Business Performance 2018 of Lao Cement Public Company

1. Business Overview 2018

1) Due to a decline of cement price in 2018, it respectively caused a drop on sales and selling price of the company. Yet, LCC has come a breakthrough and maintained its profit generation in the competitive market. A total distribution of sales in 2018 accounted for 190,000 Ton, the total revenue from its business operation was LAK 9.74 billion, equivalent to USD 11.41 million with the net profit of LAK 570 million or equivalent to USD 66,000.

2) LCC achieved to be officially listed on the Lao Securities Exchange (LSX) on March 2, 2018 with IPO of 12 million shares, equivalent to USD 3.47 million, becoming the 7th company as well as the first Chinese company listed on LSX.

3) LCC had its technical improvement on infrastructure. The mobilized fund from IPO was mainly utilized into its factory upgrade such as: The High Voltage Frequency converter transformation Phase I was completed its installation and operation, which can help reducing power consumption of raw materials grinding machine for 38.7% and of cement grinding machine for 20.7%. On Phase II, it shall continue to finish the clinker inventory improvement for heightening quality and effectiveness before rainy season.

4) An effectiveness of resource development was carried under the collaboration of both parties on gypsum mining. Currently, pebbles were successfully manufactured, it consequently reduced a cost of gypsum for 10%, and they are now sold in offshore markets.

5) Receivables and Debt-to-Equity ratio were efficiently controlled once compared with the previous year (2018). The receivables decreased around 12%; Debt-to-Equity went down for 31%. The financial risk was deemed low.

6) Interest for all shareholders were guaranteed with return of USD 400,000. After being listed on LSX for 3 months, LCC had paid dividend to all shareholder in a payout of USD 305,000.

7) After granting a right for coal mining exploration that postponed for a year, drilling task on coal mining was all completed. With many drilling holes, valuable mines have been found and currently noted in survey report for related ministries.

8) Internal Control was intensified to another pace for quality standard. The company achieved ISO 9001:2015 Quality Management System, an improvement and upgrade on regulations, an advocate for corporate reform as to merge the relevant divisions together.

9) Training for both Chinese and Lao employees was implemented with quality, safety and eco-friendly manner. Administrative and Technical training were delivered to more than 200 employees per each training.

10) The company achieved with zero-accidents and eco-friendly/safety environment within the year. They are keen to perform corporate duties to the public, answer all of questions to local communities, contribute road and bridge improvement in locality. During the natural disaster in July at the southern part of Laos, they were wholeheartedly to help with donations.

2. Business Plan 2019

Highlighted plan for the year 2019 consists of 6 dimensions:

1) Selling function shall be strengthened under the competitive market. Aside from mainly supplying to Lao-China railroad project and Vientiane – Vangvieng Highway, it needs to target small/medium clients for more customer penetration.

2) Technical improvement shall be taken on progression in order to assure the quality of cement product under "Golden Bull" trademark and being the number 1 of service in Lao cement industry.

3) Implementation of facilities improvement shall be carried with a reduction of operational excess in order for Operations Cost Control.

4) A reform to development shall be pushed. One is to expand manufactured pebbles products onto overseas markets for revenue growth. Second is to guarantee and boost coal mining exploration with hurry and intense concentration, reduce cost of coal usage.

5) Internal reform shall be continued with an efficient number of employee discharge.

6) Zero accident and eco-friendly environment shall be guaranteed as well as corporate duties to communities shall be implemented.

All of the above contents are my report. All shareholders please consider and give comments.

Vientiane, Dated 30 APR 2019

Lao Cement Public Company

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