VIENTIANE CENTER
ວຽງຈັນເຊັ້ນເຕີ
ບໍລິສັດ ວຽງຈັນເຊັ້ນເຕີ ລາວ ມະຫາຊົນ
VIENTIANE CENTER LAO PUBLIC COMPANY
ຖະໜົນຄຸວຽງ, ບ້ານໜອງຈັນ, ເມືອງ ສີສັດຕະນາກ, ນະຄອນຫຼວງວຽງຈັນ, ໂທ ແລະ ແຟັກ: (+856) 21 228299
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Vientiane Center Lao Public Company
Business Performance Review for the year 2019 and Business Plan for the year 2020

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1. Company Profile

Vientiane Center Lao Public Company (the Company) was established on November 30 2017 and was a public company split off from North Nongchan Complex Development Co., Ltd., a joint venture between China Yunnan Construction and Investment Holding Group Co., Ltd. and Krittaphong Group Co., Ltd. Vientiane Center Lao Public Company was listed on Lao Securities Exchange on May 31 2019, stock code: VCL, registered capital: 147,199,900,000 Kip.

The business scope of the Company consists of real estate development for sales and leasing, specifically including the lease and sale of shops, office building, event space, and advertising as well as joint operations. The Vientiane Center shopping mall and office building operated by the Company have attracted well-known merchants and multinational companies such as Bank of China, Amazon Coffee, Miniso, DQ, Lao-China Railway, the Korean Western Power, and Prudential Insurance. At present, Vientiane Center has become the leading retailer and shopping, business, financial and exhibition center in Laos and is recognized as the typical cooperation model awarded by governments of China and Laos.

2. Vision and Mission

2.1 Vision

To be the leading retailer and shopping, business, financial and exhibition center in Laos.

2.2 .Mission

To bring a more fulfilling lifestyle to Laos.

3. Organizational Structure

3.1 Vientiane Center Lao Public Company has 11 directors, of which the general manager is chosen among the directors.

3.2 The 11 directors of Vientiane Center Lao Public Company are as follows:

1. Mr. Wei Hua	Chairman
2. Ms. Orlathay SANTIKHONGKA	Vice Chairman
3. Mr. Li Xiaodong	Director, General Manager

4. Mr. Bualapha SANTIKHONGKA (Yao Bin)	Director
5. Mr. Liu Guangcan	Director
6. Mr. Chai Jianhong	Director
7. Mr. Wu Xinghua	Director
8. Ms. Deng Yu	Independent Director
9. Mr. Xiao Yong	Independent Director
10. Mr. Viengsavanh PHANTALY	Independent Director
11. Mr. JoXong BouaSiNengMa	Independent Director

4. Operating Outcome

4.1. Revenue

In 2019, the annual operating income is 12,649,812,728 Kip, of which the rental income is 3,888,241,086.47 Kip, the income from office space rental is 3,725,882,684.53 kip, the income from the venture agreement is 2,389,832,918 Kip, the income from the event space rental is 1,623,211,046.48 Kip and advertising space is 1,022,644,992.48 Kip. The reason of decrease in income was due to an adoption of new accounting policy for income recognition as prescribed in the financial statements 2019.

4.2. Profit and Loss

In 2019, the profit before tax is 10,082,667,122 Kip, decreasing 29.51 percent from the previous year. The net profit is 7,733,881,659 kip. The reason of decrease was due to a reevaluation of fair value in real estate industry, since the fair value in 2019 was 500 million kip while it was at 4.4 billion in 2018.

4.3. Total Assets

For the year 2019, the Company's total assets are 240,460,212,137 Kip, increased 35% compared with the year 2018. The reason for the increase in total assets was due to the fund mobilization of 53.8 billion kip through IPO issuance in May 2019.

4.4. Total Liabilities

For the year 2019, the Company's total liabilities for the year is 72,936,075,623 Kip, increased 4% compared with the year 2018. The reason for the increase in debt was due to the new loan agreement with North Nongchan Complex Development Co., Ltd.

4.5. Taxations

In 2019, the total taxation is 2,768,340,813 Kip, of which corporate income tax accounted for 1,284,606,370 Kip, VAT for 1,469,330,443 kip and the personal income tax for 14,404,000 Kip.

5. Work of Sales and Marketing

Looking back for the year 2019, according to the World Bank report, the total GDP of Laos is about US$ 20.2 billion, and the GDP growth rate has slowed down to a certain degree, which is expected to be 6.2%. In terms of the retail and office building, the competition for commercial real estate in Vientiane has been intensified, except the previous traditional commercial competition projects such as the ITECC MALL, WTC and Parkson have also started the sales and marketing work in 2019. As for the office building, Crowne Plaza has maintained a stable occupancy while Guanxin international office building will also start operations in 2020.

Throughout 2019, the Vientiane Center Mall held a total number of 142 events, such as the 2019 MISS LAO, the launch ceremony of the international food delivery giant Foodpanda, the celebration of the 100th anniversary of the establishment of the International Labour Organization ILO, and Thai ‘one village, one product’ exhibition, Vientiane Book Festival, Malaysian Food Festival, Korean Food Festival, UN Open Day, Wonderful Indonesia, Japan Cultural Festival and some other activities which leverage Vientiane Center to spread commercial and cultural thoughts to the public; Meanwhile, Vientiane Center has self-organized 24 events, which aimed to bring positive promotion and customers to the mall. As for the office building, Vientiane Center spared no efforts to create synergies and co-development with the shopping mall, the Company aimed to take advantages from the facilities of the mall and in return bring

the stable working staff from the office building back to the mall to consume. In 2019, the office building has newly hosted 10 companies, with an occupancy rate of 79% at the year end. In the next stage, Vientiane Center office building shall maintain the previous tenants and actively seek new tenants and furthermore increase the revenue of Vientiane Center Lao Public Company to a next stage.





6. Work of the Board of Directors

6.1. Since listed on Lao Securities Exchange in May 2019, the Board of Directors organized 3 Board Meetings in total, including 2 Regular Board Meetings and 1 Extra-ordinary Shareholders' Meeting.

6.2. The Related Party Transaction Committee held 1 meeting to study the related party transactions related to the purchase of assets and formed a proposal to the Board of Directors for approval, which provided decision-making information for the Board Meeting.

6.3. According to the requirements of the Lao Securities Commission Office that the members of all the committees under the Board of Directors shall be directors. The Nomination Committee reviewed the members under Risk Control Committee, Nomination Committee, Compensation Management Committee, and Related Party Transaction Committee and formed a report submitted to the Board of Directors for approval, which provided decision-making information for the Board Meeting.

6.4. Based on the work plan, the Auditing Committee reviewed the Company's first quarter, semi-annual, third quarter and the annual reports to ensure the accuracy.

7. Corporate Social Responsibility

In 2019, severe floods broke out in northern and southern Laos. The Company responded to the Lao government's appeal and actively organized merchants and employees to donate materials or cash. Together with the 1623 rescue organization, a donation point was set up in the square in front of the mall and has raised a certain amount of clothes, drinking water, food and other materials, all were sent to the disaster area; The Company also devoted itself to the appeal from Ministry of Social Welfare, donated 20 million KIP to the disaster area, contributing to the reconstruction of the disaster area.



8. Business plan for the year 2020

8.1. Continue to carry out the purchase of high-quality assets according to the plan of the raised funds from listing, the implementation shall be approved in accordance with relevant laws and regulations;

8.2. In terms of shopping malls, (1) increase the introduction from international brands, strengthen cooperation with local brands in Laos, establish contact channels with overseas well-known international brands, and try to operate within its own brand; (2) for event advertising, this year the Company shall focus on attracting and planning more innovative and influential commercial or cultural activities, strengthening cooperation with well-known enterprises in Laos and focusing on holding well-known brand exhibitions or cultural promotion activities; (3) launch the Facebook online shopping channel, this year the Company shall deepen the operation of online shopping, improve the online products, and establish an Offline to Online model;

8.3. In terms of office building, try to create shared office meeting rooms for further revenue expansion while further cultivating the local retail and office commercial real estate market in Vientiane, the Company shall further strengthen the synergies development of shopping malls and office buildings in the near future.

Chairman of BOD

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