ບົດລາຍງານປະຈຳໄຕມາດ2 2016
The Second Quarter Report 2016



ສຸວັນນີ
SOUVANNY
Home center

ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັນເຕີ ມະຫາຊົນ

SOUVANNY HOME CENTER PUBLIC COMPANY

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Mr. Kodsada Soukbandith

ຜູ້ອຳນວຍການ/

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Director/COO



ທ່ານ ວັດດານາ ສຸຄະບັນດິດ

Mr. Waddana Soukbandith

ຮອງສະພາບໍລິຫານ/ຜູ້ອຳນວຍການໃຫຍ່

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ທ່ານ ພັນໂນລາ ສຸຄະບັນດິດ

Mr. Phannola Soukbandith

ຮອງສະພາບໍລິຫານ/

ຮອງຜູ້ອຳນວຍການຝ່າຍການເງິນ

Vice Chairman/CFO



ທ່ານ ນຳພົນ ມະລິໄຊ

ຜູ້ອຳນວຍການ



ທ່ານ ວິທູນ ສຸລິຍະວະນາກຸນ

ຜູ້ອຳນວຍການ



ທ່ານ ນາງ ປະພັດສອນ ສຸຄະບັນດິດ

ຜູ້ອຳນວຍການ



ທ່ານ ຄຳກົ້ງ ລ່ຽມພຣະຈັນ

Mr. Khamkong Liemphrachanh

ຜູ້ອຳນວຍການ/ຄະນະກຳມະການກວດກາພາຍໃນ

ພາຍໃນ Director/Audit Committee



ທ່ານ ປະດິດ ວົງເສນາ

Mr. Padith Vongsena

ຜູ້ອຳນວຍການ/ຄະນະກຳມະການກວດກາ

Director/Audit Committee

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SOUVANNY
Home center

The second Quarter Report 30,June 2016

Vision

To become a leading modern construction materials and home decoration company in Lao PDR and connecting to ASEAN market.

Mission

To develop products and services to have high quality and keep them modern with the best on services. To train employees to gain their knowledge and to be more professional in order to become more responsibility. To expand the business all over the country in order to get the opportunities to connect with China and ASEAN as a part to support social and economic development of the country.

History of Souvanny

Souvanny Home Center Public Company ("the Company" or "SVN") operates one-stop shopping home center which provides both services and full-ranged products from construction material to home supplies and decoration such as, tile, sanitary ware, paint, home and office decoration material, furniture under the brand "Modernform", and being a sole distributor of Mitsubishi Electric's elevator and escalator in Lao PDR. Moreover, the Company also has services including the products recommendation to customers, interior design for kitchen and restroom, and product delivery. Most of the imported products of the Company are high quality with well-known brands easily recognized. There are over 400 brands with more than 30,000 products, effectively managed by modern computer system, focusing on distribution and warehouse system. The products can be separated into 7 categories (17 groups of products) vary to the customers' need under the slogan that "improving products and services to high quality, delivering full-range products with on time basis, satisfying customers, and continuous development". The Company's distribution channel is to sell through its own modern trade showrooms under the Lao PDR.'s top brand "Souvanny".

Souvanny's shop was established by Mrs. Souvanny Soukbandith (Mrs. Souvanny), Mr. Waddana Soukbandith (Mr. Waddana), and Mr. Phannola Soukbandith (Mr. Phannola). Nowadays, there are 4 branches in Vientiane, Lao PDR, consisting of Phontong branch (Head Office), Thongkhankham branch, Sikhai branch, and Thongtoum branch.

Year	Events
1988	➢ Souvanny shop was established from the vision of Ms. Souvanny seeing economic growth opportunity in Lao PDR, construction and infrastructure industries in particular, together with Mr. Waddana who just graduated in architecture and had a lot of experiences in construction. At this time was also the period of Government support to promote the enomony. As such, they decided to start distribution

Year	Events
	business of construction materials in a shop house (approximately area 50 sq.m) at Sisawat Village, Chanthabuly District, Vientiane Lao PDR. However, currently it becomes a sub-branch (Thongkhankham branch) with the registered capital LAK 3,250,000.
1993	➢ According to the rapid growth in the construction industry in Lao PDR, need of construction material products was increased, causing higher competition in the industry, leading the Company lost track on cost management. However, the Company eventually found the ways to directly buy the products from the suppliers in a time that the Government promote international trades on Thai-Lao border, leading the Company to be able to overcome its competitors. ➢ To improve the Company structure, the Company was registered as Souvanny Trading Export-Import Sole Company Limited with registered capital LAK 100,000,000.
1995	➢ The Company had changed product strategy from construction materials such as, steel and cement to decoration products such as, tile, sanitary ware, water tap, and others. This was because of slow growth, the high competition as well as inflexibility of product differentiation on construction material. At first, the decoration products were not done well because product trend is fast-changing, hard to manage. However, as the Company management did not give up on the problem, they had change the policy by creating product differentiation and improving trend management on styles of products to respond to the customers' need.
2000	➢ This was the beginning point of the Company rapid growth as the need in construction materials has increased, together with Mr. Kotsada Soubandith (Mr. Kotsada) graduating from abroad and coming to help manage the Company business. In this year, the Company opened Phontong branch operating the first one-stop shopping home center which provides both services and full-ranged products from construction materials to home supplies and decorations in modern trade showroom with shopping area of 1,500

Year	Events
	sq.m., warehouse space of 2,000 sq.m, and parking space of 20 units. Besides, the head office was moved from Thongkhankham branch to Phongtong branch (currently head office), the Thongkhankham branch become to a shop for the paints and equipments.
2004	➢ During this year, LaoPDRhad opened investment opportunitytoprepare for the host of the 25th Southeast Asian Games in 2009. As such, the Company decided to open Sikhai branch at Nahae Village, Sikhottabong District, Vientiane Lao PDRto operate the biggest one-stop shopping home center which provides both services and full-ranged products from construction materials to home supplies and decoration on the shopping space of 2,000 sq.m., warehouse space of 5,000 sq.m. and parking of 60 units.
2011	➢ In order to handle with the modern lifestyle, product variety of more than 30,000 products, the Company decided to renovate Phontong branch by adding more showroom space from 1,500 sq.m. to 4,320 sq.m., warehouse space from 2,000 sq.m. to 3,053 sq.m. and parking space from 20 units to 60 units, completed in 2013.
2012	➢ During this year, Lao PDR hosted the 9th Asia-Europe Meeting (ASEM) and Lao government approved many investment projects such as, building projects, shopping center projects, and etc. Therefore, the Company signed the agreement with Mitsubishi acting as a dealer and a services provider for elevators and escalators under Mitsubishi's brand, selling at a new branch at Thongtoum Village, Chanthabury District, Vientiane LaoPDR (Thongtoum branch)
2013	➢ The Company renovated Sikhai branch by adding more showroom space from 2,000 sq.m. to 6,520 sq.m., warehouse space from 5,000 sq.m to 12,230 sq.m. and parking space from 60 units to 130 units, completed in 2014. ➢ To prepare for ASEAN Economic Community (AEC) which can intensify competition in Lao PDR and cause an increase in the

Year	Events
	apartments and office buildings, the Company signed the agreement with Modernform Group Public Company Limited to be a furniture dealer under Modernform's brand.
2015	➢ In 2015, the Company has transformed the business from Souvanny Trading Export-Import Sole Company Limited to Sovanny Trading Export-Import Company Limited with the registered capital LAK 500,000,000. ➢ Extraordinary General Shareholder's Meeting No. 1/2015, on 28th July, 2015 has approved the important issues as follow: - Changing the par value from LAK 50,000 per share to LAK 2,000 per share - Approving an increase in registered capital from LAK 500,000,000 to LAK 280 billion, total 140,000,000 shares. ➢ The Company was invested by Global House International Company Limited, a joint venture company between Siam Global House Public Company Limited and Siam Cement Public Company Limited, who provides both services and full-ranged products from construction materials to home supplies and decoration in Thailand, expecting to obtain business operation know-how to improve the Company business. ➢ Extraordinary General Shareholder's Meeting No. 3/2015, on 13th September, 2015, has agreed on the important issues as follow: - Transforming the Company to public company and changing the company name to Souvanny Home Center Public Company - Approving an increase in registered capital for Initial Public Offering (IPO) LAK 50 billion by issuing 25,000,000 ordinary shares, with par value of LAK 2,000 per share to respond to economic growth and become a listed company in Lao Securities Exchange (LSX). - The Company's share, SVN, was listed in LSX and first trading day on 11 December 2015.

Year	Events
2016	date 22/04/2016 company Souvanny Home Center mass meeting of Shareholders first place in the stock market's 8th floor 14:00 -15: 45 participants all 118 people on their own 30 and 88 authorized total number of shares 157,729,900 shares

Marketing

The second quarter In 2016, the Company focused on the marketing department by setting the Marketing Research Department on 24 July, 2015 which had the duties to support the process of sale products and process of purchase products in order to reach the customers' need. Marketing Research Department consists of 14 people which has 7 women and 7 men, and divided in to 3 teams as follow:

a. New product research team: research and find new products to sell by following the steps: research the detail of products, the price, the need, and the purchasing power
b. Existing product analysis team: counting the products and preparing the slow-moved products to set the promotion in order to decrease inventories.
c. Statistic team: collecting data in the Company such as, the data of the supplier, the products and the price.

Moreover, the Company have marketing strategies as follow:

- **Product Strategy**: The Company chooses to procure products from suppliers with international standard in order to be able to provide high quality and various products to customers. Now, the Company has over 400 brands with 30,000 products, and in 2015 the Company has increase 23 new brands with more than 300 products in order to respond the customer's need, the detail as follow:

No.	Brand	Type
1	LONGWELL	Welding
2	HAUS	Bath Box, Basin Set
3	IYA	Silicone
4	BOJ	Knot
5	CROCODILE	Cement Grout
6	GREEN U PVC	Bathroom Door frame
7	KNK	Cart Cement
8	EVE	Gas Stove, Cooker hood
9	GATA	Lamp
10	THE THREE	Heat Reflector
11	GOLDEN HOME	Water Tap
12	SEKURE	Knob, Hinge
13	YIP & JACK	Tools
14	HI-TOP	Tools
15	HYGIENIC	Hand Dryer
16	MAZUMA	Water Heater
17	VANNACHAI	Door, Wood Flooring
18	BCG	Cement
19	TECNOGAS	Kitchen Furniture
20	BOSCH	equipment tools
21	SIAMPLAN	Knot and Furniture Equipment
22	NIPPON PAINT	Combined paints
23	STARMARK	Kitchen Furniture

- **Place Strategy**

The Company focuses on suitable and convenience places to build showrooms for each branch. For future plan, the Company will expand the branches in big cities in order to respond to increase demand of customers and potential growth in construction sector. The Company are also increase the advertisement to update the news of the Company such as, the information about the new products,

the promotion and the drew lot to get the prize. The Company has divided the advertising in to 3 types as follow:

d. Printed matter such as, Newspaper, Magazine, Brochure, and others
e. Boarding such as, street sign board, and Led board
f. Electronic such as, internet, radio, TV, others application

Moreover, the Company participated in others events such as, the Architecture and the Engineer event at Lao ITEC, YEAL Expo 2015 at National Convention Center at 5th K.M, Investment Gateway at LSX, and Product Expo of Ministry of Industry and Commerce at Lao ITEC. Moreover, the Company support for Social Project such as, blood donation project, Vientiane Rescue project, building school project for children in the rural area, and others projects which use total budget of LAK 98,220,500

- **Promotion Strategy**

The Company had more policy for setting promotion that suitable for each group of product, and the Company focused on the New product, slow-moved product, and the products that had promotion from supplier as follow:

- Discounted price promotion in each festival such as, Lao New Year, New Year and other festivals.
- Discount and giving the premium from supplier such as, COTTO, WOODTECT, GATA, KOHLER, and others.
- Lucky draw for rewards such as 100 pieces of 32" Samsung LCD TV.

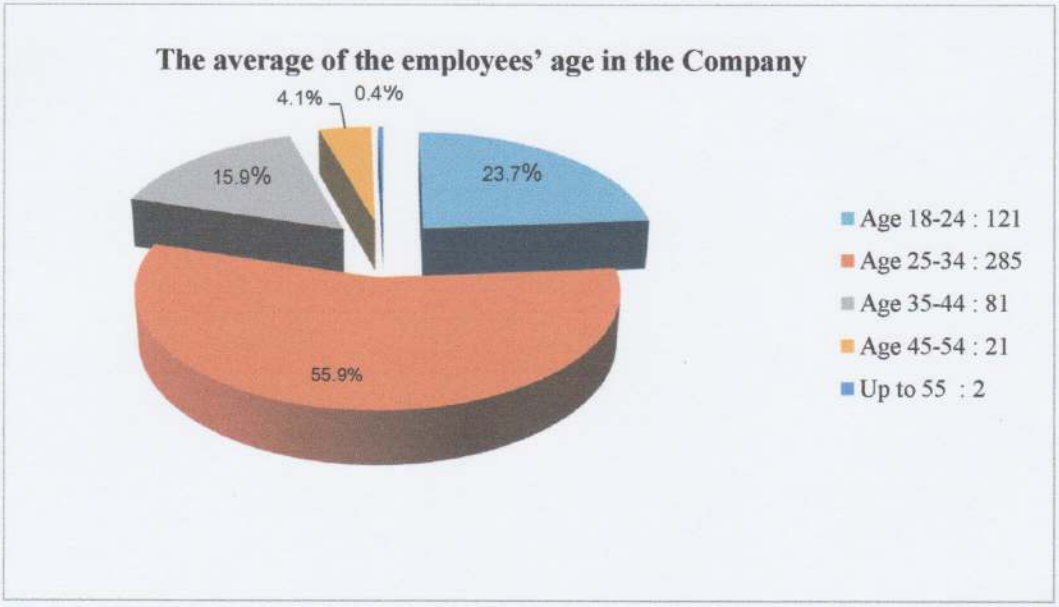
Human Resource

In 2015, the Company also focused on the strategy, and improving the organization by transforming from company limited to public company in order to comply the qualification and condition required by LSX's regulation.

In 2015, the Company had increase welfare by giving 3 vehicles to management, giving 121 tour packages for the good performance of employees.

- **Overview of the performance of the second quarter in 2016**

  - As at 31 December, 2015 the Company had total employees: 621 people,
  - New employees: 86 people, and replacement 25 people.
  - The Resignation of employee: 26 people or equivalent to 4 %
  - The termination of employee: 1 person
  - The Promotion of employee: 37 people (19 people in 2015).



- **Salary and welfare**

- Increasing the rate of salary of 10 %
- Giving the commission to employees 6 times a year
- Total budget for social security is LAK 234,765,600

- Total amount of Medical checkup is LAK 62,275,000
- Supporting for new born-baby LAK 7,505,000
- Supporting for employee and employee's relatives dead LAK 14,400,000

- **Activities for employees**

- Employees' outing 6 times a year
- Playing sport for harmony

- **Special policy**

- The Company will have the allowance for employees who hardworking and never leave work

Strategy of the Company

For the strategy in 2015, the Company is follow by the slogan that "improving the products and services to high quality, deliver full-range Products with on time basis, satisfying customers, and continuous development". Recently, the Company has received an international certificate from United Kingdom Accreditation Service (UKAS) which is ISO 9001:2008 Quality Management System, and the Company intends to get ISO 2015 every branches of the Company.

TAX

After the company Souvanny Home Center mass registration Stock Exchange Laos late 2015 the company was taken under the law of the Lao P.D.R. particular law Tax strictly seen from the performance bond tax state such as VAT 10% tax salaries tax, profits tax etc.

The state tax in Q1 2016

Item	Details	units	total value(kip)
1	Advance income tax		17.93.468.037
2	Salaries tax		461.640.431
3	Income tax		1.000.000.000
	Tatol		**18.555.108.468**

Note: For business performance figures depend on financial statement.

General Managing Director

Souvanny Home center Public Company

Waddana SOUKBANDITH