THE NINE - MONTH REPORT

30 SEPTEMBER 2017



ສຸວັນນີ
SOUVANNY
Home Center

ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັນເຕີ ມາຫາຊົນ

SOUVANNY HOME CENTER PUBLIC COMPANY

Phontongsavat Rd, Chanthabuly District, Vientiane Capital, Lao PDR
OFFICE: (856-21) 415 645. FAX/TEL: (856-21) 262 984 Website: /www.souvanny.com



ສາຂາໂພນຕ້ອງ
ໂທ: 021 560000, 561111



ສາຂາສີໄຄ
ໂທ: 021 621254, 621255



ສາຂາໂຊກໃຫຍ່
ໂທ: 030 5096493



ສາຂາທ່ຽງຂັນຄຳ
ໂທ: 021 212378, 254584



ສາຂາກົ່ງດູມ
ໂທ: 021 265331, 265332



ສາຂາປາຊັ້ນ
ໂທ: 051 791028

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



ທ່ານ ອຸ່ນ ຫຼ້າສຸກັນ
Mr. Ounh LASOUKANH
ປະທານສະພາບໍລິຫານ/
ປະທານຄະນະກຳມະການກວດກາພາຍໃນ
Chairman/Chairman of Audit Committee



ທ່ານ ວັດດານາ ສຸຄະບັນດິດ
Mr. Waddana SOUKBANDITH
ຮອງປະທານສະພາບໍລິຫານ/ຜູ້ອຳນວຍການໃຫຍ່
Vice Chairman/CEO



ທ່ານ ພັນໂນລາ ສຸຄະບັນດິດ
Mr. Phannola SOUKBANDITH
ຮອງປະທານສະພາບໍລິຫານ/
ຮອງຜູ້ອຳນວຍການຝ່າຍການເງິນ
Vice chairman/CFO



ທ່ານ ກົດສະດາ ສຸຄະບັນດິດ
Mr. Kotsada SOUKBANDITH
ສະມາຊິກສະພາບໍລິຫານ/ຮອງຜູ້ອຳນວຍການຝ່າຍປະຕິບັດການ
Member of board/COO



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



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



ທ່ານ ວິທູນ ສຸລິຍະອະນາກຸນ
Mr. Witoon SURIYAWANAKUL
ສະມາຊິກສະພາບໍລິຫານ
Member of board



ທ່ານ ອະຣິດ ຈິນຕະນາວັນ
Mr. Warit JINTANAWAN
ສະມາຊິກສະພາບໍລິຫານ
Member of board



ທ່ານ ນາງ ປະພັດສອນ ສຸຄະບັນດິດ
Mrs. Paphatsone SOUKBANDITH
ສະມາຊິກສະພາບໍລິຫານ
Member of board



The nine-month Report 2017

❖ 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

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

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 830 brands with more than 77,222 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 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 5 branches in Vientiane, Lao PDR sach as: Phontong branch (Head Office), Thongkhankham branch, Sikhai branch, Thongtoum branch, Xokyai branch and a branch in the other province sach as: Pakxan 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.
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

Year	Events
	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. ➢ 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.

Year	Events
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 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

Year	Events
	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.

Sale

Summary of sales in Nine-Month 2017

Item	Details	Amount (KIP)	Remark
1	Phonetong Branch	52,303,661,099	
2	Sikhai Branch	80,855,775,592	
3	Thongkhankham Branch	3,015,624,635	
4	Thong Toum Branch	12,753,612,318	
5	Xokyai Branch	63,341,928,366	
6	Parkxun Branch	1,950,453,354	
Total		**214,221,055,364**	

In this Nine-month, revenue from sales of SVN this year compared to last year has increased 2% because the company's policy focus on selling goods in cash. At the same time, the company has reduced the sale of goods as a credit to avoid a difficult debt problem. Can be observed from trade receivables of SVN this year compared to last year has decreased in volume.

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 and improve the IT system to be high quality and control more branches, besides the company accelerated to improve showroom to be high comfortable and convenient, 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 830 brands with 77,222 products 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 focuses on suitable and convenient places to build showrooms for each branch. For future plan, the Company will expand the branches in big cities and also increased new product lines in the old branches to be more choices for existing customers in order to respond to increase demand of customers and potential growth in construction sector.

- 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











Promotion Strategy

The Company had more policies for setting sale promotion to be suitable for each group of product, and the Company focused on the new product, slow-moved product, and the products that had promotion from suppliers, the objectives of promotion's activities were increase awareness, acknowledgement of SOUVANNY's brand and making 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: SOVANNY Home Center, Radio, Television, Social Medias…

2. Sale Promotion

The company have made the sale promotion through activities namely: discount the special price for the specific events, redeeming, giving out, premium, sweepstake, promotion for storefront, promotion for craftsman, Every Saturday you'll receive a premium when purchased in full value.





3. Public Relations

Souvanny Home Center helped and supported societies such as: Donation 85 Box, LAK 3,129,500 of Floor Tiles to XOKNOY Primary School. LAK 5,000,000 donation to Community Development Group at Naly Village, Heenboun District, Borlikhumxay Province. LAK 4,000,000 donation to Lao Red Cross to helped the poor and disaster victims. LAK 6,000,000 donation to The Education for Development Foundation. LAK 2,100,000 of Floor Tiles to Donation to Thongkarn Village Office. LAK 3,000,000 donation to The Education Promotion Foundation. Support publishing Social Welfare Books a value of LAK 1.000.000 to The National Committee for the Disabled and the Elderly. Contributing to the celebration of the 15th Anniversary of the Veterans' Union Establishment Day with

a value of LAK 500,000. Support to celebration of the 20th Anniversary of Lao Security News of LAK 300,000. Donation to computers and printers to XOKYAI Primary School with a value of LAK 4,000,000. Total helping and supporting societies are LAK 30.000.000.

- Souvanny Home Center Donation to Bucket of water.



- Souvanny Home Center organized arts competitions for Education.



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.

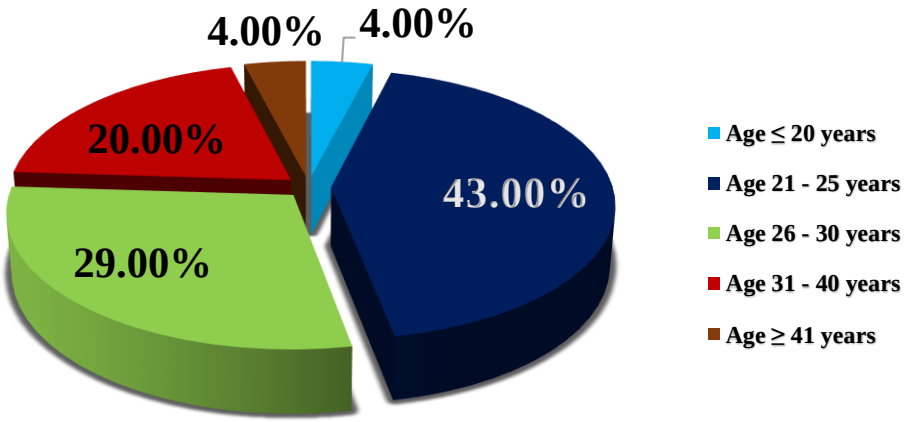
❖ Overview of the performance of the nine-month in 2017

- As at 30 September 2017 the Company had total employees: 959 people.

No.	Details	Employees		
		Females	Males	Total
1	Head Office	44	72	116
2	Phonetong Branch	83	86	169
3	Sikhai Branch	58	168	226
4	Thongkhunkham Branch	3	6	9
5	Thong Toum Branch	11	47	58
6	Xokyai Branch	88	152	240
7	Pakxan Branch	60	81	141
Total		**347**	**612**	**959**

- New employees: 178 people, and replacement 10 people.
- The Resignation of employee: 46 people.
- The termination of employee: 0 people.
- The Promotion of employee: 11 people.

The average of the employees' age in the Company



- **Salary and welfare**

- Increasing the rate of salary of 5%
- Incentive 6 times a year.
- Total budget for social security is 37,914,000 LAK
- Total amount of Medical checkup is 14,936,000 LAK
- Supporting for new born-baby 500,000 LAK
- Supporting for employee and employee's relatives dead 3,400,000 LAK

- **Activities for employees**

- Employees' outing 5 times a year
- Playing sport for harmony

- **Special policy**

- The company gave tour packages of group supplier for employees.

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". 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, payroll tax, profit tax etc.

The state tax in nine-month 2017

Item	Details	units	total value (kip)
1	Value Added Tax		**23,509,588,765**
2	Payroll Tax		**811,317,025**
3	Profit Tax		**1,263,137,359**
4	Import Duty		**2,843,973,564**
5	Excise Tax		**109,971,106**
	Total		**28,537,987,819**

Note: For business performance figures depend on Financial Statement.

CEO

Souvanny Home Center Public Company

Waddana SOUKBANDITH