SOUVANNY
Home Center

ANNUAL REPORT 2021



Call center
021-561111

Contents

Page

- ✓ Message from Chairman of the Board of Directors……....I
- ✓ Message from Chief Executive Officer (CEO)…….II
- ✓ Overview of the Company……1
  - ➢ Vision
  - ➢ Mission
  - ➢ Company Background in brief…….1-5
- ✓ Review of Business Operating Result 2021
  - ➢ Global and Domestic Economy Condition 2021……6
  - ➢ The Outstanding Work of the company in Brief 2021……6
  - ➢ the Company's Business Operation result 2021……7-15
- ✓ General and Important Information of Company 2021
  - ➢ Location and Network……...16
  - ➢ Contact Information……..16
- ✓ Securities and Shareholders 2021
  - ➢ Registered Capital……16
  - ➢ Shareholders……..16
- ✓ Organization Structure of Board of Directors, Managing Directors and the Activities of the Board.
  - ➢ Organization Chart of the Company……..17
  - ➢ Board of Directors of SVN 2021……18-19
  - ➢ Brief biography of the Board of Directors……...20-24
  - ➢ Director Committee 2021…….....25
  - ➢ Activities of the Board of Directors.....25
  - ➢ Remuneration of Members of Board of Directors 2021.....25
- ✓ Financial Statement Report 2021.....26-31
- ✓ Audit Service Fee 2021.....32
- ✓ Social Responsibility 2021.
  - ➢ Obligation Hand-over 2021.....32
  - ➢ Social Assistance 2021.....32-34
- ✓ Body's Management Policy 2021…….....34
- ✓ Risk Management Policy 2021.....35
- ✓ BusinessPlan for the year 2022
  - ➢ Sales Plan for the year 2022.....36
  - ➢ Marketing Plan for the year 2022.....36
  - ➢ Human Resources Plan for year 2022.....36
  - ➢ Management plan of year 2022……37
  - ➢ Investment plan of year 2022.....37



Message from Chairman of the Board of Directors

To Respectful Shareholders

The Board of Directors of the Souvanny Home Center Public Company held its 1st Board Meeting on February 18, 2022, at 2:00 PM at the Souvanny Home Center Public Company, Headquarters, the 4th Floor, Phonethongsavath Village, Chanthaburi District, Vientiane Capital.

The meeting has considered the 9 important agendas namely the consideration and approval of the report of the previous meeting of the Board of Director; the report of the business results of the company for 2021 and a financial draft of the company for 2021; the business plan of the company for 2022; the payment of dividends from the business operation of the company in 2021; the appointment of the external auditor and determination of remuneration for the year 2022; the appointment of Chairman and Deputy Chairman of the Board of Directors to replace who resigned; the company to do the loans contract from banks and financial institutions, both domestic and foreign for the purpose of expanding new more branches; the call of common shareholders' meeting for 2021; determination of the date to close the accounting book of shareholders, and an appointment of the inspection committee of shareholders' meeting and vote;

I hope that our shareholders will see and facilitate the good conditions for the company's management and development for the year 2022 in order to expand our business with continuous-ness and sustainability

Mr. Ounh Lasoukanh

Chairman of Board of Directors



Message from Chief Executive Officer

To Respectful Shareholders

In 2021, amid the global economic condition have been continuous slowdown because of germ outbreak of COVID-19, it affected the region and Laos as well as Our Company Because We had to close stores for 14days in order to prevent the COVID-19 epidemics, Furthermore, the expansion of construction sectors reduced Because more Business's income reduced especially Tourism and others, The inflation and fluctuation of rising exchange rates in the country which was difficult for us to keep up with our sales growth, However, we could continue to maintain sales growth at the 15% as our target set, the reason that we achieved as our goal set because we got support from all sectors, such as government, domestic and foreign suppliers, staffs as well as business partners, shareholders, and a customer who have always supported us.

By 2022, we target growth of 10% as our assessment of the economy of the world and Laos which still have difficulties, but we, a management team, will focus on leveraging our ability to keep our company strong and growing, and bring good benefit to shareholders and Finally, we, on behalf of Management team would like to thank you so much for your trust-ness and wish all shareholders good health and success in all your duty

Mr. Waddana SOUKHABANDITH

Chief Executive Officer (CEO)

Annual Report 2021

✓ Overview of the Company

➢ Vision

Souvanny Home Center will become a leader in the development of modern trade centers on construction materials, home decoration, home appliances, and General Supplies in all sale channels to meet the customer's needs in Lao PDR and connects to the ASEAN market.

➢ Mission

- Developing the import of construction materials, home furnishings, home appliances, and consumer goods from all areas with quality and reasonable prices to all customer groups, and all areas of Laos, contributing to be a part to drive the Lao economy.

- Improving the Service and Hand-over in all sales channels both Offline and Online to be modernized

- Enhancing the capacity of personnel and creating continuously successor staffs to be the potential personnel to cope with the new technologies changing in the transfer periods and changing of the customer's behavior in the new era

- Developing Laos' trade links with ASEAN and the world, as Laos is the center of the region
- Maintain all interests of all parties involved in the Company and contribute to social and environmental responsibility for sustainable green development.

➢ Company Background in brief.

Souvanny Home Center Public Company ("the Company" or "SVN") operates a 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 and others. Moreover, the Company also has services including the product recommendation to customers, interior design for kitchen and restroom, and product delivery. Most of the imported products of the Company are of high quality with well-known brands easily recognized and effectively managed by the modern computer system, focusing on distribution and

warehouse systems. The products can be separated over 20 categories vary on the customers' needs 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 channels is to sell through its own modern trade showrooms under the Lao PDR.'s top brand "Souvanny".

Souvanny's shop was established in 1988 by Mrs. Souvanny Soukbandith (Mrs. Souvanny), Mr. Waddana Soukbandith (Mr. Waddana), and Mr. Phannola Soukbandith (Mr. Phannola).

Year 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 economy. As such, they decided to start the distribution business of construction materials in a shophouse (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.

Year 1993

- According to the rapid growth in the construction industry in Lao PDR, the need for construction material products was increased, causing higher competition in the industry, leading the Company lost track of cost management. However, the Company eventually found the ways to directly buy the products from the suppliers in a time that the Government promotes international trades on the 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 2000

- This was the beginning point of the Company's rapid growth as the need for construction materials has increased, together with Mr. Kotsada Soukhabandith graduating from abroad and coming to help manage the Company business. This year, the Company opened the 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 a 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 the Phontong branch (currently a head office)


PHONETHONG Branch

Year 2004



- During this year, Lao PDR had opened an investment opportunity to prepare 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 PDR to 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.

Year 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, a total of 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. (Shareholding Structure by Mr. Soukbandith's Family at 51% and 33.94% by Global House International Company Limited)
- 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 a 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 the first trading day on 11 December 2015.
- On the 15th September 2015, the company has gained the certificate of quality management version ISO 9001: 2008

- And also open to reservation of IPO share during 29-30 November to 01 January 2015 at a total of 25 millions of shares with a price of 3100 Lak/share
- Moreover, on the 11th December 2015, the company officially registered to be the registered company in Lao Security Exchange.

Year 2016

- Souvanny Home Center Public Company (SVN) was held the Annual General Shareholders' Meeting for the year 2015 on 22 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 the company, the meeting considered 9 agendas and the important agenda was dividend Consideration and Payment of 2015 of the company with a ratio of 45 Lak/share

Year 2017 (January)

- Souvanny Home Center Public Company (SVN) has opened the new branch located in Xokyai Village, Xaysetha district, Vientiane Capital on the 450 Road on the 30 January 2017 with the showroom area of 12,000 sq.m. the new store is called Xokyai Branch which is in the Vientiane Capital with variety of products and full service.

XOKYAI Branch



PAKXAN Branch



- In September, The company has had the grand opening ceremony one more branch on 30 September 2017 which is the first branch of Souvanny Home Center Company located in a different province of Sisaard village, Pakxun district, Borlikhamxay province which the showroom area of 7,500 sq.m and inventory area of 7,500 sq.m with a full and comprehensive product and service to serve the customers, the ceremony was honorable to attend by Mr. Kongkeo Xaysongkham, provincial governor which was interested in Pakxun people as people in Borlikhamxay province.

Year 2018



- In the middle of year 2018, Souvanny Home Center Public Company has opened one more branch in southern provinces of Laos to service the southern market as Champasack, Salavan, Sekong and Attapeu Provinces, the new branch is called Pakse Branch which is located at Kang Village, Pakse Capital. Champasack province which has opened officially on 17 June 2018 attending the opening ceremony by Mr. Somsavarth Lengsavath, the consultant of executive committee of central party and Dr. Bounthong Divixai, the Governor of Champasack Province.
- And on September 22, 2018, Souvanny Home Center Public Company has gotten the ISO 9001
Standard Management System Certification version 2015.

Year 2019

- Souvanny Home Center Public Company, the Thongtoun Branch was stoped Service on 1 July 2019

Year 2020



- On 02 March Of 2020, Souvanny Home Center Public Company have been opened one more new Branch as Thakhek Branch Located at Phonphim Village, Thakhek District of Khammuan Province

✓ Review of Business Operating Result 2021

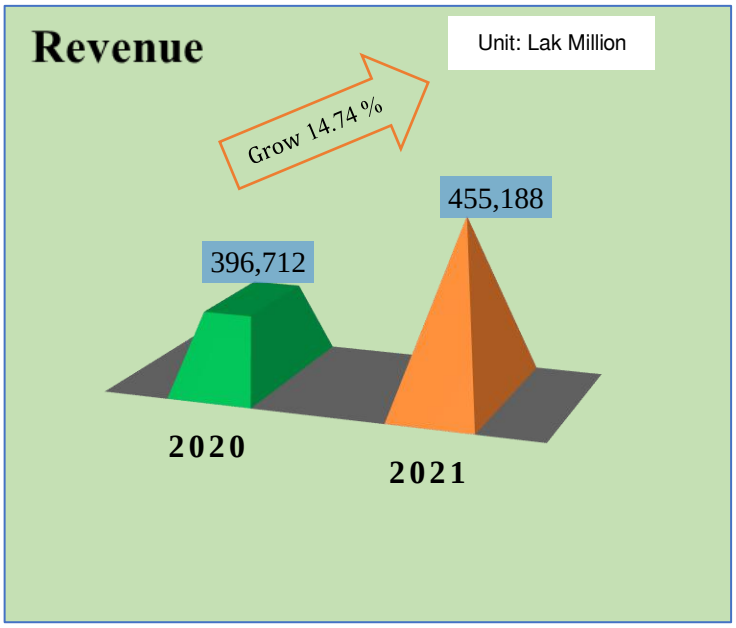
➢ Global and Domestic Economy Condition 2021

in 2021, the world faces an economic crisis from the trade war between China and the US, Middle East and East Asia conflicts and germ outbreak of COVID-19 affect the Lao economy, combined with the budget difficulties of the Lao economy which makes Lao economic growth unfulfilled as the goal set

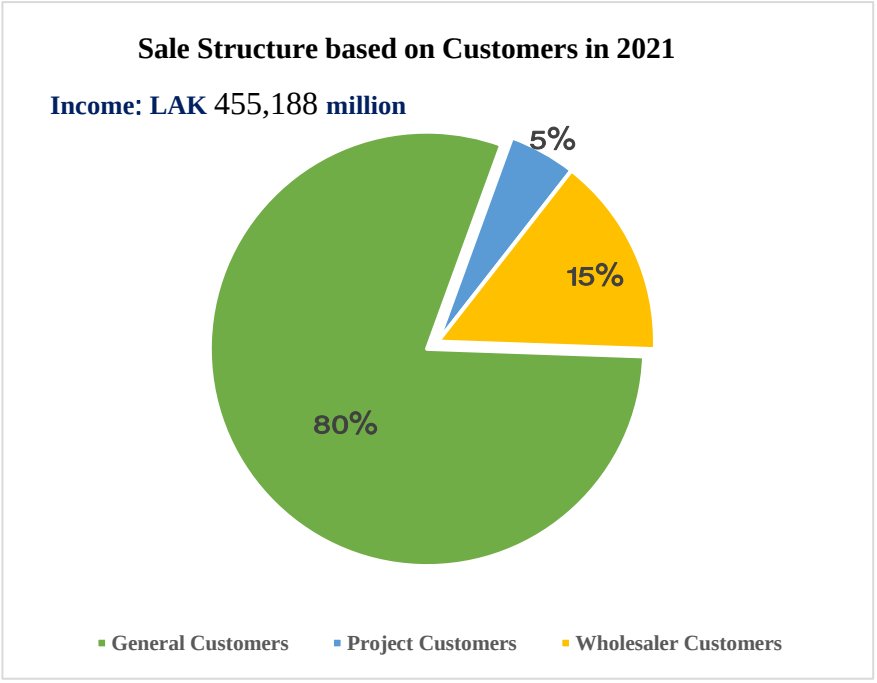
➢ The Outstanding Work of the company in Brief

In 2021, the Souvanny Home Center Public Company, we were successful in generating sales growth of almost 15% Because of expanding branches and Addressing the product group to meet the customer need which is to be the target adjustment set and also plan to expand sales channels and the broader scope of the sales, as well as provide the foundation to support growth when the market has recovered to include support for the construction growth after The Laos-China railway completed in 2022;

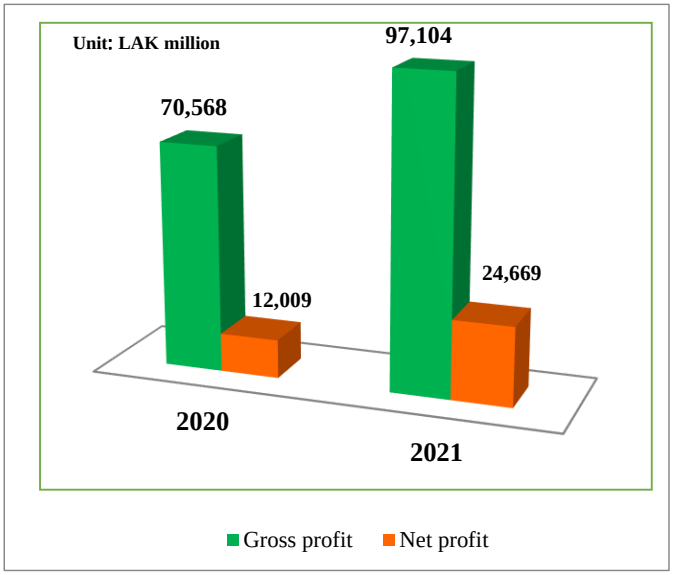
- **The company's Business Operation result 2021.**
  - **Revenue**

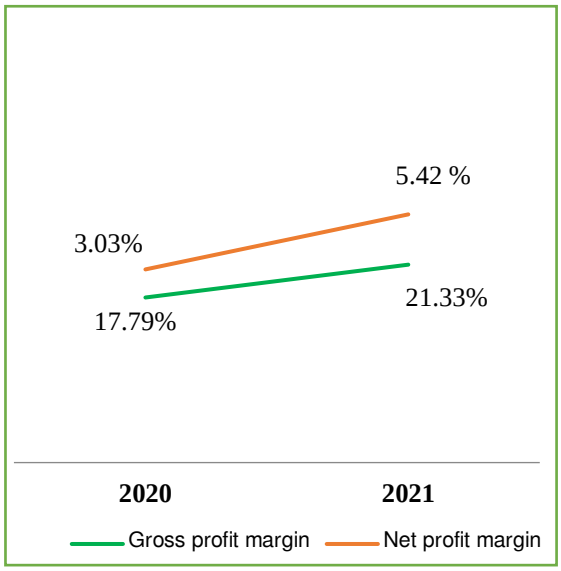


The Company has made total revenue in 2020 was equal to LAK 396,712 million and The revenue in 2021 increased to LAK 455,188 million at the percentage of 14.74 of increased growths compared with 2020, the main major of growth was an increase in product category varieties, new products, and revenue from expanding new more branches (Now, Including 7Branches).



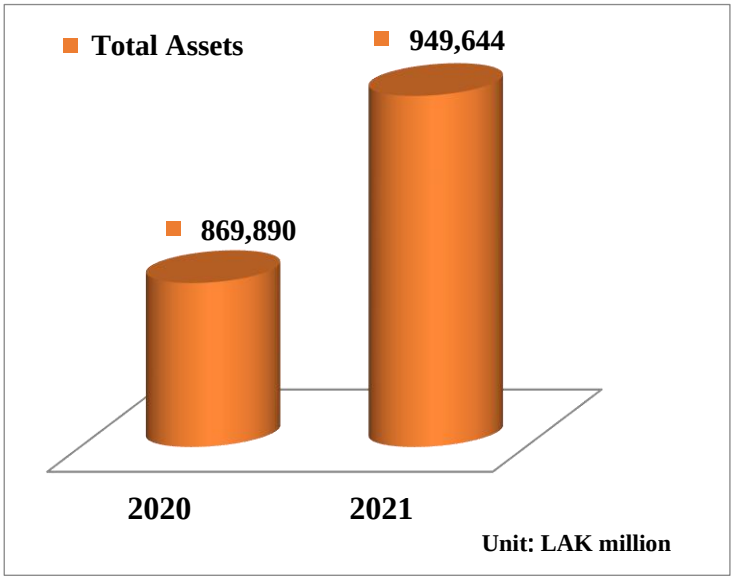
- **Net Profit**





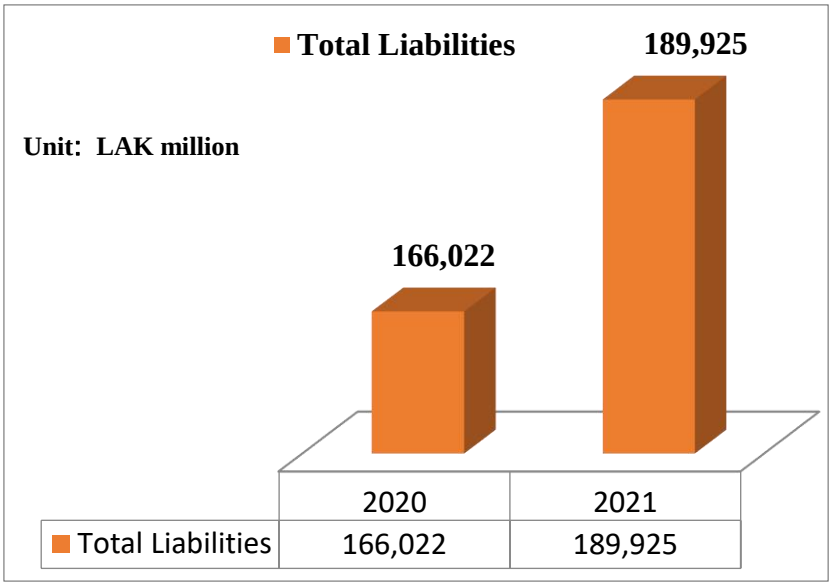
The company's net profit in 2020 was equal to LAK 12,009 million and its net profit rate amounted to 3.03 percent. in 2020, the company had net profit increased to LAK 24,669 million, and the net profit rate was equivalent to 5.42 percent, the company's net profit increased due to the company's revenue from sales of old and new branches including adjustment of product structure increasing more decorative Products

- **Total Assets**



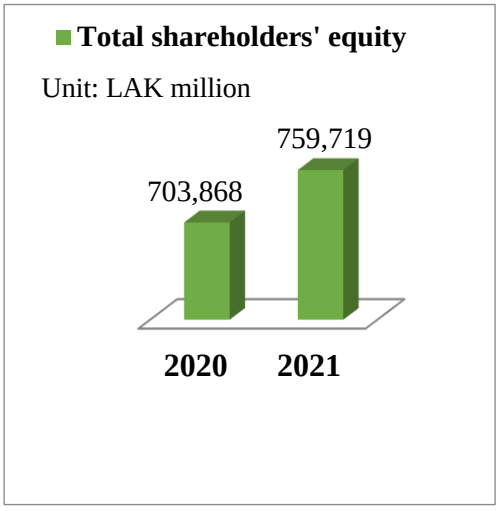
As of 31 December 2020, the Company had total assets of LAK 869,890 million and an increase to LAK 949,644 million in 2021. The main factors that the assets increased are because Company have expanded and bought the equipment for new branches namely: Thakhek branches (Khammuan Province), Savannakhet Branch (Savannakhet Province), and the products in inventories have increased based on the business expansion

- **Total Liabilities**



As of 31 December 2020, the total liabilities of the Company were increased from LAK 166,022 million to LAK 189,925 million due to the Current trade liabilities such as Bank overdraft and short-term loans from financial institutions as well as from the accounts payable and advance payment from customers that were used to conduct the company's business operations.

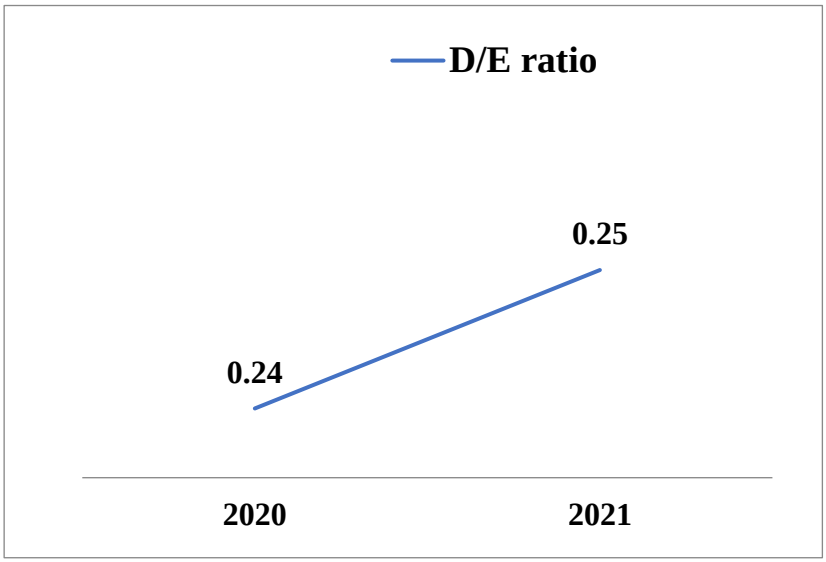
- **Total shareholders' equity**



	31 December 2020	31 December 2021
Registered capital:	330,000	330,000
Premium on share capital	24,735	24,735
Legal reserve:	5,973	8,440
Others reserve:	5,723	8,190
Retained earning:	164,542	180,915
Transaction adjustments:	172,891	207,436
Total shareholders' equity	**703,869**	**759,719**

As of 31 December 2020 total shareholders' equity was equal to LAK 703,868 million, and it increased to LAK 759,719 million in 2021. The reason was that the company deducted increasing legal reserve and others reserve, Meanwhile, retained earnings increased compared with 2020, from LAK 164,542 million to LAK 180,915 million due to the increase of net profit and exchange rate of financial rate adjustment.

- **D/E Ratio**



In 2020, there will be a debt-to-equity ratio of 0.25 But, in 2021 the D/E ratio significantly increased to 0.25 because the long loan debt of the company from a financial institution increased and the retained profit raised because of increase of annual profit which reflects the good financial structure as below 1 time and also implied to low insolvency risk and high borrowing capabilities

▪ Marketing in the year 2021

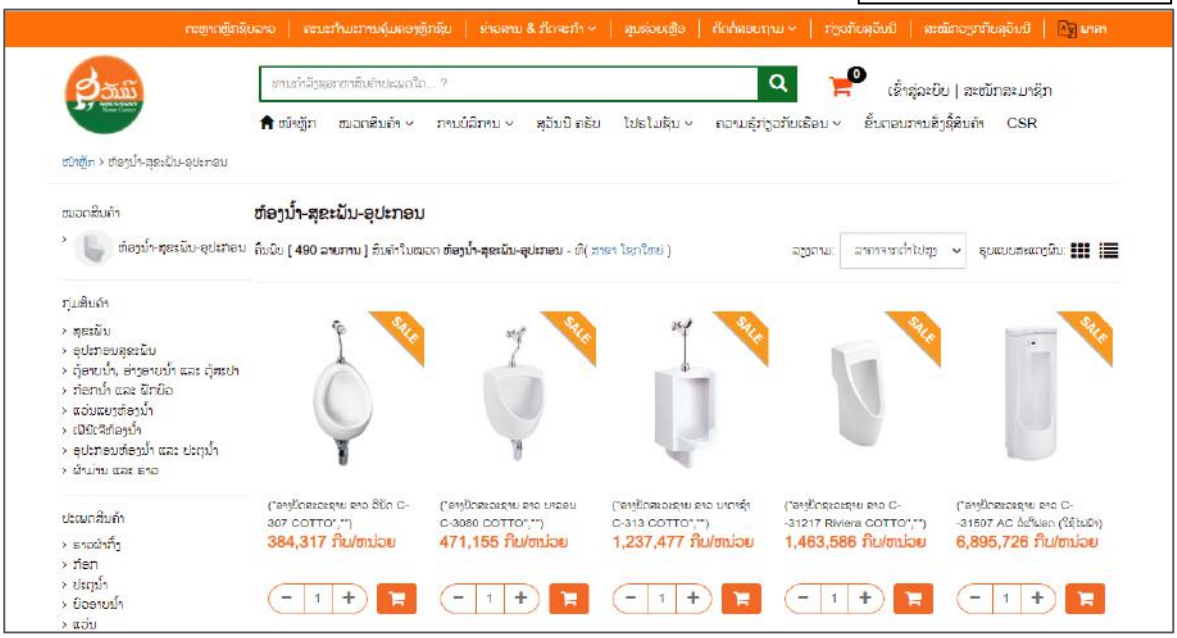
• Product Strategy:

- The company has defined the product segmentation in the right category and set the positioning of each product clearly in order to increase the efficiency of work implementation.
- Defined the product warranty in each category to make customers be confident in product quality
- Manage the best seller products and related products to be available to sell and meet the customers' need;

• Place Strategy

- In 2021, the company has gone on to create good connections with the customer types such as General Customers, Wholesalers, project customers, artisans, and vocational students in all channels through many sale promotions
- We continued to develop sale channels through the website and SOUVANNY Application that the Customers can elect and buy products on the online channel in order to facilitate to them according to customers' behaviors change that turned to buy more goods by online channel

WWW.SOUVANNY.LA



- **Promotion Strategy**
  - **Advertising:**

We advertised many communication channels with high efficiency in order to create the customers' demand and raise the acknowledgment in specific product catalogs that are the strong point of the company the detail as below:

- Printed media by leaflet to distribute to our target customer groups






- Signage such as main street billboards of each province to advertise products and souvany's Brand and Signages in front of and in the showroom





- Local Radio in different provinces such as radio of Borikhamxay, Khammuan, Champasak and Savannakhet Provinces
- Online media such as Website, Facebook, line official, Instagram, youtube, Tiktok and others.

- **Sale Promotion:**

  We launched a variety of sale promotions to be oriented to personnel selling, trade, and customer promotion the detail as below:

  - The loyalty Program, Souvanny Club for customers who would like to be members to collect scores to redeem premiums in order to persuade customers to rebuy and become regular customers





  - Sale promotion, buy at the value get free premium to immediately satisfy customers.





- Sweepstake activity, the end year 2021 promotion started from 15 October to 31 December 2021 Buying at every value of 500,000 Lak, the customer got one ticket for joining the activity, this activity distributed over 1000 prizes at the value of over Lak 300 million









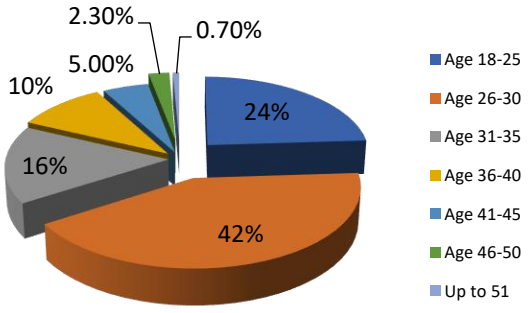


- Special Discounts Activities and others in special events such as new branch openings as Savannakhet Branch.

▪ Human Resources in the year 2021

- The company has promoted many positions for the employees who have outstanding results and raise the annual salary for all levels.
- We continuously held the training for the staffs at all level to raise their skill of work such as product knowledge, service mind, and specific subjects for the specific position.
- And also focused on the term of social welfare in order to improve employees' beings and usually paid money to them in accordance with the social welfare organization's condition

The average of the employees' age in the Company





- **Employee Training**

- We focused on training and upskilling to staffs on the product specification, selling tactic and Service mind





- **Investment in the year 2021**

On the 14 December of 2021, Souvanny Home Center Public Company expanded the new one more branch as SAVANNAKHET Branch located in the middle of Laos, Phonesavangneu Village, Kaysonephomvihane City, Savannakhet Province, which is the medium scale showroom with an area of 16,000 Square maters with over 10,000 items of goods







✓ General and Importance Information of Company 2021

➢ Location and Network

The Head Office of Company is located at No 366, Phonetongsavath Village, Chanthabouly District, Vientiane Capital. Nowadays, there are 7 branches. 3 branches in Vientiane capital and 4 branches in the different province such as:

1. Phonetong branch address: No 366, Phonetong Rd, phonetongsavath village, Chanthabouly District, Vientiane Capital
2. Sikhai branch address: 13 North Rd, Nahae village, Sikhottabong District, Vientiane Capital
3. Xokyai branch address: 450 Rd, Xokyai village, Xaysettha District, Vientiane Capital
4. Pakxan branch address: 13 South Rd, Sisaart village, Pakxan District, Borlikhamxay Province.
5. Pakse branch address: Kang Village, Pakse Capital City, Champasak Province.
6. Thakhek Branch address: 13 North Rd, Phonephim village, Thakhek District, Khammuan Province.
7. Savannakhet Branch address: 9 Road, Phonesavangneu Village, Kaysonephomvihane City, Savannakhet Province

➢ Contact Information

- Tel: (+856-21) 415645
- Whatsapp: (+856-20) 96 935 223
- E-mail: Souvanny@souvanny.la
- Website: www.souvanny.la

✓ Securities and Shareholders 2021

➢ Registered Capital

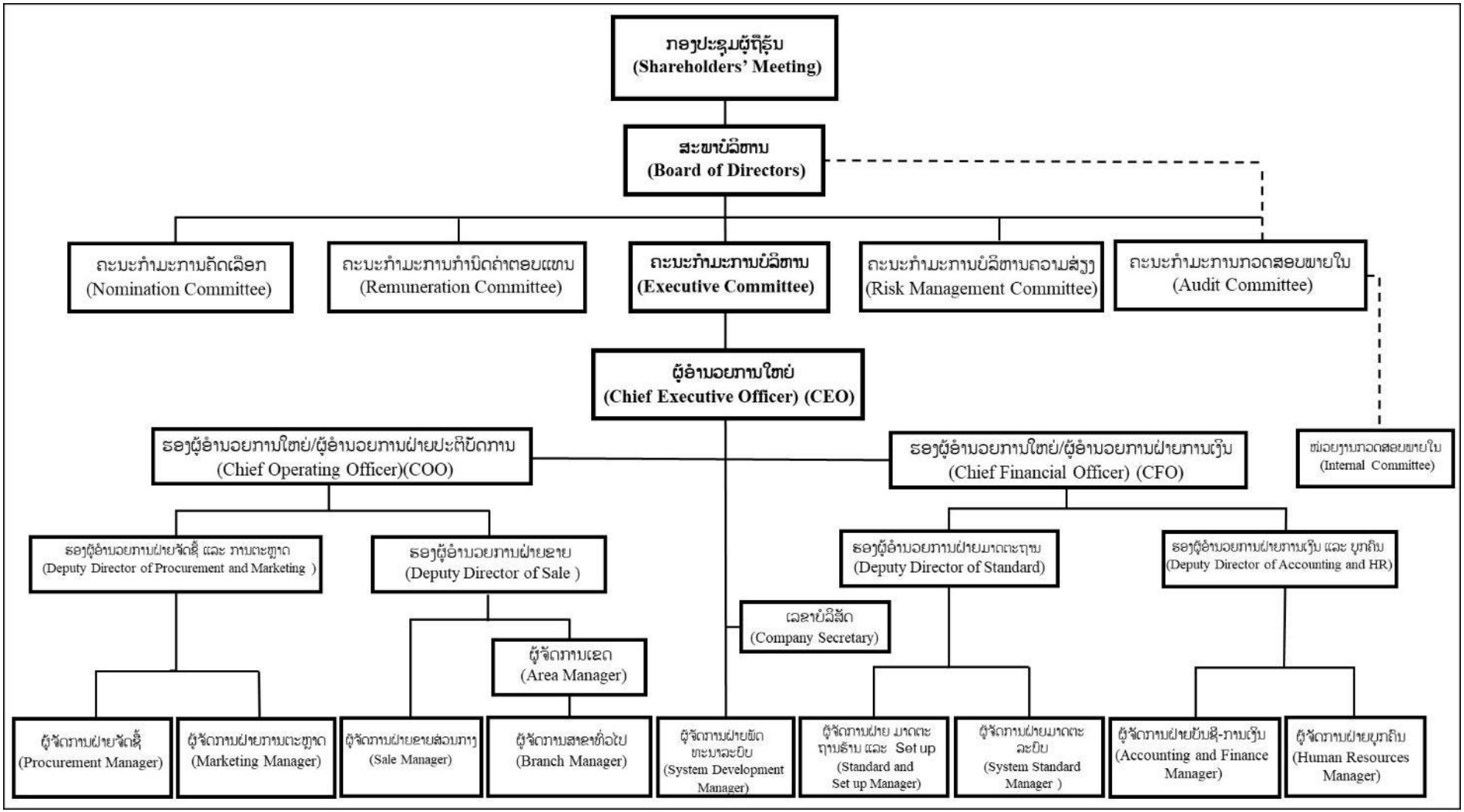
The Company has paid registered capital of LAK 330.00 billion on 31 December of 2021, as the ordinary shares of 165.000,000 with par value at LAK 2,000 per share.

➢ Shareholders.

the shareholder of the Company who has share more than 5% of total shares

- Soukbandith family with 83,893,600 shares equal to 51 %
- Global House International Company Limited with 56,000,000 shares equal to 33.94%

- ✓ **Organization Structure of Board of Directors, Managing Directors and the Activities of the Board.**
  - ➢ **Organization Chart of the Company**



➢ Board of Directors of SVN 2021



Mr. Ounh LASOUKAN
Chairman of Board of Director, Independent Member



Mr. Anousone OUNTAY
Vice-Chairman of Board of Director



Mr. Waddana SOUKHABANDITH
Board of Director, Chief Executive Officer



Mr. Bounterm KOMMITTAPHAP
Board of Director, Independent Member



Mr. Phannola SOUKHABANDITH
Board of Director, Chief Financial Officer



Mr. Kotsada SOUKHABANDITH
Board of Director, Chief Operating Officer



Mr. Xayphone KONGMANILA,Ph.D
Board of Director, Independent Member



Ms. Chutikan SRISAENGCHAN
Board of Director



Mr. Piphop VASANAARCHASAKUL
Board of Director

➢ Brief biography of the Board of Directors

First Person:



- Name and Surname : Mr. Ounh LASOUKANH
- Nationality : Lao
- Date of birth : 12 October 1950
- Religion : Buddhist
- Current address : Nongphaya village, Xaythany District, Vientiane Capital
- Position : Chairman of the Board of Directors, Independent Director
- Education : Bachelor of Labor Economics, Hanoi University of Trade Unions, Vietnam
- Work experience :
  - Head of the Office of the Supreme People's Prosecutor;
  - Assistant Head of National Land Management Authority;
  - Deputy Minister of Natural Resources and Environment

Second Person:



- Name and Surname : Mr. Anousone OUNTAY
- Nationality : Lao
- Date of birth : 01 January 1971
- Religion : Buddhist
- Current address : Phonsavang village, Xaysettha District, Vientiane Capital
- Position : Vice-Chairman of the Board of Directors
- Education : Master of Business Administration, National University of Laos, year 2017
- Work experience : Staff of SOUVANNY HOME CENTER PUBLIC COMPANY, year 1999-Presents

Third Person:



- Name and Surname : Mr. Waddana SOUKHABANDITH
- Nationality : Lao
- Date of birth : 28 October 1966
- Religion : Buddhist
- Current address : Viengchaleun village, Xaysettha District, Vientiane Capital
- Position : the Board of Directors, Chief Executive Officer
- Education : Master of Business Administration, MAHASARA KHAM University, Thailand, year 2002;
- Work experience : Chief Executive Officer of SOUVANNY HOME CENTER PUBLIC COMPANY, year 1988-Present

Fourth Person:



- Name and Surname : Mr. Bounterm KOMMITTAPHARB
- Nationality : Lao
- Date of birth : 03 March 1955
- Religion : Buddhist
- Current address : Phonsaard village, Xaysettha District, Vientiane Capital
- Position : the Board of Directors, Independent Director
- Education : Bachelor' Degree of Law University, Lao, year 2011
- Work experience : - Responsible for the Administration work of Justice Ministry, year 1982-1994.
  - Responsible for Financial work of Faculty of Law and Political Science, year 1994-1997
  - Head of Summary and Inspection Department, year 1999
  - Judge, year 1997-2015

Fifth Person:



- Name and Surname : Mr. Phannola SOUKHABANDITH
- Nationality : Lao
- Date of birth : 22 September 1969
- Religion : Buddhist
- Current address : Phonsavannuea village, Sisattanak District, Vientiane Capital
- Position : the Board of Directors, Chief Financial Officer
- Education : Master of Business Administration, MAHASARAKHAM University, Thailand, year 2002
- Work experience : Chief Financial Officer of SOUVANNY HOME CENTER PUBLIC COMPANY, year 1988-Present

Sixth Person:



- Name and Surname : Mr. Kotsada SOUKHABANDITH
- Nationality : Lao
- Date of birth : 04 January 1972
- Religion : Buddhist
- Current address : Nongnieng village, Xaysettha District, Vientiane Capital
- Position : Member of the Board, Chief Operating Officer
- Education : Master of Business Administration, Khonkaen University, Thailand, Year 2007
- Work experience : Chief Operating Officer of SOUVANNY HOME CENTER PUBLIC COMPANY, year 2000-Present

Seventh Person:



- Name and Surname : Mr. Xayphone KONGMANILA,Ph.D
- Nationality : Lao
- Date of birth : 30 December 1973
- Religion : Buddhist
- Current address : Nasiew village, Naxaythong District, Vientiane Capital
- Position : Member of the Board, Independent Director
- Education : Doctor of Philosophy in Business Management, Graduate School for International Development and Cooperation, Hiroshima University, Japan, year 2009;
- Work experience : - Telecommunication Engineer, Lao telecom development project, Enterprise of Telecommunication Laos, Vientiane, Laos, year 1995-1997
  - Project Inspector, Project Division, Hi-Key Aircond. Technology Co., Ltd., Bangkok, Thailand , year 2000-2011
  - Marketing and Operation Manager, Kharoonroj (Laos) Co., Ltd. Vientiane, Laos, year 2011;
  - Lecturer of Faculty of Economics and Business Management, National University of Laos, Vientiane, Laos, year 2002-2011.
  - Deputy Director of Department of Accountancy, Faculty of Economics and Business Management, National University of Laos, Vientiane, Laos, year 2011-2017;
  - Director of Department of Accountancy, Faculty of Economics and Business Management, National University of Laos, Vientiane, Laos, year 2017-Present

Eighth Person:



- Name and Surname : Ms. Chutikan SRISAENGCHAN
- Nationality : Thai
- Date of birth : 25 April 1969
- Religion : Buddhist
- Current address : Roi Et, Thailand
- Position : Member of the Board
- Education : Master of Business Administration, Khonkaen University, Thailand, year 2001
- Work experience : - Director of Siam Global House PCL, 2008-2012;
  - Deputy Chief Executive Officer of Financial and Accounting of Siam Global House PCL, year 2012-Present

Ninth Person:



- Name and Surname : Mr. Piphop VASANAARCHASAKUL
- Nationality : Thai
- Date of birth : 21 May 1970
- Religion : Buddhist
- Current address : Bangkok, Thailand
- Position : Member of the Board
- Education : Bachelor's Degree of humanities, kasetsart University, Thailand, Year 1993
- Work experience : - Assistant Deputy Chief Executive Officer- Business Development of Siam Global House PCL, year 2014-2017;
  - Deputy Chief Executive Officer- Business Development of Siam Global House PCL, year 2017-Present

➢ Executive committee of Company 2021



Mr. WaddanaSOUKHABANDITH
Chief Executive Officer/CEO



Mr. Phannola SOUKHABANDITH
Vice Chairman/CFO



Mr. Kotsada SOUKHABANDITH
Vice Chairman/COO

➢ Activities of the Board of Directors in the year 2021

- The Board of Directors' meeting was held for 4 times
- The Audit Committee's meeting was held for 4 times
- The Remuneration Committee's meeting was held for 2 times
- The Risk Management Committee's meeting was held for 2 times
- The Nomination Committee's meeting was held for 2 times

➢ Remuneration of Members of Board of Directors.

- the allowance to attend a meeting of member of the board of directors of the company who the independent member of the board of directors as follows:

- The Chairman of the board of directors	3,000,000 Kip/1 times.
- The Deputy Chairman of the board of directors	2,000,000 Kip/1 times.
- The member of the board of directors	2,000,000 Kip/1 times

✓ Financial Statement Report 2021

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Assets			
Current assets			
Cash and cash equivalents	6	3,285,274,048	3,734,536,186
Trade and other receivables, net	7	12,497,867,185	11,221,223,619
Inventories, net	8	289,175,467,358	244,475,544,506
Other current assets	9	7,159,850,423	7,373,681,890
Total current assets		**312,118,459,014**	**266,804,986,201**
Non-current assets			
Property, plant and equipment, net	10	637,484,068,573	603,046,157,185
Intangible assets, net	11	41,679,842	38,975,565
Total non-current assets		**637,525,748,415**	**603,085,132,750**
Total assets		**949,644,207,429**	**869,890,118,951**

Waddana SOUKHABANDITH
Chief Executive Officer
Date:18 February 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date:18 February 2022

The accompanying notes on pages 12 to 30 are an integral part of financial information.

6

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Liabilities			
Current liabilities			
Bank overdraft and short-term borrowings	13	85,686,567,355	85,933,290,928
Trade and other payables	12	59,803,233,466	43,605,028,476
Current portion of long-term borrowings	13	13,820,250,486	9,068,667,781
Profit tax payable	14	4,066,651,565	740,792,797
Deposits from customers	15	2,129,487,607	1,130,450,932
Other current liabilities	16	14,747,214,631	16,545,347,976
Total current liabilities		**180,253,405,110**	**157,023,578,890**
Non current liabilities			
Long-term borrowings from financial institution	13	9,671,632,212	8,998,418,768
Total non current liabilities		**9,671,632,212**	**8,998,418,768**
Total liabilities		**189,925,037,322**	**166,021,997,658**
Equity			
Share capital			
Authorised share capital			
Ordinary shares 165 million shares at par value of LAK 2,000	17	330,000,000,000	330,000,000,000
Issued and paid-up share capital			
Ordinary shares 165 million shares at par value of LAK 2,000		330,000,000,000	330,000,000,000
Premium on share capital		24,735,724,722	24,735,724,722
Retained earnings			
Appropriated - legal reserve	18	8,440,875,640	5,973,926,973
Appropriated - other reserve	18	8,190,875,640	5,723,926,973
Unappropriated		180,915,608,468	164,542,719,132
Translation adjustments		207,436,085,637	172,891,823,493
Total equity		**759,719,170,107**	**703,868,121,293**
Total liabilities and equity		**949,644,207,429**	**869,890,118,951**

Waddana SOUKHABANDITH
Chief Executive Officer
Date:18 February 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date:18 February 2022

The accompanying notes on pages 12 to 30 are an integral part of financial information.

7

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Revenue from sales		455,188,800,941	396,712,890,643
Cost of sales	19	(358,083,962,107)	(326,144,236,331)
Gross profit		**97,104,838,834**	**70,568,654,312**
Other incomes		1,541,717,834	2,112,328,028
Selling expenses	19	(35,015,267,862)	(31,813,074,596)
Administrative expenses	19	(31,639,110,135)	(28,552,983,777)
Finance costs		(4,989,577,589)	(4,684,273,425)
Foreign exchange gain/(loss), net		1,610,145,798	5,076,201,776
Profit before income tax expense		**28,612,746,880**	**12,706,852,318**
Income tax expense	20	(3,943,260,210)	(697,394,936)
Net profit for the year		**24,669,486,670**	**12,009,457,382**
Earnings per share			
Basic earnings per share		150	73

Waddana SOUKHABANDITH
Chief Executive Officer
Date:18 February 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date:18 February 2022

The accompanying notes on pages 12 to 30 are an integral part of financial information.

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Issued and paid-up ordinary shares	Premium on share capital	Legal reserve	Other reserve	Unappropriated retained earnings	Translation adjustments	Total equity
		LAK	LAK	LAK	LAK	LAK	LAK	LAK
Opening balance 1 January 2020		330,000,000,000	24,735,724,722	4,772,981,235	4,522,981,235	157,575,153,226	105,400,043,455	627,006,883,873
Legal reserve		-	-	1,200,945,738	-	(1,200,945,738)	-	-
Other reserve		-	-	-	1,200,945,738	(1,200,945,738)	-	-
Net profit for the year		-	-	-	-	12,009,457,382	-	12,009,457,382
Dividend paid	21	-	-	-	-	(2,640,000,000)	-	(2,640,000,000)
Translation adjustments		-	-	-	-	-	67,491,780,038	67,491,780,038
Ending balance 31 December 2020		**330,000,000,000**	**24,735,724,722**	**5,973,926,973**	**5,723,926,973**	**164,542,719,132**	**172,891,823,493**	**703,868,121,293**
Opening balance 1 January 2021		330,000,000,000	24,735,724,722	5,973,926,973	5,723,926,973	164,542,719,132	172,891,823,493	703,868,121,293
Legal reserve		-	-	2,466,948,667	-	(2,466,948,667)	-	-
Other reserve		-	-	-	2,466,948,667	(2,466,948,667)	-	-
Net profit for the year		-	-	-	-	24,669,486,670	-	24,669,486,670
Dividend paid	21	-	-	-	-	(3,362,700,000)	-	(3,362,700,000)
Translation adjustments		-	-	-	-	-	34,544,262,144	34,544,262,144
Ending balance 31 December 2021		**330,000,000,000**	**24,735,724,722**	**8,440,875,640**	**8,190,875,640**	**180,915,608,468**	**207,436,085,637**	**759,719,170,107**

Waddana SOUKHABANDITH
Chief Executive Officer
Date:18 February 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date:18 February 2022

The accompanying notes on pages 12 to 30 are an integral part of financial information.

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Cash flow from operating activities:			
Net profit before income tax for the year		28,612,746,880	12,706,852,318
Adjustments for:			
Depreciation	10	18,280,657,823	16,947,511,588
Amortisation	11	26,848,512	43,159,625
(Gain)/Loss from disposes of property, plant and equipment		(26,915,457)	(11,657,267)
(Gain)/Loss on exchange rate		(507,670,338)	(3,545,406,395)
Interest expense		4,989,577,589	4,684,286,868
Inventories provision		73,117,833	39,528,134
Trade and other receivables provision		588,643,401	374,657,127
Allowance for sale return		130,957,064	102,605,704
Operating profit before working capital changes		52,167,963,307	31,341,537,702
Changes in operating assets and liabilities			
- Trade and other receivables		(1,454,749,302)	6,258,775,324
- Inventories		(32,972,704,626)	(14,988,004,227)
- Other current assets		569,744,061	1,625,047,249
- Trade and other accounts payable		12,501,743,628	(6,172,300,403)
- Deposits from customers		944,472,113	155,415,983
- Other current liabilities		(2,756,303,782)	(3,692,671,662)
Cash generated from operations		29,000,165,399	14,527,799,966
Interest paid		(4,830,017,364)	(4,643,196,115)
Income tax paid	14	(699,394,936)	(325,885,700)
Net cash used in operating activities		23,470,753,099	9,558,718,151
Cash flows from investing activities :			
Purchases of plant and equipments		(22,689,529,359)	(11,051,303,440)
Purchases of computer software		(28,511,654)	(7,960,427)
Proceeds from disposals of property, plant and equipments		125,517,385	140,789,700
Net cash used in investing activities		(22,592,523,628)	(10,918,474,167)

Waddana SOUKHABANDITH
Chief Executive Officer
Date:18 February 2022

Phanmola SOUKHABANDITH
Chief Financial Officer
Date:18 February 2022

The accompanying notes on pages 12 to 30 are an integral part of financial information.

SOUVANNY HOME CENTER PUBLIC COMPANY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 LAK	2020 LAK
Cash flows from financing activities :			
Proceeds from short-term borrowing		405,638,543,748	373,688,462,850
Repayment on borrowings from bank		(405,480,357,342)	(374,492,428,216)
Dividend paid	21	(3,362,700,000)	(2,640,000,000)
Net cash used in financing activities		(3,204,513,594)	(3,443,965,366)
Net decrease in cash and cash equivalents		(2,326,284,123)	(4,803,721,382)
Cash and cash equivalent at the beginning of the year	6	3,734,536,186	3,740,207,940
Effect of exchange rate changes on cash and cash equivalent		1,877,021,985	4,798,049,628
Cash and cash equivalent at the end of the year		**3,285,274,048**	**3,734,536,186**
Significant non-cash items			
Other payables from purchases of plant and equipment		1,591,866,396	554,738,341
Interest payable		159,560,225	41,090,752

Waddana SOUKHABANDITH
Chief Executive Officer
Date:18 February 2022

Phannola SOUKHABANDITH
Chief Financial Officer
Date:18 February 2022

The accompanying notes on pages 12 to 30 are an integral part of financial information.

✓ **Audit Service Fee 2021.**

PricewaterhouseCoopers (Lao) Sole Co., Ltd.) was the external accounting auditor of the company in 2021 with a service fee of 36,500 USD

✓ **Social Responsibility**

➢ **Obligation Hand-over in the year 2021**

Souvanny Home Center Public Company has strictly taken under the law of the Lao P.D.R. particularly Tax law by performing its obligation to the state such as Value Added Tax, payroll tax, profit tax, and others the detail as follows

The tax handover to state in 2021		
No.	**Details**	**Total value (LAK)**
1	Import Duty	2.561.905.846
2	Value Added Tax	46.972.602.52
3	Excise Tax	4.200
4	Payroll Tax	963.666.518
5	Profit Tax	709.394.936
	Total	**51.207.574.026**

➢ **Social Assistance in 2020**

In the past year 2021, The Company has been continuous to bring happiness to society through the project of **"Sharing Brings your smile"** with over 40 programs at the total amount of over Lak 339 Million, the detail as below:

- **Assistance on Education in 2021**
  - Donated the inside Paint at the number of 10 tanks to Dongdok University, Faculty of Environmental Science to bring to help Primary school of Kerntai Village, Tulakham district, Vientiane Province on 05 January of 2021;
  - Donated the Paint and equipment to 1623 Rescue Foundation to bring to help the 489 Primary and Secondary Schools at Koudsarmbath, Xaythany District, Vientiane Capital on 15 March of 2021;
  - Donated the fund for Autistic individuals through the Foundation for Autistic individuals located Phonesaard village, Sisattanak District, Vientiane Captial on 12 April of 2021;

- Donate the money and equipment for building the primary school's defense at Phonphim village, Thakhek District, Khammuane Province on 13 May of 2021 and others;





- **Assistance on Health in 2020**
  - In the past of 2021, the Company donated the Blood to the Red Cross of Champasak, Bolickhamxay provinces and Vientiane Capital 2times with 157 bags of Blood;





  - Donated the money to Vengtao Immigration Border to by the Mortobike to use to protect the peace, and prevent the Covid-19 outbreak on 10 March of 2021;
  - Donated the money for preventing the Covid-19 germ Epidemic to Vientiane Capital Office at the value of Lak 120 Million on 27 April of 2021;
  - Donated the Souvanny Drinking water to Hospitals such as 150 bed Friendship, District Hospital of Xaysettha, Sikhotthabong and Chanthabuly, and Provincial Hospital of Borlikhamsay and Khammuane to enhance good willingness to Medical staffs to prevent and intercept the Covid-19 outbreak at the value of 10,320,000 Lak on 27 April of 2021;
  - On 05 May 2021 Souvanny Home Center joined with Thammasone Dos Co., Ltd gave the Water Tank under the brand name of DOS to Field Hospitals for curing the Patients who added the Covid-19 at the amount of 7,500,00Lak
  - Provided the Fold Bed to move the patients to the car to Namsongsi Max Rescue Foundation at the Namsom village, Paksan district of Borlikhamxay province at the value of 12,800,000 Lak on 13 September 2021;

- Endowed money using to prevent and protect Covid-19 epedimic for Khammuane and Champasak Provinces at the value of Lak 50 millions on 24 September 2021;



- **Assistance as sponsorship in 2021**
  - Supported the National Television Channel for blessing the 72 Anniversaries of the Military Estabishment Day on 06 January 2021;
  - To be sponsor of the News paper of Laos to bless the International Women Day ON 04 March 2021;
  - Supported the National Television Channel and the News Paper of Laos for blessing the 66 Anniversaries of Estabishment Day of Lao Revolutionary Party on 18-25 March 2021;
  - To be sponsor of National Television Channel to bless Lao New year 2021 on 09 April 2021;

✓ **Body's Management Policy in 2021**

The company has internal policies to manage the body by applying the Management Standard under the ISO 9001-version 2015, Using the store's standard for servicing and the computer system with effective software in order to control and approve following the work procedures under the internal and external audit team and also utilizing the Closed-circuit television to control the mistakes that might occur to the company

✓ Risk Management Policy in 2021

The Business on distributing the Construction Materials has the main risks last year following;

1. Customer's debt
2. Money Exchange rate
3. Disease Epidemics
4. And threats

We systemically manage risks the detail is below;

- On the term of managing the Customer's debt, we have used approval mechanics by carefully considering giving credits and determining the suitable credit value to customers

- On the Money Exchange rate, We accurately import the products under the Lao Law, So that we are able to buy the currency from the bank;

- On the term of Disease Epidemics such as COVID-19, We have applied the SOUVANNY APP that Customer can select and buy our products on ONLINE and On OFFLINE, We have set the prevention measure of Social distancing, wearing the mask, check temperature before entering the showroom and we have provided hand cleaning gel the entrance and many points around the showroom.

- In terms of threats such as Floods, Fires, storms, earthquakes also, we have bought the insurance for each branch to cover every situation that may arise;

✓ Business Plan for the year 2022

➢ Sales and Finance Plan for the year 2022

By 2022, the company is aiming for a 10% growth in sales compared to the previous year, Based on the assessment of internal and external environmental factors, which are still highly uncertain due to the global economy, germ epidemic, and declining orders and to achieve the goal the company will implement as following methods:

1.1. Provide new products with high quality and respond to customer needs for each segment more to increase sales.

1.2. Provide products from the factory with low cost and have form D and E to decrease cost.

1.3. Develop installation and service after sales to be more efficient.

1.4. Link both offline and online sales together, currently, we are developing the system to integrate both offline and online sales to increase sales.

1.5. Integrate three main sales channels such as general customer, project customer, wholesale customer, and study customers' needs for each segment to increase sales.

1.6. Develop products delivery to customer with right and faster.

➢ Marketing Plan for the year 2022

To achieve this growth goal and to build a long-term foundation, we have planned on the work of marketing as follows;

2.1. Create a memory of SOUVANNY brand through advertising of online and offline Media namely public billboards, Facebook pages and other

2.2. Advertising more quality and benefit of products through online and offline media.

2.3. Promote social assistance through the project of 'Sharing Brings Your Smiling' by assisting hospitals, sports and educational equipment to schools in isolated areas, blood donation to Red Cross, and disaster reliefs.

2.4. Survey customer satisfaction and study needs of target customers to improve the shortcomings and promote strength of company.

2.5. Develop platform and advertise on the online and offline channels to communicate to the targeted group in each locality.

2.6. Create sales promotion to each target customer group for boosting sales.

➢ Human Resources Plan for the year 2022

3.1. Continue on improving the store and service standards, and new product display to more meet the customers' needs.

3.2. Continue to maintain the standard of the ISO-9001 VERSION 2015 better

3.3. Apply high information technology (IT) in the management system through the writing the applications.

- **The Management plan for the year 2022**

4.1. Develop and give systematic training to personnel in order to apply the improved ISO-9001 Version 2015's standard, increase solving problems, and making decisions skills.

4.2. Enhance personnel's skills with internal and external training and rank the staff's capacity level in order to increase the potential and advancement for them to deal with the higher position;

4.3. Improve Organizational structure following changing of business models and customer behavior and develop personnel to get an understanding of coordinate to new structure relied on changing customers group in the market;

- **Investment plan for the year 2022**

5.1. Continue to study a basis information for building the warehousing following the Lao-China Railway.

5.2. Plan to expand 4 new branches from the year 2022-2025

Sharing Brings Happiness



















SOUVANNY HOME CENTER PUBLIC COMPANY
PHONETONGSAVAT RD, BAN PHONETONGSAVAT, CHANTHABULY DISTRICT, VIENTIANE CAPITAL
OFFICE TEL: (+856-21) 415645, FAX/TEL: (+856-21) 262984, WWW.SOUVANNY.LA