VIENTIANE CENTER
ວຽງຈັນເຊັ້ນເຕີ
ບໍລິສັດ ວຽງຈັນເຊັ້ນເຕີ ລາວ ມະຫາຊົນ
VIENTIANE CENTER LAO PUBLIC COMPANY
ຖະໜົນຫຼວງ, ບ້ານໜອງຈັນ, ເມືອງ ສີສັດຕະນາກ, ນະຄອນຫຼວງວຽງຈັນ, ໂທ ແລະ ແຟັກ: (+856) 21 228299
KHUVIENG ROAD, NONGCHAN VILLAGE, SISATTANAK DISTRICT, VIENTIANE CAPITAL, Tel & Fax: (+856) 21 228299

Vientiane Center Lao Public Company
Business Performance Review for the year 2021 and Business Plan for the year 2022

Content

1. Company Information
   1.1 Vision
   1.2 Mission
   1.3 Company Introduction
   1.4 Company General Information
2. Financial position and business performance
   2.1 Macroeconomics of Lao PDR 2021
   2.2 Outstanding business results
   2.3 Important financial Information
      2.3.1 Revenue
      2.3.2 Gain and loss
      2.3.3 Total assets
      2.3.4 Total liabilities
3. Organizational Structure of Board of directors and Committees
3.1 Board of director
   3.1.1 Members of board of director
   3.1.2 Members of board of director background in brief
3.2 The activities of board of director and its subordinate with committees
4. Social Responsibility
   4.1 Taxation
   4.2 Participation in social work
5 Business Plan for the year 2022

1. Company Information

1.1 Vision

VCL aims to establish the brand as the number one shopping center in Laos, as a shopping center, office center, financial center and exhibition center, service center of Laos.

1.2 Mission

To bring a more fulfilling lifestyle to Laos.

1.3 Company Introduction

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.(referred to as NNCD）, 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, including the lease and sale of shops, office building, event space, and advertising apace as well as joint business 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 (Hong Kong), Amazon Coffee, Miniso, Lao-China Railway, DKSH 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.

1.4 Company General Information

1.4.1 Location

The office is located at KhouVieng Road, Nongchan Village, Sisattanak District, Vientiane Capital.

1.4.2 Contact Information

Phone (+ 856-21) 228299

Fax (+ 856-21) 228299

Website: http://www.vclao.com/

1.4.3 Registered capital

The registered capital as of December 31, 2021 is 147,199,900,000 kip.

1.4.4 Shareholders Information

The list of major shareholders of VCL holding 5% or more as of March 11, 2022 are:

1. North NongChan Complex Development Company Limited the number of shares held is 95,999,200 shares equal to 65.22% of the total shares.

2. Lao-China Securities Company Limited held 47,471,000 shares equal to 32.25% of the required shares total number of shares.

2. Financial Position and Business Performance

2.1 Macroeconomic analysis of Laos in 2021

Looking back to 2021, the overall business environment in Laos was greatly affected by the Novel Coronavirus outbreak. Since April 2021, the Lao government has issued documents to control the epidemic, which has affected the company's business to a certain extent. First, international ports and local ports are closed and commodity transportation is not smooth, which affects the import of goods and commodity circulation of shopping malls and merchants. Second, the Lao government requested the cancellation of gatherings such as wedding receptions and product launching ceremonies during the epidemic period, resulting in the cancellation of scheduled events and a significant reduction in the number of events held in the central hall of Vientiane Center shopping mall. Third, due to the impact of the epidemic, the business of existing office renting clients in Vientiane has been greatly impacted by the market environment, and office enterprises have reduced their budgets.

At the same time, the competition of commercial real estate in Vientiane is intensifying. First, in the retail industry, Vientiane Center is facing competition from neighboring markets and shopping centers of the same category. Some markets have sharply lowered rental prices, which has exerted a certain impact on Vientiane Center. Second, the office market in Vientiane is small and there are few incremental customers. In recent years, new office projects generally reduce the rental prices to seek new customers, which intensifies the competition.

2.2 Major Business Results

Against the above background, Vientiane Center adheres to the advantages of combining shopping malls and office buildings, continuously improves property quality, creates convenient shopping and office facilities, comprehensively improves service quality, and gives certain support to merchants during the epidemic period to stabilize the rental rate.

As of December 31, 2021, the office building has a total of 25 companies, of which two companies are new customers in 2021: Maotai Wine and Nuttech Laos. In the shopping mall, there is a total of 177 merchants. In 2021, the newly introduced business partners include Crowne Plaza (Crowne Plaza Elephant Lounge), Apple authorized Stores, Phonexay, Thongkeo and Jamiena jewelry stores, and Kongjoo Thailand Milk and Shiba Milk tea shop, Local high-end brand Lancang Hardwood in Laos, Japanese underwear brand Wacoal, Southeast Asia chain CBD Furniture, Tory Burch and American light luxury brand Marc Jacobs, etc. Shopping mall event team has actively transformed the business model toward self-organized events, and more than 30 large and medium-sized activities were held safely under the condition of epidemic prevention measures. Self-organized exhibitions such as OPPO Reno5 launching event, Press conference of Thai brand soap, Let's Travel II, a Lao domestic tourism exhibition jointly held with Laos Federation of Industry and Commerce, meanwhile introducing external business partners, such as Pepsi Blackpink Global Dance Competition Final in Laos, Jaguar Land Rover and Nissan road show, etc., to ensure the customer inflow of shopping malls during the epidemic.

2.3 Important Financial Information

2.3.1 Revenue

In 2021, the annual operating income is 9,077,518,440.00 Kip, decreasing 17.5 percent from last year. The total income consists of the following: the rental income is 3,284,684,938.64 Kip, the income from office space rental is 4,161,389,339.39 Kip, the income from the joint venture is 383,892,231 Kip, the income from the event space rental is 754,859,254.2 Kip and income from advertising space rental is 492,692,676.77 Kip.

The reasons for the decrease of the company's revenue in 2021 are as follows: First, due to the outbreak of the epidemic in Laos, the Lao government issued a document to cancel the holding of domestic wedding banquet, product launch and promotion and other gathering activities, resulting in cancellation of the events held at the central hall of the mall. Second, as a result of the epidemic, the shopping mall suspended business for three months in 2021. The Vientiane Center reduced the rent for some merchants and lowered the rent prices in line with the general trend of the market. Third, affected by the epidemic, the business of some corporate customers in the office buildings has been affected, and the office rental budget has been reduced and the some of the office renting clients has moved out.

2.3.2 Gain and Loss

In 2021, the total expenditure of VCL is 2,168,144,303.00 Kip, the gain from the change of the fair value of the investment of the real estate sector is 1,534,358,840.00 Kip, the gain from the change of exchange rate is 2,797,136,009.00 Kip, interest expense is 1,493,636,087.00 kip, net profit is 8,042,395,295,00 kip. Net profit fell 13% from 2020. Reason for the decline in net profit is as follows: The impact of the novel Coronavirus epidemic led to a serious decline in revenue, which then led to a decline in profits.

2.3.3 Total Assets

In 2021, the total assets of the company were 200,177,031,937.00 kip, a decrease of 22% from last year. Reason for the decrease of assets is as follows: The principal of 64,232,500,000.00 kip loan was paid back to NNCD in October 2021, resulting in the reduction of liabilities and monetary funds at the same time, thus resulting in the decrease of total assets.

2.3.4 Total Liabilities

In 2021, the total liabilities of the company was 18,883,466,392.00 kip, a decrease of 77% from last year. Reason for the decrease in liabilities is as follows: Repayment of the principal of the loan from NNCD in October 2021.

3. Organization Structure of Board of directors and Committees

3.1 Board of Directors

3.1.1 Members of Board of Directors

The Board of Directors of Vientiane Center Lao Public Company Limited 2^{nd} consists of 11 members:

- Mr. Wang Weikun	Chairman
- Ms. Orlathai Santikongkha	Vice Chairman
- Mr. Li Xiaodong	Director
- Mr. Bulapha Santikongkha	Director
- Mr. Wu Xinghua	Director
- Mr. Sun Feihu	Director
- Mr. Luo Xiaodong	Director
- Mr. Xiao Yong	Independent director
- Ms. Zhang Tianyi	Independent director
- Mr. Viengsavanh Phanthaly	Independent director
- Mr. Josong Bouasinengma	Independent director

3.1.2 Members of Board of director background in brief

(1) Mr. Wang Weikun



Nationality: Chinese
Date of Birth: 15/05/1984
Languages: Chinese, English
Position: Chairman
Education: Master's degree from the University of Foreign Trade and Economics, majoring in Finance. Master's degree in Washida University, Japan, majoring in International Relations.

(2) Ms. Orlathai Santikhongka



Nationality: Lao
Date of Birth: 21/01/1979
Languages: Lao, Thai
Position: Vice Chairman
Education: Graduated with a Master's degree from the National University of Laos, majoring in Business Administration.

(3) Mr. Li Xiaodong



Nationality: Chinese

Date of birth: 24/12/1985
Languages: Chinese, English
Position: Director, General manager
Education: Graduated with a master's degree at Wuhan Ligong University, majoring in Business Administration.

(4) Mr. Bulapha Santikongkha



Nationality: Lao
Date of Birth: 06/02/1967
Languages: Chinese, Lao
Position: Director
Education: Bachelor's Degree in Business Administration, Hunan Ligong University, China.

(5) Mr. Wu Xinghua



Nationality: Chinese
Date of birth: 09/01/1984
Languages: Chinese, English, Lao, Thai
Position: Director, Chief Operating Officer
Education: Graduated with a Master's degree at Assumption University, majoring in Business Administration.

(6) Mr. Sun Feihu



Nationality: Chinese
Date of Birth: 17/03/1986
Language: Chinese
Position: Director, Chief Financial Officer
Education: Master's degree in Yunnan University of Finance, majoring in Business Administration.

(7) Mr. Luo Xiaodong



Nationality: Chinese
Date of Birth: 07/03/1989
Language: Chinese
Position: Director
Education: Graduated from Yunnan University of Finance, China, majoring in Finance and Accounting.

(8) Mr. Xiao Yong



Nationality: Chinese

Date of Birth: 02/07/1977
Language: Chinese
Position: Independent Director
Education: Master's degree in Finance from Shandong Provincial University of Finance, China, majoring in Finance.

(9) Mr. Zhang Tianyi



Nationality: Chinese
Date of Birth: 25/10/1976
Language: Chinese
Position: Independent Director
Education: Graduated with a Master's degree from Yunnan Provincial University, China, majoring in Law.

(10) Mr. Viengsavanh Phanthaly



Nationality: Lao
Date of Birth: 25/01/1976
Languages: Lao, English, Thai
Position: Independent Director
Education: Master's degree from the University of Washington, USA, majoring in Corporate Law and Securities Law.

(11) Mr. Josong Bouasinengma



Nationality: Lao
Date of Birth: 15/12/1972
Languages: Lao, English, Thai, Chinese
Position: Independent Director
Education: Graduated with a Master's degree from the People's University of China, majoring in Business Administration.

3.2 The activities of the Board of Directors and its subordinate committees

3.2.1 In 2021, the Board of Directors convened a total of 7 meetings, with 4 general meetings, 3 extra-ordinary meetings, 1 annual general meeting of shareholders and 1 extra-ordinary meetings shareholders.

3.2.2 According to the relevant regulations of the Lao Securities and Exchange Commission, the nomination committee examined the nomination of the 2nd members of the Board of Directors, and provided basic information to Directors for decisions-making and presented to the Board of Directors for consideration and approval.

3.2.3 To ensure the accuracy of the financial statements, the audit committee conducted 4 meetings to review the financial statements of the first quarter, the second quarter, the third quarter and the annual report of 2020 according to the annual work plan, to ensure accuracy of financial statements.

4. Enterprise Social Responsibility

4.1 Taxation

In 2021, the total annual tax obligations of VCL is 14,845 million Kip, the details of which are as follows:

No	Items	Amount(10,000 kip)	
		Year 2021	Year 2020
1	Profit tax	845.93	35,667.89
2	VAT	-	17,283.75

3	Income tax	638.58	771.35
4	Other taxes	-	-
Total		1,484.51	53,722.99

4.2 Social Responsibility

4.2.1 In 2021, during the second outbreak of Covid-19 in Laos, VCL cooperated with the Ministry of Health and the Chinese Embassy to set up a free vaccination spot at Vientiane Center, and conducted more than 13,500 doses of vaccination. The Ministry of Health has awarded a certificate of appreciation to the Vientiane Center for its contribution to the implementation of the Covid-19 vaccination.



4.2.2 The company has set up 5 fund raising boxes in the mall, to facilitate the charitable fund raising activities in Laos, the amount raised in 2021 is a total of 9,626,000 kip.





5. Business plan for the year 2022

5.1 Business of the Shopping Mall

5.1.1 Deepen the "safe and clean" prevention and control system, and create a benchmark for business operations under the "new normal" period during covid-10 epidemic.

2022 is another year during the "new normal" period in covid-10 epidemic, and the shopping malls will comply with the epidemic prevention standards of Vientiane City, and at the same time, will strictly implement the "safe and clean" prevention and control system, and create a benchmark for business operations under the "new normal" period during covid-10 epidemic. Our team will gradually increase the publicity for the major attractions in the mall such as the cinema, creating traffic to speed up the recovery of business of the shopping mall, promoting the "first store economy" support, and further strengthening the landing of international brands in shopping malls.

5.1.2 Strengthen online digital marketing and promote external exhibitions

First, continue to strengthen the online live broadcasting, forming a more standardized and more economical live broadcasting platform; Deepen the cooperation with the external online shopping APP, to lift up the online sales scale of the mall brand and increase the online turnover. Second, actively approach the international well-known brands from China and Thailand, and promote business of the mall through self-holding brand, strengthening brand effect to promote business. Third, the shopping mall will take advantage of the existing planning and design team to provide customers with one-stop activity planning service, venue renting and event equipment leasing services, to create new profit growth stream, and form a virtuous interaction cycle of customer flow and business promotion.

5.2 Business of the Office building

5.2.1 Increase efforts to find local customers in Laos and improve service standards

First, the office managing team will try to visit existing corporations in Laos to explore new clients, and actively contact the Economic and Commercial Office of the Chinese Embassy to learn about the

latest dynamics of Chinese enterprises in Laos. Meanwhile, the team will strengthen the promotion of investment in office buildings, and formulate special promotion and leasing activities during the epidemic, so as to increase the success rate of investment and increase the office occupancy rate. Second, the team will leverage the linkage effect between office buildings and shopping malls, and deepen cooperation, expand information sharing, refine service standards and continuously improve epidemic prevention measures under the "new normal" period.

5.2.2 Establish the professional brand image of Vientiane Center office building

In 2021, Vientiane Center office building has been taking quick reactions during the epidemic and has implemented prevention and control measures at different stages in accordance with the Epidemic prevention and control policies of the Lao government. While cooperating with clients in work shifts and safeguarding clients' assets and personal safety, the office managing team has also done a good job in publicity and has further enhanced its brand image of professionalism.

In 2022, the office managing team will leverage the brand images of existing international well-known clients in the office building, such as China Moutai, UK Prudential, DKSH and THPC, to increase the online and offline brand publicity and attract more new clients.

Vientiane Center Lao Public Company

Wang Wei Kun