Rehabilitation plan of Lao Cement Public Company

- According to the Agreement on the Committee for Lao Cement Public Company Rehabilitation plan, no 1731/MOD, dated 22 March 2021.

I. Purpose and Expectation:

- The purpose of making the rehabilitation plan of Lao Cement Public Company (LCC) is to collect the recommendations from relevant commissioners of related parties to define the potential instructions for the LCC to deal with the crisis by improvement and rehabilitation of the company in the near future.
- To be the instructions of implementation plan for the Lao Cement Public Company regarding the related rules and laws in Lao PDR, and also assist the LCC could be a listed company on the Lao Securities Exchange.
- To create the basic conditions and environment by supporting, attracting a new investor who is only an interested company that would like to develop the business of LCC in order to ensure the appropriateness of investment sectors including the avoidance of the company bankruptcy.

II. Background Information of company:

1. The Investment and holding shares: the Lao Cement Public Company (Lao Cement Factory II, hereinafter: LCC), registered and established in 1998. The company is a joint venture between the Chinese Yunnan Company (CYC) and the Development Agriculture Industry (DAI), at the initial stage the ratio of shareholders was CYC hold 60% and DAI hold 40%, by using the loans from Chinese government with amount of 200 million Yuan. The factory II was completed and operated in March 2002, the capacity of cement production was 200,000 ton/year, the line production was the dried oven that was the first industry in Lao PDR. On 1st January 2013, there was the amended contract of the Lao Cement Company with the Lao government by changing the shareholdings such as: CYC holds 14,280,000 shares or equivalent to 35,6964%, and DAI holds 13,720,000 shares or equivalent to 34,2966%, Lao-China Securities Company holds 7,547,800 shares or equivalent to 18,8676%, the minority shareholders hold 4,456,200 shares or equivalent to 11,1394%. Total investment value is 36,241,513 USD

2. Organization Structure and Personal:

- The Board of Directors: 10 members (6 Chineses and 4 Laotian) consist of:

1) Mr Yang chun Yin — Chairman
2) Mr Vanhthong Sithikoun — Vice-Chairman
3) Mr. Ou Yang ji Yong — Vice-Chairman
4) Mr. Zang Li — Member
5) Mr. Jie Yao qi — Member
6) Mr. xieo Je — Independent Director
7) Mr. Li chun Bo — Independent Director
8) Mr. Khambon Xaylaovong — Member
9) Mr. Vichit Souvanhnalath — Member
10) Mr. Vongvichit Keovongkot — Independent Director

- Board of Managements: 3 persons (2 Chinese and 1 Laotian) consist of:
  1) Mr. Zang Li — Managindg Director
  2) Mr. Vichit Souvanhnalath — Deputy Managing Director
  3) Mr. Jie Yao qi — Deputy Managing Director

- Number of employees:
- As of 31 July 2020, the company has 276 employees with 10 Chinese and 266 Laotian.
- Employees mostly offered to resign from the company from 1 August 2020, and the company remains the 18 employees to manage jobs. The remaining employees have stopped the work and are waiting for the provisions for employees' resignation.

3. **Production and Operations:** the cement factory II (LCC) brough law materials from own mining especially cement stone, white clay, red clay, mountain sand, but the anthracite and glue stone were from outsources. The cement product of the company uses a cycle oven with a clinker of 700 ton daily. The capacity of production was 200,000 ton per year. The main production is Portland cement with gold bull by I level and mixed cement of gold bull production with P-32.5 of ASTM standard, Lao standard and Chinese standard (GB).

   Since the establishment of the cement factory II, Lao and China shareholders have had decent collaborations with the well-known quality of products. Moreover, the company has social responsibilities especially the environmental protections, royalties and helping society. The gold bull cement production is a famous brand in the market, its company was the first that international organization acknowledged the ISO 9001:2015 of the company. The gold bull cement production was used in the constructions of the Ministry Office, National Assembly, National stadium, Lanexang avenue, Donchan hotel, Hin Heub bridge, dams, and other small projects. Apart from that, the company had chosen to be the main supplier for Lao-China railway and Vientiane-Vangvieng tollway in Lao PDR. Prior to 2019, the company had profit continuously with a good economy and fabulous society. The company has obligations for society such as: taxes payment, increasing the labor jobs for provincials, donations for provincial organizations, remaining army relationships, helping schools, hospitals, road repair and others. Significantly, the company had been rewarded by the Lao and Chinese government in several years, and was a typical business for the collaborations of technique and economy of Lao and China.

   In 2014, the company paid all the loans for factory establishment with principal and interest to the Bank of Lao PDR by the time.

   During 2003-2019, the company could produced and distributed the cement with total amount of 4,008,800 ton that earned income with total amount of 2.346 billion kip and made a profit with 101 billion kip, paid tax with amount of 194 billion kip and social responsibilities with amount of 2,62 billion kip.

4. **The concession right for mining:** the company had the concession rights and mining as follow:
   - Concession rights for cement stone mining at Bua crif, Nakhoun village, Vangvieng District with 51 ha.
   - Concession rights for clay mining at Nathong village, Vangvieng District with 3 ha.
   - Concession rights for mountain sand mining at NumPad Nuer village, Vangvieng District with 5 ha.
   - Concession rights for coal mining at Khokphouk village, Vangvieng District with 20 km2.

5. **Economic figure of company in the end of 2020:**

   Total assets and liabilities: on 31 December 2020, the company has total assets of 82,05 billion kip with total non-current assets of 23,13 billion kip, total trade receivable of 29,73 billion kip, inventories 25,59 billion kip, other current assets of 58,93 billion kip, total liabilities of 37,82 billion kip, total equity of 44,23 billion kip.

   Total assets and liabilities: on 31 June 2021, the company has total assets of 59,18 billion kip with non-current assets of 19,61 billion kip, trade receivable of 17,17 billion kip, current assets 39,56 billion kip, total liabilities of 39,45 billion kip, total equity of 19,72 billion

kip. (Attachment 01)

III. Challenges and Issues:

In 2019, there was the hyper competition of the cement price of some cement companies, in which the price of cement in the market had huge margins and under the production costs. Thus, the company faced a deficit with an amount of 22,48 billion kip, in 2020 there was the Covid-19 pandemic, which was from April 2020 until now the company has suspended the cement productions that led to lack of efficient working capital. The main reasons for suspended cement production was the company had deficit of operations with difficulties of economy and Covid-19 pandemic continuously with details below:

1. The Covid-19 pandemic, according to the order no. 06/MO, date 29 Mar 2020 on enhancing of preventive measures and protections against Covid-19 from 1st April 2020 until now, the company had suspended the cement production, several constructions projects in Lao PDR had decreased, in April to July 2020 the quantities of cement distribution of companies has decreased around 60,000 ton, the income from cement distributions were decreased by 3,220,000 USD. It accumulated losses in the semi-annual of 2020. Therefore, the LCC board of directors meeting on 23 June 2020 had decided to propose to related parties of government to suspend the cement production in order to make the improvement plan for the company to continue the operations.
2. The cement products are so over-supplied that many factories have decided to reduce the price of products to make a targeted sale with the decreasing price of cement continuously. Several cement businesses faced the deficits with the demand of purchasers in the market and delaying the cement payment from the customers which could not get the trade receivable on time that caused the company to lack the working capital to continue the production line.
3. The cement factory II has capacity of production with 220,000 ton per year, over the 20 years it was made by obsolete technique and machines that could produce cement with small amount and high costs, several number of employees, high costs of maintenance, law material source away from factory. these made the high costs of productions and face the difficulties of business.
4. The factory was located in the Vanvieng district, which is the tourist place that could have a negative impact on the tourism with the recommendation of the government for environmental protection.

IV. Opportunities and Resources:

Despite the current crisis of the company, the company has the talent on some resources that could mine and make the decisive instruction in the future as follow:

1. LCC is a listed company on the Lao Securities Exchange that could extend the development through the stock market and help the company to operate substantially in Lao PDR in the future.
2. LCC finished the loans for factory establishment with interest and principal in 2014.
3. LCC has the concession right for mining (cement stone, white clay, red clay and mountain sand) which contains sufficient amounts of those materials. Moreover, there are the concession rights for coal mining in Kokphouk village, Hinheub district, Vientiane province with the completed dig that is possible for a high economy. The report of mining is in the process of proposing the Lao government and related pirates to evaluate with accumulated amounts and reviewing that report. It expects to have the investment contract in the near future.
4. LCC has owned the gold cement products which are the famous and high demand in the the market of Lao PDR.
5. The geography: the cement factory II is near the 13 North Road and Vangvieng tourism with the well-known place, big area of factory with 58 ha, stunning view, green trees, fresh air, front

lake, back crifs and nice view of factory. After the Lao-China railway has finished in 2021, the Vangvien area shall be the central of that railway and tollway for the central tourism. The logistics are feasible and fast. That could make the location of the factory a unique cultural tour with different places.

V. Improvement and Rehabilitation plan of LCC:

According to the research with discussion on the possibility of improvement and rehabilitation plan of LCC by the Committees as follow:

1. **Short-term:** The LCC managements shall conduct the implementation of trade receivable quickly, allocate the employees with appropriateness, and reduce the costs of the company in present.

- **Employee allocations:**

The number of LCC employee is 276 persons, there were some voluntary resignations of employee with total amount of 269 persons on 1st August 2020, the remaining of 3 Lao and 4 Chinese employees who has not proposed resignations yet. Due to this period of company has to allocate the employees who resigned; the representative of contract workers shall manage the works for trade receivable and keep the factory secure with total 18 employees those employees shall receive salary based on previous manner, but other benefits shall be reduced based on the exact appropriateness and working period of contract workers without provisions to employees.

- **Trade receivable collection:**

After the suspension of the cement factory, the main task shall be the collection of trade receivable in a timely manner in order to use those funds in the payable to employees, bank loans, other liabilities that led to sue the company by employees and other debtors.

The management of the LCC shall closely instruct the trade receivable in the end of 2020 with amount of 29,73 billion kip before the completeness of the new capital contribution from investors. In case, the trade receivable was a failure, the company shall negotiate with the new investor to be responsible for that and continue to collect the trade receivable after finishing the capital contribution. However, the LCC shall have the statement of trade receivable for each client to the new investors for references in the near future.

- **Trade payable settlement:**

The LCC management shall prioritize the settlement of trade payable with real collection of trade receivable, which shall pay principle of loan from Lao-China bank on time, law materials, royalties, and others. The payable to employees shall be paid by terms with percentage of each person according to the capabilities of company. Regarding the figure of 2020, the company has trade payable with an amount of 37,82 billion kip with the remaining employee provisions payment of 9,22 billion kip. The all settlement shall be finished before the new capital contribution from the new investors. In case, it could not be settled on time the LCC shall negotiate with new investors after the completeness of transfer shares.

- **The labor dispute resolutions:**

As of 31st July 2020, LCC has 276 employees, 263 Laotian permanent employees, 6 Chinese permanent employees, 4 Chinese contract workers. In that number of employees, there were 3 Laotian and 4 Chinese employees who had not proposed the resignations, other employees had the proposal of

resignation by the agreement of provisions to labor. The calculator of provision shall make it multiple basic salary and number of working years and pay at one time with 20% of total net provision of each employee and company shall continue to pay when collecting the trade receivable from big clients in each term. Currently, the information of provision to employee's calculation includes 7 employees who have not proposed resignations with an amount of 12,08 billion kip and paid 2,20 billion kip with remaining 9,88 billion kip (those 7 employees have the same provisions calculations). at the present the resolutions plan for labor dispute as follow:

1. The unpaid number of provisions for employees:
   the company shall collect the trade receivable from big project quickly to pay the provision for employees of 80% at least within the end of 2022 and make the provision for employee payment plan (Attachment 03)
2. To avoid the sue from employees, the company shall negotiate with the new investors and could respond to pay all provisions for employees during the trading and share transfer.
3. three Laotian employees who have not proposed resignations: proposed those employees to voluntary resign and accept the benefits implementation as the resigned employees.
4. Four Chinese contract employees: implement the previous benefits as the Laotian and Chinese permanent employees

- **Finding targeted partner:**

The LCC shall study and find the new partner to develop and improve the company in the future. The LCC shall cooperate with major shareholders such as CYC, DAI, Lao-China Securities Company and others to help the survey and find the interested partners for being the developers of LCC regarding the needs of them. At the previous time, there was not any intention from partners who would like to continue to produce and distribute cement in the survey.

- The main reasons for uninterested partner to continue the business of cement productions:
  - Sufficient supply of cement products in the market of Lao PDR after the new cement factory establishment has led to high competitions and every factory is operating without full capacities.
  - The cement factory II was designed with small capacities (compared to new cement factory), obsolete technologies, old, high costs for new machine improvement.
  - The factory was located in a tourism area that has the risk from suspension of investment in case of concession expiration.

2. **Middle and Long term:** search, study and select investor or partner who could buy shares for capital contributions:

At the committees meeting of improvement and rehabilitation plan for LCC on 7 April 2021, agreed on the high possibilities that joint with new investors by changing original business or cement productions to tourism business, which use all areas of the cement factory and remain the area, law material, building, utilities and brand of cement. This option is the Zhieng Han Technology Network Company had the proposal on the joint investments to develop this project.

Cooperation plan with Zhieng Han Technology Network Company being major shareholders and LCC and changing cement business to mixed culture and tourism:

At present, the Zhieng Han Technology Network Company had a written proposal to buy the shares of CYC with 35,6964% and Lao-China Securities (LCS) company with 18,8676% in LCC. The purpose of this proposal to have a plan for developing the culture-tourism by mixing in Vanvieng area

Vientiane province with the area of cement factory II. This project would construct the gold bull cultural hall, golf club, Lao cultural park, health and other tourism services, which details of the project are on the process to the Ministry of Planning and Investments.

A. Targeted share contribution of new investor:

In the beginning, the new investor had the purpose to buy all shares of CYC with 35,6964% and LCS with 18,8676 % to become the largest shareholder in LCC. However, the share of DAI shall remain with 34,2966%, minorities shareholders of 11,1393% shall be depending on the trading of each shareholder.

B. Expectation and procedures of new capital contributions (trading shares)

The buying shares of CYC shall be implemented by contract due to the non-free float shares and share of LCS shall be bought by contract and through the market in case of transferring shares by contract, Zhieng Han company shall met the criteria of takeover that shall make tender offer to all minorities shareholders which approved by the shareholders' meeting and submit the propose to Lao Securities Commission Office (LSCO) with the appointment of securities company in order to conduct by them self and documents as follow:

- Tenders offer application forms by LSCO.
- The opinions of BODs of listed companies and independent directors regarding the tenders offer.
- Tenders offer letters.

● Tenders offer procedure as follow:

1. The new investor signed the trading securities contract with CYC and LCS.
2. The LCC shall disclose on the LSX' website regarding the trading shares of major shareholders of CYC and LCS from new investors.
3. The new inverter proposed to buy shares from minority shareholders based on the LSCO's regulations.
4. The LCC announced the cultural tourism development plan for 5 years, with duration, price and number of shares that new investors would buy through the secondary market with the approval of LSCO.

   After the tender offer is finished, in case the minority shareholders are less than 30 and ratio of minority shareholders less than 5% of total outstanding shares, LSX shall not count this requirement for delisting of LCC. However, the LSX shall keep the listing status of listed companies by giving the time of rehabilitation or changing business within 3 years according to the foreign exchanges cases to solve that matter. LSX shall retain the listing status of LCC by notice of the suspension on trading securities of LCC during the rehabilitation. In case the LCC could solve the problem, LSX shall allow securities trading of LCC on the main as usual on the first day trading without limitation of price limit (according to the LSX' regulations).

❖ **The contents on the tenders offer letter**

The full and partial tenders offer shall consist of contents as follow:

- The purpose and reasons of tender offer;
- Name, address of offeror, in case legal entity shall have name, address, business type, list of control persons, beneficiary, organizational structure and resolutions of shareholders meeting related to the tender offer;
- Information about share price, share allocation methods (in case partial tender offer), cancellation requirements for tender offer, duration and place of tender offer, and the last day of tender offer;
- Amount and ratio of shareholder of offeror in the listed companies (optional);
- Information about independent financial advisor and representative of securities company in tender offer;
- The analysis report of impacts on tender offer of listed companies;

- Information of offeror business and detail of related transaction with listed companies (optional);
- The one year forecast about improvement or rehabilitation or changing business, assets, employees, organization, AOI and other of listed companies;
- Information about buying and selling securities of the offeror of a listed company during 90 days after the submission of tender offer documents to LSCO. The company has proposed to buy shares, shall submit the letter to LSCO for considerations including the disclosed reasons and direction of business of the offeror and listed companies on the letter by the opinions of BODs and independent financial advisor.

Currently, LSCO is on the process for drafting the agreement on Takeover which shall have the procedure for tender offer as follow:

- Disclosure;
- Tender offer documents submission;
- Tender offer documents consideration;
- Disclosure on tender offer documents, opinion of BODs and independent financial advisor;
- Conduct full tender offer;
- Cancellation of full tender offer;
- Settlement and share transfer;
- Report on full tender offer.

- **The disclosure of holding shares of offer**

The offeror of full tender offer shall disclose the holding shares and inform the purpose such holding through LSX's disclosure system and other channels based on relevant regulations including the report to LSCO, LSX, and listed company for acknowledgement within one business day from the date of holding share pursuant to Article 7 of Takeover Agreement. The partial tender offer shall not require to disclose the holding shares.

- **Tender offer documents submission**

The offeror of full tender offer shall submit the documents based on the Article 18 of Takeover Agreement to LSCO with correctness and relevant documents including sending such documents to LSX for references and listed company for proposing to opinions of BODS on tender offer. The BODs of listed companies shall appoint the independent financial advisory to provide the opinion on such tender offer and references of opinions. The partial tender offer shall submit tender offer documents based on the para one of Article 18 of Takeover Agreement to LSCO for the approval.

- **Tender offer documents consideration**

  LSCO shall consider the documents of full and partial tender offer within 10 business days after the completed and corrected documents submission. LSCO shall inform the research to the offer with the reasons. LSCO has the right to require more documents and information from the offeror if it is necessary for considerations by giving reasons or more information.

- **Disclosure on tender offer documents, opinion of BODs and independent financial advisor**

  The offeror and listed company shall disclose the tender offer letter, opinion of BODs and independent financial advisor through LSX's disclosure system or other channels according to related regulation for 5 days consecutively after receiving the recommendations from LSCO.

- **Conduct tender offer**

  The offeror of full and partial tender offer shall appoint the securities company to conduct the tender offer by themselves and complete the tender offer within 30 days after the LSCO had notified or approved such tender offer.

  For the partial tender offer, after the end of the tender offer, in case shareholders agreed to sell an excess number of shares of offers that granted approval from LSCO, the allocation of such shareholders shall conduct regarding the weight average method of total shares. In case of the tender offer of a listed company that made the company delisted from market, the offeror shall

propose to buy all shares from shareholders with the same price and extend 10 business days after the end of tender offer.

- **Cancellation of tender offer**

The offeror of full and partial tender offer shall be canceled as following cases:

- There is unexpected event that may cause the damage of finance and operations of listed companies during the tender offer;
- Other matters that LSCO describes.

The offeror shall submit the cancellation form to the LSCO with the notice to LSX and listed companies for acknowledgement.

LSCO shall consider the cancellation form of the offeror within 10 business day after receiving completed such form.

The offeror shall disclose the cancellation form of tender offer to the public through the LSX's disclosure system within 1 business day after the approval of LSCO.

- **Settlement and share transfer**

The securities company who is the agent of tender offer shall perceive the agreement form of lock-up period. After one day's business of ending the tender offer, the securities company shall propose to LSX for the settlement and share transfer with relevant rules.

- Report on tender offer

The offeror of full tender offer shall report on the tender offer of listed company to LSCO within 5 business days after the end of tender offer and disclose such tender offer within 5 business to the public through the LSX disclosure website.

The partial tender offer of the listed company shall be reported to LSCO within 3 business days after the end of tender offer. After LSCO certified the report on tender offer, the securities company who is the agent of tender offer shall perform the settlement and share transfer based on the contents in Article 21 of Takeover Agreement including the disclosure of such tender offer to the public through the LSX disclosure website.

- **Price determination of tender offer:**

  - The price determinations between new investors and the major shareholders (CYC and LCS) shall be negotiated based on the contract.

  - The price determination between new investors and minorities shareholders:

  After the new investor completed the shares trading with CYC and LCS, which became the shareholder who controls the company based on Article 3 of Law on Securities (Amended) no. 79/NA, date 3 December 2019, thus the new investor shall have full or partial tender offer with other shareholders according to the closing price weighted average of LCC on the LSX that LSCO described in the regulations as reference for price determination.

  The full or partial tender offer for minority shareholders shall be implemented according to the Agreement on the price determination, which is the highest price that the offeror bought those shares in previous 90 days and such price shall not be less than market price. In case there are no trading shares of the offeror, the price determination shall be used the price average from 90 days of the end of tender offer.

- Rehabilitation, backdoor listing, and trading share redemption of LCC after rehabilitations:

  The shareholders and business restructuring of LCC could implement that without changing the listing status of the company. LCC shall have backdoor listing based on the requirements of LSX. please see more detail on the recommendation of LSX for listing status of LCC (Attachment 02).

C. Relevant legislations:

1. ***The changing original business:***

According to the Law on Promoting Investment no. 14/NA, date 17 November 2016, Article 47 and 67 para 6 that defined the rights of shareholders such as: the shareholders could change the objective or investments in case of unprofitability of business due to changing policies, laws and regulations. This means that BODs and Shareholders meeting had resolutions for such matters and proposed a single door of investment services at the Ministry of Planning and Investment in order to research the report to a high ranking level for considerations based on laws and regulations for changing new business.

2. Investment concession extension procedures:

The LCC has to change the original business from cement productions to tourism with the original contract that would terminate in 2028, thus the investor shall propose to the government for new concession to serve the new business of tourism development based on relevant law.

D. Concession rights and mining:

Due to the LCC has changed business from cement production to tourism, thus the concession right that granted from related parties could implement as follow:

1. Keeping concession rights:

In case the company has a purpose to operate the tourist business with the implementation of a contract that was signed with the government on 17 November 1998 and additional contract on 25 November 2013. The LCC could keep concession rights and mining that in line with the establishment of cement factory II by adjusting the contents on the contract and have the new signing with the government that remain the law material mining without other unnecessary contents or making a concession contract of law material (new mining concession) by receiving the special considerations instead of developer in the previous concessional area.

Apart from the coal mining contract of the government at Kokphouk at Hinhueb, Vientiane province, LCC could keep concession rights that are described on the investment contract.

2. Concession rights transfer:

In case LCC has the purpose to transfer the rights of concession for coal mining to internal partners of the company or other companies to continue to mine the minerals for cement factories that could implement the relevant laws, especially the Law on Promoting Investment, Law on Minerals, Law on Tax and so on. Nevertheless, the company has to propose to the Ministry of Planning and Investment on behalf of the contract partner for changing ownership of such concession rights.

E. Personal recruitment:

1. Laotian employee employment:

Laotian personnel would take place in the project according to the requirements of jobs with a certain amount or specific technical work related to exactly jobs. However, Laotian laborers would be considered the priorities with the former employees of LCC by appropriateness of work.

2. Foreign employees' employment:

It would be implemented based on the Law on labor (amended) no. 43/NA, date 24 December 2013, especially Section III Part 5 and Section IV part 5.

F. The challenges for rehabilitation:

Through the discussion of 1731 committees have seen that the LCC would not implement smoothly during the rehabilitation plan that may led to have some problems for unsuccessful rehabilitation as follow:

1. The LCC could not collect total trade receivable on time that led to unsettling the trade payable (including provision to employees) which have a sue and legal dispute.
2. The LCC shall not be qualified for the purpose of trading shares of CYC 2021-QGB 003 date 17 March 2021, it could cancel trading shares from Zhieng Han Technology Network Company.
3. It could not expect the successful tourist development project of such a company.
4. Despite the cultural and tourist development project being unique, there are similar tourists in the competitions.

G. Advantage and Challenges of rehabilitation plan:

- **Advantage:**

1. To maintain the image and history of vital collaboration substantially between the Lao-China government.
2. To be a basic condition for enhancing the history and typical company for collaboration of two nations Lao and China.
3. To keep the image of LCC on listing status on the LSX and remain the gold bull brand.
4. To follow the government's direction, Vangvieng is a tourist destination, including the potential of substantial development of the company.
5. Despite changing core business, the company could keep and use the original buildings and famous brand.
6. To select the experience employees for the company based on the job require and create the opportunities of jobs for provincial people.
7. There are buildings and facilities that could use buildings, constructions, roads, utilities and others for serving the cultural and tourist development business.
8. Some former employees of LCC would have hoped to apply for the job at the new project.
9. There is the verification of the Zhieng Han Technology Network Company from the cabinet of trade and economy of the Chinese embassy to Lao PDR.
10. There are more modern tourist places, it is a decent optional attraction for tourists from domestic and foreign countries to visit Vangvieng.

- **Challenges, Disadvantage:**

1. The company could not operate the core business such as cement productions.
2. To attract investors and change a cultural tourism business that has to be comprehensive and getting support from related parties from government and society closely.
3. The company shall not make a profit during the change of tourist business in the initial stage.
4. The tourist service in Vangvieng is a supreme competition that several parties would like to invest from past to future, thus this project shall strengthen and launch quickly including the new products of tourism to make a landmark and compete in the future.

VI. The recommendation of assistance from government:

1) To propose the government to support the keeping of LCC on the LSX, due to the new capital contribution of LCC would like to strengthen the culture and tourist development that is provincial unique with the income generation, increased royalties, bright projects, creating value-image for listed companies and attracting new investors continuously. Besides that, if the

company delisted from LSX, it would make the company bankrupt, invalid other assets, and cause a loss of shareholders.

2) To propose the government to approve the change of business from cement production to tourism as the core business of the company.
3) To extend the concession term (investment contract): the company is in the process of capital contribution or rehabilitation for changing the core business to culture and tourist development, those investments shall not make a profit in the short-term. Therefore, the company would like to propose the government to extend the terms of concession of LCC or facilitate the creation of new concessions to be done quickly and the new concession contract shall be at least 50 years.
4) To propose the government to solve the delay of trade receivable by encouraging the clients to settle the debt quickly with direct or indirect way. This would make the company solve the liabilities after suspension of cement production and reduced costs to achieve the development sooner.
5) To propose the government to give the incentive of customs and taxes for such a project.
6) To propose to government to add a such project in the Lao-China collaboration plan, including the central and provincial collaborations on the master plan of technique-economy between two governments and relations mechanism between north provinces with Yunnan province to make a condition for such project receiving the support policies, fund and facilities from related parties of both countries.

VI. Opinions and evaluations of 1731 committee:

1. To help the LCC that could complete a rehabilitation plan under the difficult circumstances and uninterested investors for cement business. The company has to consider changing core business by changing to a culture tourist development business with the potential of assets of the company such as venue, building, and other facilities that could utilize those assets for improving the direction of the company by supporting and promoting the successful outcome.
2. The mixed culture tourist development in Vangvieng that the government has a target to be the center of tourism, seems to be in line with the directions of the substantial development of Lao PDR.
3. The cement factory II is located in Vangvieng that the government has a goal to make the Vangvieng as the national tourism, which trend to suspend the cement factories when finished the term of concessions in the future.
4. On the survey of investing in LCC, there is only Zhieng Han Technology Network Company that is interested to invest in LCC by capital contributions and become the largest shareholders to implement based on the procedure of share transfer of LSX that would be fair for shareholders.
5. The committee of rehabilitation of LCC shall have consensus agreement on supporting to achieve the rehabilitation plan of LCC that could be implemented effectively. Therefore, the committee requested Zhieng Han Technology Network Company continuously intend to invest in the culture tourist development business sincerely based on the laws and regulations of Lao PDR. In addition, the committee requested related parties for further collaborations to advocate the rehabilitation plan of LCC by achieving the goal in a certain time.

Indeed: this option shall be only way to improve and improve the LCC from corrupt and only option for interested investor of LCC which make clear documents to buy share officially base on these conditions:

1. LCC shall be listed company on the LSX

2. LCC could have the extension of concession or creation of the investment contract with the government on time.
3. LCC shall change the core business from cement productions and distributions to the tourist development.

This rehabilitation plan was researched and consented in the committees to make the rehabilitation plan of LCC on 30 December 2021.

Head of Committee
Improvement and rehabilitation of LCC