







Business Performance Report for the Year 2021

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I. ABOUT PHOUSY CONSTRUCTION AND DEVELOPMENT PUBLIC COMPANY

Phousy Construction and Development Public Company (referred to as "the **Company**" or "**PCD")** is one of the service providers in Design and Engineering, Procurement and Construction (Design and EPC) management. These include: design engineering, prototype engineering, procurement of materials for engineering works, and constructions. The Company aims to provide construction services focusing in infrastructure projects, namely: road construction, erosion protection and other related infrastructure work.

The Company, **"Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited",** was established by **Mr. Siphone Outhoumphone (Mr. Siphone)** in 1997 with registered capital of LAK 10,000 million, at that time, the Company targeted to be the construction service provider especially in infrastructure project in order to support and facilitate the transportation in northern part of Lao PDR. The Company has experienced the exponential growth which has made it to become the leader in construction engineering services firm of the northern part of Lao PDR. In 2009, **Mr. Sithong Phommachith (Mr. Sithong)**, a young businessman with a vision, became the Company's successor from Mr. Siphone which had achieved exceptional infrastructure projects, such as 2 levels asphalt paving in the northern areas, urban by-pass of Luang Prabang province, earthmoving project for building the road along Lao PDR-Viet Nam-Cambodia borders, conducted the road maintenance work damaged by natural disasters and others. The Company has the potential and therefore has become a leader in infrastructure development due to the fact the Company possesses number of personnel with high level of competency, state-of-the art in construction engineering and technology, maintain consistent quality and standards, on time for project hand over, as well as the ability to build trust to the customers who are the project owner. At present, the Company name has been changed to **Phousy Construction and Development Public Company** to enable the expansion of service scope in comprehensive construction engineering services and act as a project developer in the future.

Year		Summary Company Outstanding Events
1997	:	Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited were established by Mr. Siphone Outhoumphone (Mr. Siphone) with the registered capital LAK 10,000 million to operate the construction business by attend the bidding from the government or the Ministry of Public Works and Transportation (MPWT) or PWT division, Luang Prabang Province. Mr. Siphone saw the difficulty of the transportation, or ground logistic due to inconvenient and dangerous road and with his vision to expand construction business by focusing on infrastructure construction in northern part of the country.
2004 - 2005	:	From the country's economic growth and expansion spreading through small and large city, the in-land logistic has become more important. Mr. Siphone had expanded construction business to Xayaburi and Bokeo District but still focus on infrastructure construction such as Road and Bridge. At that time, Mr. Sithong was responsible for Administrative and Site Management.

2009	:	Mr. Sithong is a young business man with vision, he was successor to run the construction business by transferred from Mr. Siphone to Mr. Sithong and still use the same name as "Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited".
2011	:	Mr. Sithong saw the rapid growth of Luang Prabang Province in crowded area so he advised the Board of Directors to present a project to PWT division of Luang Prabang province to build the by-pass road No.13 North from Kokngiew Village to Phonexay Village and concrete bridge crossing Nam Khan river by total project cost of LAK 209,907 million, which Company used its own working capital to be an advance investment on the construction.
2016	:	According to Annual General Meeting of shareholders on 18th October 2016, the Company has approved to amend the par value to LAK 2,000 per share, increased the registered capital from LAK 10,000 million to LAK 700,000 million and transformed itself from Phousy Luang Prabang Road & Bridge Construction and Maintenance Sole Company Limited to **"Phousy Construction and Development Public Company"**. According to Extraordinary General Meeting on 18th November 2016, the Company has approved to increase registered capital in amount of LAK 300,000 million by issuing initial public offering in amount of 150 million shares with par value LAK 2,000 per share in order to initial public offering (IPO) to be listed in Lao Securities Exchange (LSX) which increased the Company's registered capital to LAK 1,000,000 million after IPO.
2017		On May 9, 2017, the Lao Securities Commission Office has issued a letter no. 220/LSCO to Phousy Construction and Development Public Company to reduce par value from 2000 Kip per share to 1000 Kip per share which resulted in the reduction of the registered capital amount from 700,000 million Kip to 582, 000 Kip. The altered registered capital amount was reflected in the business registration issued by Ministry of Industry and Commerce on June 27, 2017. On October 2, 2017, the company has completed its new registration capital with an additional amount of 82,000 million Kip right after its closing of the IPO resulting in the new registered capital of 582,000 million Kip. On October 10, 2017, the company had its first day trading and officially listed in the Lao Stock Exchange which has common shares of 82 million shares of par value 1000 Kip per share. The opening trade price per share was 1300 kip per share and closing trade price was at 1350 Kip per share

II- Address

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- Tel: +856 21 229696
- Fax: +856 21 265394
- E-Mail: info@pcdlao.co
- Website: www.pcdlao.com

III CORE BUSINESS OPERATIONS

Vision

Phousy Construction and Development strives to pioneer the construction, technology and development in Lao PDR and expanded our business to ASEAN countries.

Mission

Our mission is to provide the best services with international standards in all areas such as high quality, timely delivery, attention to details, honesty and fairness to our partners and customers.

Values

P: Performance that is unrivalled

C: Comprehensive customer relations as the top priority

D: Delivery of on-time high quality work

IV MANAGEMENT AND CORPORATE GOVERNANCE

4.1 ORGANIZATIONAL STRUCTURES

Board of Directors of PCD



ທ່ານ ປອ ສີທອງ ພົມມະຈິດ ປະທານສະພາບໍລິຫານ

Ph.D Sithong PHOMMACHITH

Chairman



ທ່ານ ບຸນມີ ມະນີວົງ

ຮອງປະທານສະພາບໍລິຫານ / ສະມາຊິກອິດສະຫຼະ

Mr. Bounmy MANYVONG

Vice Chairman / Independent Member



ທ່ານ ສີທາ ພົມມະຈິດ

ສະມາຊິກສະພາບໍລິຫານ / ຜູ້ອຳນວຍການໃຫຍ່

Mr. Sitha PHOMMACHITH

Member / Chief Executive Officer



ທ່ານ ພູໂຂງ ອ້ວນລະມະນີ ສະມາຊິກ

ສະມາຊິກສະພາບໍລິຫານ

Mr. Phoukhong OUANLAMANY

Member



ທ່ານ ນັນທະລັດ ທິລະກຸນ

ສະມາຊິກອິດສະຫຼະ

Mr. Nanthalath THILAKUN

Member / Independent Member

Managing Directors of PCD



ທ່ານ ສິທາ ພົມມະຈິດ
ຜູ້ອ□ານວຍການໃຫຍ່
Mr. Sitha PHOMMACHITH
Chief Executive Officer



ທ່ານ ອຳໄພວັນ ຈັນທະພາລີ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍປະຕິບັດການ
Mr. Amphaivanh CHANHTHAPHALY
Chief Operations Officer



ທ່ານ ອາໂນໄລ ສີຫາຣາດ
ຜູ້ຊ່ວຍຜູ້ອຳນວຍການໃຫຍ່ຝ່າຍການເງິນ
Mr. Anolay SIHARATH
Chief Financial Officer



ທ່ານ ດວງ ປະທຸມລັກ
ພະແນກ ຈັດຕັ້ງ ບໍລິຫານ

Mr. Duang
PATHOUMLACK

Head of HR and Administration Department



ທ່ານ ພຸດທະເສນ ພົມມິໄຊ
ພະແນກ ພັດທະນາທຸລະກິດ
ແລະ ການຕະຫຼາດ
Mr. Phoutthasen
PHOMMIXAY
Head of Business Development and Marketing Department



ທ່ານ ວິລະຄົມ ພິລາກຸນ
ພະແນກ ອອກແບບ ແລະ ສຳຫລວດ

Mr. Vilakhom
PHILAKOUN
Head of Design and Survey Department



ທ່ານ ຊາດສະໜາ ຈັນທະວົງ
ພະແນກ ກໍ່ສ້າງ ເຕົ້ານຶກ

Mr. Kethsana
CHANHTHAVONG
Head of Construction and Monitoring Deparment



ທ່ານ ນາງ ໄຮທອງ ພົມມະຈິດ
ພະແນກ ການບັນຊີ ການເງິນ
Mrs. Haithong
PHOMMACHITH
Head of Finance and Accounting Deparment



ທ່ານ ບຸນທິດ ທອງສັກດີ
ພະແນກ ພະແນກສາງ
Mr. Bounthod
THONGSACKDY
Head of Inventory Department



ທ່ານ ຄອນສະຫວັນ ທຳວົງສິດ
ພະແນກ ຈັດຊື້ຈັດຈ້າງ
Mr. Khonesavanh
THAMVONGSITH
Head of Procurement Department

4.2 SHARESHOLDERS

Shareholders	Before IPO		After IPO	
	No of Shares	%	No of Shares	%
I. Existing Shareholders	500,000,000	100%	500,000,000	100%
1.1 Ph.D Sithong Phommachith	415,000,000	83.00%	415,000,000	69.17%
1.2 Ms Pienkham Phommachith	50,000,000	10.00%	50,000,000	8.35%
1.3 Mr Siphone Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
1.4 Ms Bouaphanh Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
1.5 Mr Sitha Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.6 Ms Haithong Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.7 Ms Amphone Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.8 Ms Touybouasy Phommachith	5,000,000	1.00%	5,000,000	0.83%
1.9 Ms Phetmany Outhoumphone	5,000,000	1.00%	5,000,000	0.83%
II. Investors from IPO			82,000,000	16.67%
	500,000,000		582,000,000	

4.3 Board of Directors and Executives.

Item	Name List	Positions
1	Ph.D Sithong Phommachith	Chairman
2	Mr Boumy Manyvong	Vise Chairman/Independent Director
3	Mr Nanthalath Thilakoun	Director/Independent Director
4	Mr Sitha Phommachith	Director/Chief Executive Officer
5	Mr Phoukhong Ouanlamany	Director

4.4 AUDIT COMMITTEE (THE MEMBER OF AUDIT COMMITTEE)

Item	Name List	Positions
1	Mr Nanthalath Thilakoun	Chairman of Audit Committee
2	Mr Bounmy Manyvong	Audit Committee
3	Mr Sitha Phommachith	Audit Committee

4.5 Risk Management Committee

Item	Name List	Positions
1	Mr Bounmy manyvong	Chairman of Risk Management Committee
2	Mr Nanthalath Thilakoun	Risk Management Committee
3	Mr Sitha Phommachith	Risk Management Committee

4.6 Compensation Committee

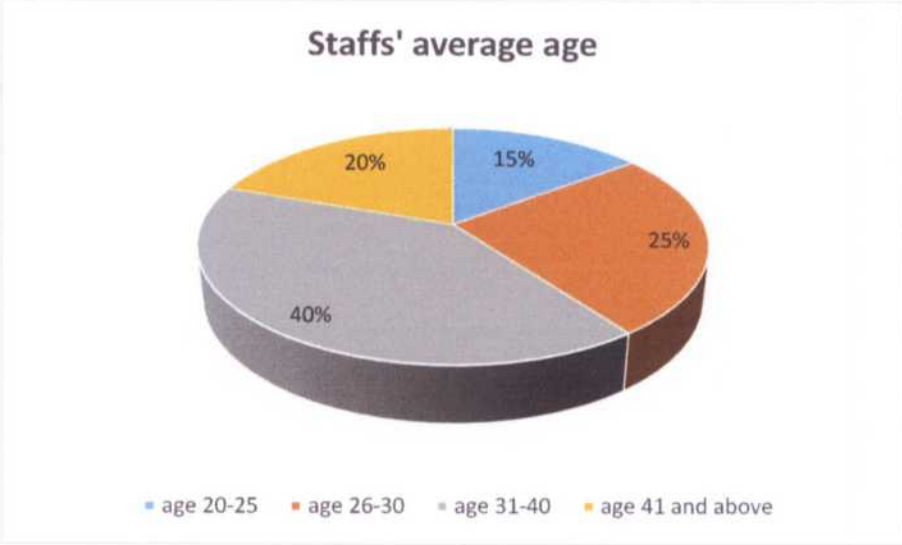
Item	Name List	Positions
1	Mr Nanthalath Thilakoun	Chairman of Compensation Committee
2	Ph.D Sithong Phommachith	Compensation Committee
3	Mr Sitha Phommachith	Compensation Committee

5 Summary of Business Performance Report for the Year 2021

Human Resource Management

In regard to the human resources management aspect, in the year 2021 PCD has focusing an organizational to be aligned with the structure and conditions of the Lao Securities Exchange. Social welfare provides better care for employees in the organization, The company conducts a survey to prepare for the provision of social security to all employees, with annual health check-ups, working on time and with annual leave in accordance with the Lao Labor Law..

- Total number of staff as off 31/12/2021: 175 staffs
- **- Resigned: 2**
- **Recruit 1 new employee**
- Staff Promotion: 0 staffs



➢ **Remuneration and Social Welfare**

- No Salary increases for staffs

➢ **Organize activities for unity of staffs**

- Not active in action due to outbreak COVID-19

Capacity building for staff

- In the Year 2021, there was no activities

Marketing

As a service provider of comprehensive engineering by emphasizing on infrastructure developments services which the majority of the project owners are the government sector. Therefore, our marketing strategy focus on the government sector by transferring the projects on a quality and on-time basis which is an important factor for the project owner that will trust on a quality provided by the Company which create an opportunity to get more jobs in the future. In addition, the Company has built good relationship with the government sector by provide and exchange the construction information along with the studies, exploration of addition areas for road project developments which creates a better chance of winning the bidding.

Currently, PCD is continuing to implement two unfinished projects: the construction of a two-story paved road from Ban Ou Village Luang Prabang District to Sibunheung village Nan district, Luang Prabang province, 50.2 km long, and an upgrade road from Kieu Cheia village to Muang Heub Village Phonethong district Laouang Prabang Province, 32.5 km in length.

I- Project completed in 2021

1.1 Emergency Traffic Correction Project from Main km 4 to Sibunheung Village, Nan District, Luang Prabang Province, value 3,939,696,400 Kip

1.2 Luang Prabang bypass repair project, length 18.4 km, value 10,572,432,076 Kip
(Both projects use government budget)

II- The project plan continues to be implemented

1. The Vientiane-Pakse Expressway project, worth more than $ 4 billion, and we, Phousy Construction and Development Public Company, are among the four companies that have been shortlisted for the final round. The survey and design of the corridor is now underway, and the Ministry of Public Works and Transport is preparing to submit it to the government to endorse. (Only Phousy Construction and Development Public Company is responsible for the 4th phase from Xeno, Savannakhet to Napong, Saravane Province, the total length is 135.2 km, the initial estimated value is US $ 1,235.82)

2. Modern resettlement villages for low-income guests of 200,000 across the country, are also looking for foreign partners.

3. The construction project of Luang Prabang Special Economic Zone worth US $ 2.5 million is waiting for the project owner to continue demarcating the border and compensating for the environmental impact before it can be implemented.

III- Projects in the plan for the year 2022-2025

3.1- Real estate development project on an area of 500 hectares in Luang Prabang Special Economic Zone. Estimated investment value US $ 50,000,000
3.2- Luang Prabang Mekong Bridge Project worth about 38,000,000 USD

- **Characteristics of Target Customers**

Our target customers are divided into the government and private sectors especially on the infrastructure development projects in the northern part of the country covering the whole country. In the future, the Company's Marketing plans have been focusing on private sectors and sector of construction development for small, medium and mega size projects consecutively.

- **Project Bidding**

The distribution channel of the Company is getting contracts from the government by submitting the bidding documents to quote the prices and negotiate the works with the project owner. The Company then receives the project bidding documents to evaluate the quotation. From time to time, the Company propose the project directly to the project owner to get an approval of the project. However, the project owner shall inspect the possibility of that road construction or project; the feasibility study is needed to mitigate the competition risk in the bidding.

- **Competitive Strategy**

The Company has a policy to increase the work in construction from the government and private sectors. To achieve our target to be a leader in construction and country's development, the Company has planned to expand the business in the ASEAN Community. In order to have a competitive advantage and achieve the target, the Company has developed competitive strategies as followed:

A. Comprehensive construction service company

The Company is a comprehensive construction provider which are prompt to submit the project proposal or enter the bidding competition of both government and private project that have put readiness to the Company to be a leading industrial developer of the country, the Company plans to invest in infrastructure development projects and property development projects with personnel with experienced in construction engineering, use of modern technology, and aim for bigger and more complex projects. The abundance of construction materials and experienced workers have contributed a success to the Company.

B. Quality and standard of the work

Maintaining the quality and standard of work is the reason that the Company has been successful. From the beginning history of the Company, the Company managed to complete the work on time, with reliability and quality of work based on the contract, serves the customers with sincerity, detailed, and honestly.

C. Submitting the work on time

The infrastructure development work, especially on the road construction is a time-consuming project. Therefore, the Company must hand over the works on time as planned. The Company is well known for the submitting the work on time which is an important factor for the Company's success that requires long-term responsibility.

The Company has a systematic management by planning in each phase with continuous personnel empowerment to ensure effective implementation of work to finish on time.

D. Pays attention on the detail of the project

The Company pays the attention on the details in all projects with high experienced managers and engineers, expert in the road, bridge and other construction projects in order to monitoring all project activities which have contributed to the improvement continuously and therefore the decrease the construction costs in various ways. Moreover, the Company aims to achieve that target by developing management concept, use of modern technology to improve the performance as well as to decrease the construction costs.

E. Being honest and fair to our colleagues

As being honest, sincere, and fair for all related stakeholders including the project owner, designer, and supervisor. Due to the fact that the designer knows the project in details. From the principles of being honest and sincere, these have led us to become a well-known company, with a good relationship among the supervisors, designers, and colleagues.

F. Being reliable and trusted by our customers

From the Company's previous success, the Company is reliable and trusted by the customers and the project owner. Since then, the Company has been regularly contacted by the government sector to attend the bidding competition.

Organizational Strategy

From the ambition to provide the best services to gain credibility and trust amongst customers, we are ready to move forward to the future:

- Increase customer base to private sector for small, medium and mega size infrastructure development projects.
- Initiate real estate development portfolio to accommodate the growth of the cities in the country.
- Maintain trust and credibility of the existing customers who worked with us for 20 years by ensuring quality, standards, timely delivery and honesty with details oriented.

TAX

Phousy Development and Construction Public Company was fully registered under the Laws of Lao PDR, especially Law of Taxation which is strictly implemented based on the following table on the payment of tax:

The State Tax in the Year 2021

Item	Details	Units	Total value (kip)
1	Value Added Tax		104.129.134
2	Payroll Tax		5.726.332
3	Profit Tax		31.238.539
	Total		**141.094.005**

Note: The Business Performance Figures are based on the financial statement report.

Managing Director
Phousy Construction and Development Public

Mr. Sitha PHOMMACHITH

Internal Audit of Company

Mr. Souvanny Kongphachit