The six-month Report 2018

30 June 2018



ສຸວັນນີ SOUVANNY Home Center

ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັນເຕີ ມະຫາຊົນ

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ສະພາບໍລິຫານຂອງ ສ.ວ.ນ / Board of Directors of SVN



ທ່ານ ອຸ່ນ ຫຼ້າສຸກັນ
Mr. Ounh LASOUKANH
ປະທານສະພາບໍລິຫານ
Chairman of board of director



ທ່ານ ນາງ ປະພັດສອນ ສຸຄະບັນດິດ
Mrs. Paphatsone SOUKBANDITH
ຮອງປະທານສະພາບໍລິຫານ
Vice Chairman



ທ່ານ ວັດດານາ ສຸຄະບັນດິດ
Mr. Waddana SOUKBANDITH
ສະມາຊິກສະພາບໍລິຫານ
Member of board



ທ່ານ ຄຳກົງ ລ່ຽມພຣະຈັນ
Mr. Khamkong LIEMPHRACHANH
ສະມາຊິກສະພາບໍລິຫານ/ຄະນະກຳມະການກວດກາພາຍໃນ
Member of board/Audit Committee



ທ່ານ ປະດິດ ວົງເສນາ
Mr. Padith VONGSENA
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Member of board/Audit Committee



ທ່ານ ພິພົບ ວາດສະໜາອາຊາສະກຸນ
Mr. Phiphop VASANAARCHASAKUL
ສະມາຊິກສະພາບໍລິຫານ
Member of board



ທ່ານ ນາງ ສຸຕິການ ສີແສງຈັນ
Ms. Chutikan SRISAENGCHAN
ສະມາຊິກສະພາບໍລິຫານ
Member of board



ທ່ານ ນາງ ວຽງດາລາ ບຸບຜາ
Mrs. Viengdara BOUBPHA
ສະມາຊິກສະພາບໍລິຫານ
Member of board



ທ່ານ ຄຳພອນ ພິລະພັນ
Mr. Khamphone PHILAPHAN
ສະມາຊິກສະພາບໍລິຫານ
Member of board



The six-month Report 2018

❖ The Core Business Operation

▪ Vision

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

▪ Mission

Aim to develop the provision of high quality and variety products, improve the service mechanism to be standardized and modernized, set the price to be reasonable and suitable to meet all level demand of house owners, contractors and dealers, contribute actively to respond the society and environment, also develop constantly personnel in order to support company's goal for expanding new branch covering countrywide.



History of SOUVANNY

SOVANNY 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. 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 538 brands with more than 53,111 products, effectively managed by modern computer system, focusing on distribution and warehouse system. The products can be separated into 20 category 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 brand "Souvanny" to be leading modern construction materials in Lao PDR.

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 1 Head office and 6 branches in Vientiane sach as: Phontong branch, Sikhai branch, Thongtoum branch, Xokyai branch and 2 branches in the other province such as: Pakxan branch and Pakse 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 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.

Year	Events
1995	➢ The Company had changed product strategy from construction materials such as: steel and cement become 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 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.

Year	Events
	➢ To prepare for ASEAN Economic Community (AEC) which can intensify competition in Lao PDR and cause an increase in the 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.
2016	➢ Souvanny Home Center Public Company (SVN) was held the Annual General Shareholders' Meeting for the year 2015 on 22nd April 2016 at 02:00 pm at meeting room, the floor 8 in the Lao Security Exchange Building, phonthan village, Road T4, Sayshetha District ,Vientiane Lao PDR attending with 118 shareholders, at the total of 157 millions of shares equivalent to 95.60% of total shares of company, the meeting considered 9 agendas and the important agenda was dividend Consideration and Payment of 2015 of company with ratio of 45 Lak/share ➢ Souvanny Home Center Public Company has held the Board of directors' meeting time No. 2 on 12 August 2017 at 16:00 – 17:45 PM at meeting room, the floor 4 in SVN Head office, Phonthongsavath villages, Chanthabouly District Vientiane, Lao PDR
2017	➢ Souvanny Home Center Public Company has expanded new branch. On 30 January 2017 has opened a new branch 5 in Vientiane such as Xokyai Branch

Year	Events
	and Place: Xokyai Village, Saysettha District,Vientiane Capital (450 Year Road). ➢ Souvanny Home Center Public Company has held the Board of directors' meeting time No. 1/2017 last 17 February 2017 at Head office, Phonthongsavath villages, Chanthabouly District Vientiane, Lao PDR, the meeting have considered many topics namely Considering and approval of previous meeting report of Director's board, the 2016 business result report of company, the 2016 financial draft report, business plan for 2017, dividend payment for 2016, Appointment of external accounting auditor and member of director board, remuneration for member of director board, addition of company's objectives, modification of enterprise registration, invitation for shareholder meeting and others ➢ Executive Council Meeting 2016 Of Souvanny Home Center Public Company. The meeting took place on 7 April 2017 at 14.00h, 8th Floor of Lao Security Exchange, Phonethanneua Village, Saysettha District, Vientiane Capital, Lao PDR. This meeting was taken part in by 57 participants and 25 representatives, which totally said to be 82 persons holding 149,969,600 shares. the meeting have considered 9 agendum for that day, as follows: Agendum to consider and adopt the Common Shareholders' Meeting Report 2015; To consider and adopt the Business Performance Report of the company 2016 and Financial Report of the company 2016; To consider and adopt the Company Business Plan for 2017; To consider and approve the Dividend Payment from the business performance of the company 2016; To consider and appoint the external accconting auditor and determine the wage for the external auditor for 2017; To consider and adopt the appointment of directors whose tenure is terminated; To consider and approve the remuneration for a member of the company Executive Council; To consider and approve the additional objectives of the company; To consider and approve the modification of the enterprise registration certificate, company rules and regulatory documents and vote for the attendants. ➢ Souvanny Home Center Public Company has expanded new branch. On 30 September 2017 has opened a new branch 6 such as Pakxun Branch at Sisaard Village, Pakxun district, Borlikhamxay Province.
2018	➢ Souvanny Home Center Public Company has held the 1st Executive Council Meeting Report 2018 last 16 February 2017 at Head office, Phontongsavath villages, Chanthabouly District Vientiane, Lao PDR, the meeting have considered many topics namely To consider and approve the report of business operating result of the company of the year 2017 and the financial statement report draft of the company of the year 2017, To consider and approve the business plan of the company of the year 2018, To consider and

Year	Events
	approve the payment of dividend from the business operating result of the company in 2017, To consider and approve the appointment of the external auditor and determination of remuneration; To consider and approve the appointment of Members of the Executive Council who have resigned, To consider and approve the appointment of Vice Chairman of the Executive Council whose tenure is resigned, To consider and approve to close business of SVN's Thongkhankham Branch; To consider and approve the cancelation of distributing the Elevator and Escalator Products; To consider and approve the appointment of inspection committee, risk protection committee and Compensation committee; and Others. ➢ On 31 March 2018 Souvanny Home Center Public Company closed business of SVN's Thongkhankham Branch. ➢ On 17 July 2018 Souvanny Home Center Public Company has expanded a new branch as Pakse Branch at Karng Village, Pakse district, Champasak Province.

Sale

The Company had total revenue in six-month 2017 was equal to LAK 138,835 million which could be classified into 2 categories, the revenue from sales and the revenue from services, which were LAK 137.943 million and LAK 892 million, respectively. The revenue in six-month 2018 increased to LAK 156,603 million which consisted of revenue from sale LAK 155,951 million and revenue from service LAK 651 million. The major reasons of 12% increased growth were increase of product category varieties and more branches.

Marketing

The Company focused on the marketing tools by selecting and providing the new product categories to be choices for customers and also expanded more product lines of structural materials, home appliances, home decoration, furniture and other to new markets in order to meet the customers' demand in difference. Improve communication tools specified company's website, Facebook, line and other to be more interesting, moreover, the company furthered strategies of marketing as below:

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 538 brands with 53,111 SKUs and Company has constantly increased new products in order to respond the customer's need by aiming to be the one stop Shopping center of construction materials and home décor with modern and biggest showroom in Lao PRD as slogan of: Imagination can be realized.

Place Strategy

The Company has focused on expanding the sale channels or new branches in communities where is convenient and near for customers to come to use its service. For future plan, the Company will expand the branches which is one of the sale channels of the company and The company has accelerated to increase new customers through sellers, besides we have created the project and wholesale teams to rise sales of the these customer groups.

On 17 June 2018 Souvanny Home Center Public Company has expanded a new branch as Pakse Branch at Karng Village, Pakse district, Champasak Province.



The singing Contest activities by contestants from 4 southern provinces in the event of “Souvanny, good voice gets a million (Souvanny sieng sai dai ngern larn)” with a prize of more than 10,000,000 kip.



And mini concert show by Lao-Thai singers, known as: “Pat Phetdavon”, “Monkhan Kankhoun”.





Promotion Strategy.

The Company had more policies for setting sale promotion to be suitable for each group of product with focusing on the new product, slow-moved product, and promotion suppliers, the objectives promotion’s activities were to increase awareness, acknowledgement of SOUVANNY’s brand and create good image of company through 3 main channels as follow:

1. Advertising:

- Printed media such as: leaflet, Magazines, new paper and others.





- Internal and External signage such as: standee and mobile billboards, Lighting box, Tower, street sign and others…



- Electronic media such as: Website: souvanny.com, Facebook: SOUVANNY Home Center, Radio, Television, Line, Youtube, IG and other.

2. Sale Promotion

The company had created the sale promotion through activities namely: discount the for the specific events, redeeming, giving out, premium, sweepstake, promotion for point of purchase, promotion for craftsman, lucky draw to celebrate the 30 year Anniversary of Souvanny Home Center.



- Lucky winner to celebrate the 30 year Anniversary of Souvanny Home Center.






3. Public Relations

Souvanny Home Center helped and supported societies such as Activity of taking student to watch the movie together on the occasion for international children's. Donated construction material such as paint, fans, tiles, Gypsum, Cement, etc. to Primary School in order to support and facilitate education for a better environment at the total value of 38 million kip.





Human Resource

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 the welfare, the care of the living conditions of the employees are better, more secure and to encourage employees to be committed, active and enthusiastic in their work such as: tourism activities at Vung Vieng by CEO of Souvanny Home Center Public Company (Mr. waddana SOUKBANDITH).



Strategy of the Company

For the strategy of 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" and improve the IT system to be high quality. Recently, the Company has received an international certificate from United Kingdom Accreditation Service (UKAS) which is ISO2015 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, payroll tax, profit tax etc.

The state tax in six-month 2018

Item	Details	units	total value (kip)
1	Import Duty		**1,301,140,666**
2	Value Added Tax		**17,427,870,510**
3	Excise Tax		**10,342,098**
4	Payroll Tax		**594,729,515**
5	Profit Tax		**16,001,637**
	Total		**19,350,084,426**

Note: For business performance figures depend on Financial Statement.

CEO

Souvanny Home Center Public Company

Waddana SOUKBANDITH