION

	Computer software LAK
As at 1 January 2018	3,610,763,590
Write-offs	(3,610,763,590)
As at 31 December 2018	-

17. STATUTORY OBLIGATIONS

	31 December 2018 LAK	31 December 2017 LAK
Personal income taxes	214,019,442	166,376,902
Foreign contractor withholding taxes	17,344,365,713	13,051,602,416
Profit tax (Note 19)	36,916,669,956	11,100,133,896
	54,475,055,111	24,318,113,214

18. BORROWINGS

Borrowings as at 31 December 2018 are as follows:

Lender	Ending balance in LAK equivalent	Ending balance in original currency	Currency
Myxaysana Design and Construction Co., Ltd.	1,437,624,592	1,437,624,592	LAK
Banque Franco-Lao Bank	2,482,670,351	2,482,670,351	LAK
Bluebird Co., Ltd.	21,601,070,346	2,529,992	USD
BBHD Co., Ltd.	9,113,349,713	1,067,387	USD
First Geneva	161,909,323,552	18,963,378	USD
Varteni Investment Limited	310,323,095,556	36,346,111	USD
	506,867,134,110		

Details of the borrowings's terms and interest as at 31 December 2018 are as follows:

Lender	Term	Payment term	Interest rate
Banque Franco-Lao Bank	1 year from 5 August 2018	Principal and interest is paid monthly	8.50%
Myxaysana Design and Construction Co., Ltd.	5 years from 7 December 2015	Principal and interest is paid at maturity	15.00%
Bluebird Co., Ltd.	5 years from 1 February 2015	Principal and interest is paid at maturity	10.00%
BBHD Co., Ltd.	5 years from 1 July 2015	Principal and interest is paid at maturity	10.00%
First Geneva	5 years from 9 May 2015	Principal and interest is paid at maturity	10.00%
Varteni Investment Limited	5 years from 29 July 2015	Principal and interest is paid at maturity	10.00%

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

19. PROFIT TAX

Current profit tax

Provision for Profit tax is made for taxation on the current period's profits, based on the Tax Law governing taxation within Lao PDR. The Company is obliged to pay tax at rate of 24% on total profit before tax (in 2017: 24%) in accordance with the new Tax Law No.70/NA dated 15 December 2015 which is effective on or after 24 May 2016.

A reconciliation between the profit before tax and taxable profit is presented below:

	2018 LAK	2017 LAK
Profit before tax	97,044,911,875	67,377,941,908
<i>Adjust for:</i>		
Unrealised foreign exchange loss	16,427,230,737	10,846,895,327
Impairment loss under IFRS	1,394,331,711	393,438,907
Amortised cost under IFRS for hire purchase receivables	-	(11,242,895,337)
Amortised cost under IFRS for loans to related parties	-	134,952,362
Amortised cost under IFRS for borrowing from related parties	(4,192,657,377)	(6,379,650,633)
Interest expense for borrowings from shareholders	-	14,347,812,035
Others	(3,104,916,698)	-
Taxable profit	107,568,900,248	75,478,494,569
Tax loss carried forward	-	(29,227,936,669)
Taxable income	107,568,900,248	46,250,557,900
Current Profit Tax Expense	25,816,536,060	11,100,133,896
Profit Tax payable at the beginning of the year	11,100,133,896	-
Profit Tax paid during the year	-	-
Profit Tax payable at the end of the year	36,916,669,956	11,100,133,896

Because the application of tax laws and regulations in many types of transactions is susceptible to varying interpretations, amounts reported in the financial statements could be changed at a later date upon final determination by the tax authorities.

Tax losses carried forward

The Company incurred tax losses for previous years. Under the current Tax Law, the Company is entitled to carry each individual tax loss forward to offset against taxable profits arising within three years subsequent to the year in which the loss is incurred. Upon expiration of this period, any remaining losses may not be further carried forward to be deducted from profit. The detailed tax losses carried forward as at 31 December 2018 were as follows:

Originating year	Can be utilized up to	Tax loss amount LAK	Utilized up to 31 December 2018 LAK	Forfeited	Unutilized at 31 December 2018 LAK
2015	2018	18,605,100,908 (*)	18,605,100,908	-	-
2016	2019	10,622,835,761 (*)	10,622,835,761	-	-
TOTAL		29,227,936,669	29,227,936,669	-	-

(*) Tax losses as per tax assessment minutes by the Tax Authority.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

20. PAID UP CAPITAL

The movements of registered paid-up capital during the year are as follows:

	2018 LAK	2017 LAK
Opening balance	24,410,000,000	8,040,000,000
Additional paid-up capital in the year	-	16,370,000,000
Reclassification	(290,000,000)	-
Closing balance	24,120,000,000	24,410,000,000

Details of owners' capital contribution as at 31 December 2018 are as below:

	<i>Registered charter capital (i)</i>			
	<i>As per Enterprise Registration Certificate (LAK)</i>	<i>%</i>	<i>Contributed charter capital (LAK)</i>	<i>Un-contributed charter capital (LAK)</i>
O International Ltd. (ii)	804,000,000	3.33%	804,000,000	-
LALCO Holdings Pte Ltd. (iii)	23,316,000,000	96.67%	23,316,000,000	-
	24,120,000,000	100%	24,120,000,000	-

- (i) In accordance with the Amended Enterprise Registration Certificate No. 1191/ELSD dated 17 December 2018.
- (ii) O International Ltd. is a limited liability company incorporated in Cayman Islands in accordance with Company Registration No. 293031 issued on October 2014. The principal business operations of the O International Ltd. are investment, immovable industry and provision of consulting and financing services.
- (iii) LALCO Holdings Pte Ltd. is a limited liability company incorporated in Singapore in accordance with Company Registration No. 201542276K issued on December 2015. The principal business operations of the LALCO Holdings Pte Ltd. are investment and holding business.

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NOTES TO THE FINANCIAL STATEMENTS (continued)
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21. RELATED PARTY TRANSACTIONS

Related party transactions include all transactions undertaken with other parties to which the Company is related. A party is related to the Company if:

- (a) directly, or indirectly through one or more intermediaries, the party:
 - ▶ controls, is controlled by, or is under common control with, the Company (this includes parents, subsidiaries and fellow subsidiaries);
 - ▶ has an interest in the Company that gives it significant influence over the Company; or
 - ▶ has joint control over the Company.
- (b) the party is a joint venture in which the Company is a venture;
- (c) the party is a member of the key management personnel of the Company or its parent;
- (d) the party is a close member of the family of any individual referred to in (a) or (c);
- (e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or
- (f) the party is a post-employment benefit plan for the benefit of employees of the Company, or of any entity that is a related party of the Company.

During the years 2018 and 2017, other than the remuneration paid to the Board of Directors, the Company had transactions with the following related parties:

<i>Related parties</i>	<i>Relationship</i>
▶ O International Ltd.	Shareholder
▶ LALCO Holdings Pte Ltd.	Shareholder
▶ Bluebird Co., Ltd.	Affiliate of shareholder
▶ BBHD Co., Ltd.	Affiliate of shareholder
▶ Myxaysana Design and Construction Co., Ltd.	Fellow subsidiary
▶ Lalugo Group Hotel Sole Co., Ltd	Fellow subsidiary
▶ Mr. Khamsavay Chanthavong	Shareholder of Myxaysana Design and Construction Co., Ltd.
▶ Mr. Lasonethanou Thongpaseuth	Shareholder of Myxaysana Design and Construction Co., Ltd.
▶ Ms. Somsagouane Singthiemphone	Shareholder of Myxaysana Design and Construction Co., Ltd.
▶ Mr. Yoshihito Oshima	Vice-chairman

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

21. RELATED PARTY TRANSACTIONS (continued)

21.1 Significant transactions with related parties

Related parties	Transactions	2018 LAK	2017 LAK
Bluebird Co., Ltd.	Conversion from borrowing to paid up capital	-	16,370,000,000
	Payment on behalf of the Company	(6,507,561,998)	(2,589,135,527)
	Management service charged	-	(5,991,584,210)
	Borrowing drawn down	-	(29,862,838,000)
	Borrowing interest expenses	(4,322,785,472)	(4,283,319,845)
	Borrowing repayment	99,299,338,000	-
BBHD Co., Ltd.	Payment on behalf of the related party	(307,225,414)	603,145,151
	Borrowing interest expenses	(4,227,182,158)	(515,779,641)
Myxaysana Design and Construction Co., Ltd.	Borrowing interest expenses	(569,318,888)	(347,291,297)
	Payment on behalf of the related party	-	1,680,525,651
	Borrowing repayment	4,070,000,000	-
Lalugo Group Hotel Sole Co., Ltd	Payment on behalf of the related party	1,581,046,466	3,010,016,440
	Rental fee charged to the Company	763,324,047	443,309,819
Mr. Khamsavay Chanthavong	Loan interest receivable from related parties	352,303,265	204,604,450
Mr. Lasonethanou Thongpaseuth	Loan interest receivable from related parties	381,662,938	221,655,440
Ms. Somsagouane Singthiemphone	Loan interest receivable from related parties	-	8,270,999,999
Mr. Yoshihito Oshima	Payment on behalf of the Company	(8,270,999,999)	-
Board of Director of the Company	Salary and other benefits	-	(603,297,176)

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
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21. RELATED PARTY TRANSACTIONS (continued)

21.2 Significant balance with related parties

21.2.4 Due to related parties

	31 December 2018 LAK	31 December 2017 LAK
<i>Due to Bluebird Co., Ltd.</i>		
- Management fee payable	10,431,569,570	10,431,569,570
- Payment made on behalf	36,049,471,340	29,541,909,342
<i>Due to Ogisaka Co., Ltd.</i>		
- Payment made on behalf	150,492,600	150,492,600
<i>Due to Mr. Yoshihito Oshima, Vice-chairman</i>		
- Payment made on behalf	-	8,270,999,999
	46,631,533,510	48,394,971,511

22. RISK MANAGEMENT POLICIES

Introduction

Risk is inherent in the Company's activities but is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities.

The Company is exposed to credit risk, liquidity risk and market risk, the latter being subdivided into trading and non-trading risks. It is also subject to various operating risks.

The independent risk control process does not include business risks such as changes in the environment, technology and industry. The Company's policy is to monitor those business risks through the Company's strategic planning process.

Risk management structure

The Board of Management is responsible for the overall risk management approach and for approving the risk management strategies and principles.

The Board has appointed the Risk - Compliance Officer which has the responsibility to monitor the overall risk process within the Company.

The Risk - Compliance Officer has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk - Compliance Officer is responsible for managing risk decisions and monitoring risk levels and reports to the Board of Management.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

21. RELATED PARTY TRANSACTIONS (continued)

21.2 Significant balances with related parties

21.2.1 Loans to related parties

	31 December 2018 LAK	31 December 2017 LAK
Loan to related parties		
Mr. Khamsavay Chanthavong	5,118,323,049	4,354,999,002
Mr. Lasonethanou Thongpaseuth	2,362,302,002	2,009,998,737
Ms. Somsagouane Singthiemphone	2,559,167,656	2,177,504,718
	10,039,792,707	8,542,502,457

21.2.2 Advances to related parties (Note 14)

	31 December 2018 LAK	31 December 2017 LAK
BBHD Co., Ltd.	1,617,854,534	404,225,000
Bluebird Co., Ltd.	776,937,240	1,084,162,654
Myxaysana Design and Construction Co., Ltd.	5,519,922,094	4,070,516,341
Lalugo Group Hotel Sole Co., Ltd.	7,396,848,085	5,815,801,619
Laluco Hotel 1 Sole Co., Ltd.	416,618,421	401,103,309
Myxaysana Real Estate Co., Ltd.	352,262,067	96,729,135
Mekong Finance's shareholders	1,489,320,000	-
Ogisaka Co., Ltd.	48,000,000	-
	17,617,762,441	11,872,538,058

21.2.3 Borrowings from related parties (Note 18)

	31 December 2018 LAK	31 December 2017 LAK
Myxaysana Design and Construction Co., Ltd.	1,437,624,592	4,938,305,704
BBHD Co., Ltd.	9,113,349,713	4,886,167,555
Bluebird Co., Ltd.	21,601,070,346	116,577,622,874
	32,152,044,651	126,402,096,133

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
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23. CURRENCY RISK

Currency risk is the risk exposed to the Company due to changes in foreign exchange rates which adversely impact the Company's foreign currency positions. The Company has set limits on positions by currency, based on its internal risk assessment system and the BOL's regulations. Positions are monitored on a daily basis to ensure positions are maintained within the established limits. Breakdown of assets and liabilities which has been converted into LAK as at 31 December 2018 is as follows:

	In LAK LAK equivalent	In USD LAK equivalent	In THB LAK equivalent	In JPY LAK equivalent	Total LAK equivalent
ASSETS					
Cash and cash equivalents	5,065,490,887	105,449,313,223	833,721,583	-	111,348,525,693
Deposit with the Bank of Lao	1,667,400,000	-	-	-	1,667,400,000
Hire purchase receivables (*)	29,524,324,552	568,086,681,754	16,271,403,668	-	613,882,409,974
Loans to related parties	-	10,039,792,707	-	-	10,039,792,707
Other assets	34,145,009,145	-	-	-	34,145,009,145
TOTAL ASSETS	70,402,224,584	683,575,787,684	17,105,125,251	-	771,083,137,519
LIABILITIES					
Long-term borrowings	3,920,294,943	502,946,839,167	-	-	506,867,134,110
Due to related parties	-	-	-	46,631,533,510	46,631,533,510
Other liabilities	2,934,608,730	-	-	-	2,934,608,730
TOTAL LIABILITIES	6,854,903,673	502,946,839,167	-	46,631,533,510	556,433,276,350
NET EXPOSURE	63,547,320,911	180,628,948,517	17,105,125,251	(46,631,533,510)	214,649,861,169

(*): This excludes allowance for impairment losses

On the assumptions that other variances are unchanged, the table below shows the sensitivity of profit before tax of the Company to changes occurring at suitable level of foreign exchange rates. Accordingly, the risk due to changes in foreign exchange rates of the Company is inconsiderable.

	Exchange rate increase 1.5%	Exchange rate decrease 1.5%
USD	2,709,434,228	(2,709,434,228)
THB	256,576,879	(256,576,879)
JPY	(699,473,003)	699,473,003
Total	2,266,538,104	(2,266,538,104)

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24. INTEREST RATE RISK

Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. The Company is exposed to interest rate risk as a result of mismatches of interest rate re-pricing time of assets and liabilities. The Company manages this risk by matching the re-pricing time of assets and liabilities through risk management strategies. The table below analyzes the interest rate risk for financial assets and financial liabilities of the Company. The Company presents assets and liabilities according to the book value and classified by interest rate repricing date or the closest maturity, which is the earlier:

	Total LAK	Re-pricing time bands					Non-interest bearing LAK
		Up to 3 months LAK	From 3 to 12 months LAK	From 1 to 5 years LAK	Over 5 years LAK	Non-performing loans which are overdue more than 90 days LAK	
ASSETS							
Cash and cash equivalents	111,348,525,693	-	-	-	-	-	111,348,525,693
Deposit with the Bank of Lao	1,667,400,000	-	-	-	-	-	1,667,400,000
Hire purchase receivables (*)	613,882,409,974	143,249,473,549	176,982,567,380	194,485,448,057	282,972,032	98,881,948,955	-
Loans to related parties	10,039,792,707	-	-	10,039,792,707	-	-	-
Other assets	34,145,009,145	-	-	-	-	-	34,145,009,145
TOTAL ASSETS	771,083,137,519	143,249,473,549	176,982,567,380	204,525,240,764	282,972,032	98,881,948,955	147,160,934,838
LIABILITIES							
Long-term borrowings	506,867,134,110	-	2,482,670,351	504,384,463,759	-	-	506,867,134,110
Due to related parties	46,631,533,510	-	-	-	-	-	46,631,533,510
Other liabilities	2,934,608,730	-	-	-	-	-	2,934,608,730
TOTAL LIABILITIES	556,433,276,350	-	2,482,670,351	504,384,463,759	-	-	556,433,276,350
NET INTEREST SENSITIVITY GAP	214,649,861,169	143,249,473,549	174,499,897,029	(299,859,222,995)	282,972,032	98,881,948,955	(409,272,341,512)

(*): This excludes allowance for impairment losses

Assuming that all other variables unchanged, the fluctuation in interest rates as at 31 December 2018 that affect the pre-tax profit over the next 12 months period of the Company as at reporting date is as following:

Increase/(decrease) in basis points	Sensitivity of profit before tax
+ 100 bps	1,907,807,507
- 100 bps	(1,907,807,507)

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

25. LIQUIDITY RISK

Liquidity risk is defined as the risk that the Company might be unable to meet its payment obligations when they fall due under both normal and stress circumstances. The table below summarises the maturity profile of the discounted cash flows of the Company's financial assets and liabilities as at the end of the reporting date.

	Book value LAK	Up to 3 months LAK	From 3 to 12 months LAK	From 1 to 5 years LAK	Over 5 years LAK	Non-performing loans which are overdue more than 90 days LAK
ASSETS						
Cash and cash equivalents	111,348,525,693	111,348,525,693	-	-	-	-
Deposit with the Bank of Lao	1,667,400,000	-	-	1,667,400,000	-	-
Hire purchase receivables (*)	613,882,409,974	143,249,473,549	176,982,567,380	194,485,448,057	282,972,032	98,881,948,955
Loans to related parties	10,039,792,707	-	-	10,039,792,707	-	-
Other assets	34,145,009,145	-	1,671,233,035	32,473,776,110	-	-
TOTAL ASSETS	771,083,137,519	254,597,999,242	178,653,800,415	238,666,416,874	282,972,032	98,881,948,955
LIABILITIES						
Long-term borrowings	506,867,134,110	-	2,482,670,351	504,384,463,759	-	-
Due to related parties	46,631,533,510	-	-	46,631,533,510	-	-
Other liabilities	2,934,608,730	-	2,934,608,730	-	-	-
TOTAL LIABILITIES	556,433,276,350	-	5,417,279,081	551,015,997,269	-	-
NET LIQUIDITY GAP	214,649,861,169	254,597,999,242	173,236,521,334	(312,349,580,395)	282,972,032	98,881,948,955

(*): This excludes allowance for impairment losses

The Company assessed the concentration of risk with respect to refinancing its debts and concluded it to be low. The Company has access to a sufficient variety sources of funding and debt maturity within 12 months.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

26. CREDIT RISK

Credit risk is the risk that the Company incurs a loss because its customers or counterparties fail to discharge their contractual obligations. The Company manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits.

The Company has established credit quality review processes to provide early identification of possible changes in the creditworthiness of counterparties. The credit quality review process aims to allow the Company to assess the potential loss as a result of the risks to which it is exposed and take corrective action.

Credit quality by class of financial assets

	Book value LAK	Neither impaired or overdue less than 90 days LAK	Overdue from 91 days to 180 days LAK	Overdue from 181 days to 365 days LAK	Overdue more than 365 days LAK
ASSETS					
Deposit with the Bank of Lao	1,667,400,000	1,667,400,000	-	-	-
Hire purchase receivables	595,236,722,453	511,100,002,563	68,924,031,266	13,599,282,226	1,613,406,398
- Gross amount	613,882,409,973	515,000,461,018	73,399,220,427	18,035,969,013	7,446,759,515
- Allowance for impairment	(18,645,687,520)	(3,900,458,455)	(4,475,189,161)	(4,436,686,787)	(5,833,353,117)
Loans to related parties	10,039,792,707	10,039,792,707	-	-	-
TOTAL ASSETS	606,943,915,160	522,807,195,270	68,924,031,266	13,599,282,226	1,613,406,398

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

27. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount at which an asset could be exchanged or a liability settled on an arms-length basis. As verifiable market prices are not available, market prices are not available for a significant proportion of the Company's financial assets and liabilities, fair values, therefore, have been based on management assumptions according to the profile of the asset and liability base. In the opinion of the Company's management, the carrying amount of the financial assets and liabilities included in the statement of financial position are a reasonable estimation of their fair values. In making this assessment, the Company's management assumes that hire purchase receivables are mainly held to maturity with fair values equal to their book value adjusted for allowance for impairment losses.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments which are measured at fair value by valuation technique:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

All fair values of financial assets and liabilities are calculated or estimated for disclosure purpose using Level 3 valuation techniques in both years as follows:

	Fair value			
	Carrying value	Level 1	Level 2	Level 3
Financial assets				
Cash and cash equivalents	111,348,525,693	111,348,525,693	-	-
Deposit with the Bank of Lao	1,667,400,000	1,667,400,000	-	-
Hire purchase receivables (*)	595,236,722,453	-	-	595,236,722,453
Loans to related parties	10,039,792,707	-	-	10,039,792,707
	718,292,440,853	113,015,925,693	-	605,276,515,160
Financial liabilities				
Long-term borrowings	506,867,134,110	-	-	506,867,134,110
	506,867,134,110	-	-	506,867,134,110

There have been no transfers between fair value levels during the reporting period.

Lao ASEAN Leasing Company Limited

NOTES TO THE FINANCIAL STATEMENTS (continued)
as at and for the year ended 31 December 2018

28. EXCHANGE RATES OF APPLICABLE FOREIGN CURRENCIES AGAINST LAK AT REPORTING DATE

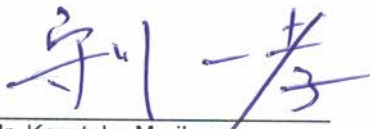
	31 December 2018	31 December 2017
	LAK	LAK
United State dollar ("USD")	8,538	8,275
Thai baht ("THB")	265.48	255.82
Japanese yen ("JPY")	75.80	73.47

29. EVENTS AFTER THE REPORTING DATE

On 19 February 2019, the Company received its amended Enterprise Registration Certificate No. 0222/ERC dated 19 February 2019 by Ministry of Industry and Commerce and Approval Letter No. 32/DFI dated 24 January 2019 by Financial Institution Supervision Department, Bank of the Lao PDR, according to which: the Company's name is changed from Lao ASEAN Leasing Company Limited to Lao ASEAN Leasing Public Company.

Other than as disclosed elsewhere in these financial statements, at the date of this report, there were no events, which occurred subsequent to 31 December 2018 that significantly impacted the financial position of the Company as at 31 December 2018.


 Mr. Tomofumi Suematsu
 General Director


 Mr. Kazutaka Morikawa
 Accounting-Finance Manager

Vientiane, Lao PDR

27 April 2019

Lao ASEAN Leasing Public Company
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