ບໍລິສັດ ວຽງຈັນເຊັ້ນເຕີ ລາວ ມະຫາຊົນ
VIENTIANE CENTER LAO PUBLIC COMPANY
ຖະໜົນຄຸວຽງ, ບ້ານໜອງຈັນ, ເມືອງ ສີສັດຕະນາກ, ນະຄອນຫຼວງວຽງຈັນ, ໂທ ແລະ ແຟັກ: (+856) 21 228299
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Vientiane Center Lao Public Company

Semi-Annual Report 2023

1. Company Profile

1.1 Vision

To create the first commercial brand in Laos and build the "shopping center, office center, financial center and exhibition center" in Laos

1.2 Mission

To implement the urban lifestyle

1.3 Company Profile

Vientiane Center Lao Public Company was established on November 30, 2017 as a public subsidiary by North Nongchan Complex Development Co., Ltd. (a joint venture founded by Yunnan Construction and Investment Holding Group Co., Ltd. and Krittaphong Group Co., Ltd.) through high-quality assets divestiture, and listed on the Lao Stock Exchange on May 31, 2019, with the Stock Code of VCL.

The Company operates in the field of real estate development for sale and rental, specifically store rental and sale, office building rental and sale, event venue rental, advertising space rental, and large business associates. With brand promotion, service enhancement and business format adjustment, the shopping malls and office buildings operated by the Company Vientiane Center have attracted well-known merchants (Bank of China, Amazon Coffee, Miniso, MAJOR Cinema, etc.) and major multinational corporations (KOWEPO, Prudential, DKSH, etc.) to set up businesses. At present, it has been initially developed into a "shopping center, office center, financial center and exhibition center" in Laos, which is the first commercial brand in Laos and regarded as a model of Sino-Lao cooperation by the Chinese and Lao governments.

1.4 Basic Information of the Company

1.4.1 Address

The office of Vientiane Center Lao Public Company is located at Khuvieng Road, North Nongchan Cillage, Sisattanak District, Vientiane, Lao P.D.R.

1.4.2 Contact Information of the Company

Phone No.: (+856-21) 228299

Fax: (+856-21) 228299

Website: http://www.vcplao.com/

1.4.3 Registered Capital

As of August 15, 2023, the registered capital of Vientiane Center Lao Public Company was 147,199,900,000 KIP.

1.4.4 Shareholder Information

Shareholders holding 5% or more of the shares as of August 15, 2023:

(1) North NongChan Complex Development Co., Ltd., holding 95,999,200 shares, accounting for 65.22% of the total shares;

(2) Sino-Laos Securities Co., Ltd., holding 47,433,000 shares, accounting for 32.22% of the total shares.

2. Industry Analysis and Important Financial Indicators of the Company

2.1 Industry Market Risk Analysis

2.1.1 Shopping Mall commercial and operation: First, the continuous depreciation of the Lao legal currency KIP and the high inflation rate lead to the decrease of residents' purchasing power, the difficulty of international brands entering the market of Laos, and the overall investment landing cycle of the shopping mall is long; Second, due to the depreciation transmission, the price of goods in Vientiane Center shopping mall rose, and there was a certain degree of slow change and lag in the new, resulting in poor overall sales of settled merchants; Third, emerging commercial entities such as Parkson, Naga Mall and Wanxiang Life Center are gradually maturing, forming the core business circle of Laos together with Vientiane Center, and also forming a competitive situation.

2.1.2 Commercial and operation of office building: First, tenants are affected by the market environment, causing them to reduce their budgets, resulting in some customers to withdraw rent and reduce rent. Second, Naga Mall and Vientiane Life Center around Vientiane Center also took out shops to attract office customers to settle in, forming competition and customer diversion.

2.2 Important Business of the Company

Under the above-mentioned industry background, Vientiane Center adhered to integrating the advantages of shopping malls and office buildings to improve the visitor flow volume by holding commercial events at the atrium of the mall, constantly improve the flow of customers, and creates convenient shopping and office facilities while continuously improving the service quality of office buildings. In terms of activity investment, a total of 37 large and medium-sized activities were held in the first half of 2023, including the Laos 2023 Intellectual Property Week, Ready 4 Work Festival, Korea Week, Japanese Film Festival, Auto show (Geely, Nissan, Kia, Hyundai, Dong feng, Great Wall, BYD), International Children's Day, etc. In terms of advertising commercial, we established a long-term cooperative relationship with Food Panda and signed a large glass curtain wall billboard in the shopping mall. Cinema through the introduction of new films and preferential activities and other ways to boost consumer confidence in the market, gradually improve the attendance.

2.3 Important Financial Indicators of the Company in the First Half of 2023

2.3.1 Revenue

In the first half of 2023, the Company achieved a total operating revenue of 8,303,155,898.00 KIP, a growth of 76.06% year-on-year, including 2,158,166,584.92 KIP from rental receipts of stores, 2,947,964,444.43 KIP from rental receipts of office buildings, 1,405,212,385.00KIP from joint operation, 345,969,492.21 KIP from rental receipts of event venues, 545,514,726.24 KIP from rental receipts of billboards and900,328,265.20 KIP from other income.

The reasons for the growth in the Company's operating revenue in the first half of 2023 are listed as follow.

First, the Vientiane Center office is positioned as a high-end office center in Vientiane, the capital of Laos. Since the end of the Covid-19, investors have continued to settle in Laos and invest, making new tenants of the office buildings continue to increase.

Second, the exchange rate fluctuates greatly, the inflation rate remains high, and the kip rental price rises greatly.

2.3.2 Profit and Loss

The operating expenditure of the Company in the first half of 2023 was 2,228,701,568.00 KIP, an increase of 32.25% year-on-year, the main reason is that in the first half of 2023 compared with

the first half of 2022, the KIP depreciated by about 27% against the US dollar, and the company's property management fees and audit expenses were caused by US dollar contracts.

The foreign Exchange loss of 599,421,408.00 KIP, mainly due to the serious depreciation of kip, collected US dollar margin and other exchange gains and losses;

the pre-tax profit was 5,481,032,923.00 KIP, the income tax expense was933,297,712.00 KIP, and the net profit was 4,547,735,211.00 KIP, a increase of 59.50% year-on-year. Reason for net profit growth: The Company's revenue growth drove net profit growth.

The decrease in net profit was caused by the decline in the Company's revenue, the increase in property management expenses and the decrease in foreign exchange gains.

2.3.3 Total Assets

The total assets of the Company in the first half of 2023 were 302,437,539,293.00 KIP, an increase of 2.07% compared with 2022.

The increase in assets is due to the profits of the Company during the reporting period.

2.3.4 Gross Liabilities

The Company's gross liabilities for the first half of 2023 were 40,368,593,570.00 KIP, a 6.13 percent year-on-year increase in 2022.

The reasons for the increase of debt: first, the increase of deferred income tax; Second, the collection situation is relatively good, the advance collection of accounts increased; The third is the depreciation of the kip, and the customer pays the deposit in dollars, resulting in an increase in liabilities.

3. Organizational Structure of the Board of Directors and the Executive Committee

3.1 Board of Directors

3.1.1 Board Members

There are 11 members in the board of directors of Vientiane Center Lao Public Company as follows:

1. Mr. He Jun	Chairman
2. Ms. Orlathay SANTIKHONGKA	Vice Chairman
3. Mr. Wang Weikun	Director, General Manager
4. Mr. Bualapha SANTIKHONGKA (Yao Bin)	Director
5. Mr. Wu Xinghua	Director
6. Mr. Luo Xiaodong	Director
7. Mr. Lei Yaohai	Director
8. Mr. Zhang Tianyi	Independent Director
9. Mr. Xiao Yong	Independent Director
10. Mr. Viengsavanh PHANTALY	Independent Director
11. Mr. JoXong BouaSiNengMa	Independent Director

3.1.2 Resumes of Board Members

（1）Mr. He Jun



- Nationality: Chinese
- Date of birth: 11 /04/1989
- Languages: Chinese, English.
- Designation: Chairman
- Education: Graduated from University of YUNNAN(China), Major in Master degree of the Business Administration.

（2）Ms. Orlathay SANTIKHONGKHA



- Nationality: Laos
- Date of birth: 21 /01/1979
- Languages: Chinese, English.
- Designation: Vice of Chairman
- Education: Graduated from Laos National University, major in Master of Business Administration.

（3）Mr. Wang Weikun



- Nationality: Chinese
- Date of birth: 15 /05/1984

- Languages: Chinese, English.
- Designation: Chairman
- Education: Graduated from University of International Business and Economic(China), Major in Master degree of the Finance; Waseda University(Japan), Major in Master degree of the International Relations .

（4）Mr. Boulapha SANTIKHONGKHA



- Nationality**:** Laos
- Date of birth**:** 06/02/**19**67
- Languages: Chinese, Laos
- Designation: Director,
- Education**:** Graduated from South China University of Technology, major in Bachelor degree of Business Administration**.**

（5）Mr. Wu Xinghua



- Nationality**:** Chinese
- Date of birth**:** 09/01/**19**84
- Languages: Chinese, English, Laos, Thai
- Designation: Director, Chief Operation Officer
- Education**:**Graduated from Thailand Assumption University, major in Master of Business Administration**.**

（6）Mr. Luo Xiaodong



- Nationality**:** Chinese
- Date of birth**:** 07/03/**19**89
- Languages: Chinese
- Designation: Director
- Education**:** Graduated from Yunnan University of Finance and Economics, major in Bachelor of Finance and Financial Management**.**

（7）Mr. Lei Yaohai



- Nationality**:** Chinese
- Date of birth**:** 28/11/**19**84
- Languages: Chinese
- Designation: Director, Secretary of the Board of Director
- Education**:** Graduated from Khon Kaen University, Thailand, major in Master of Business Administration**.**

（8）Mr. Xiao Yong



- Nationality**:** Chinese
- Date of birth**:** 02/**0**7/**19**77
- Languages: Chinese
- Designation: Independent Director

- Education: Graduated from China Shandong University of Finance, major in Master degree of Finance.

（9）Mr. Zhang Tianyi



- Nationality**:** Chinese
- Date of birth**:** 25/10/**19**76
- Languages: Chinese
- Designation: Independent Director
- Education**:** Graduated from China Yunan University, major in Master degree of Laws**.**

（10）Mr. Viengsavanh PHANTHALY



- Nationality**:** Laos
- Date of birth**:** 25/**0**1/**19**76
- Languages: Laos, English, Thai
- Designation: Independent Director
- Education: Graduated from University of Washington, major in Master degree of Corporate Law and Securities Law.

（11）Mr joexiong BOUASYNENGMA



- Nationality**:** Laos
- Date of birth**: 15**/12/**1972**

- Languages: Laos, Chinese, English, Thai
- Designation: Independent Director
- Education: Graduated from RENMIN UNIVERSITY of CHINA, major in Master degree of Administration.

3.2 Work of the Board of Directors and the Committees

3.2.1 The Board of Directors organized 4 meetings in the first half of 2023 to consider 13 issues such as the annual report and the financial audit report for 2022.

3.2.2 The Nomination Committee reviewed the candidates nominated for the third term board of directors in accordance with the relevant management regulations of the Lao Securities Regulatory Commission, and developed a review report and submitted it to the Board of Directors for consideration, providing basic information for directors to make the decision.

3.2.3 The Audit Committee convened two meetings according to the annual work plan to review the financial audit report for 2022 and the financial report for the first quarter of 2023 to ensure the accuracy of the Company's financial reports.

4. Social Responsibility of the Company

Vientiane Center and the international Children's aid organization "Save the Children" organized a Children's Day activity with the theme of "Protecting children's rights and fighting for children's welfare". During the activity, electronic reading room, reading corner, creative corner and painting corner were set up to give play to children's imagination and release their curious nature. Learning in happiness, but also in learning to harvest happiness.



5. Investor relations maintenance activities

Participated in the investor meeting organized by the Lao Stock Exchange on May 16-17, 2023, focusing on the company's overview, main business operations, organization, development strategy

and business plan for 2023, corporate social responsibility and the company's key financial indicators for 2022.

6. Related party transaction situation

In the first half of 2023, according to the resolution of the 2022 annual meeting of shareholders, the management team carried out the acquisition of office assets of North Nongchan Lake Comprex Development Co., Ltd. with an area of 236.81 square meters and a total purchase capital of 562,777.00 US dollars.

7. The key operational work in the second half of 2023

7.1 Formulate the format planning of the shopping mall, clarify the regional division, focus on introducing well-known brands of various formats to settle in, and form a brand aggregation effect. In accordance with the policy of "one industry, one policy, Special Zone special price", strengthen the diversified reserve of brands, help brands pay close attention to promotion, and drive other brands and the entire shopping mall to improve quality control.

7.2 We will improve and enrich large-scale business operations. Diversified activities will be carried out in conjunction with other business formats such as cinemas, bowling balls and recreation cities to create a one-stop leisure and entertainment experience center.

7.3 Create special theme activities. Deepen cooperation with international companies, international organizations, non-profit organizations and Lao government departments to create traditional international coffee Festival, street dance competition and Vientiane Center auto show and other special theme events to further enhance the brand image of Vientiane Center in the Lao market.

7.4 Carry out collaborative development with the core of "shopping malls provide office convenience and office customers feed back and improve shopping mall consumption", strengthen the information sharing of shopping malls office investment, open customized card service for food city group purchase for office customers, and promote the collaborative and in-depth development of shopping malls office business.

7.5 Strengthen the exploration of customers in the office market in Laos, actively connect with various channels to understand the latest developments of enterprises settled in Laos, increase the advertising and promotion of office investment, and steadily improve the occupancy rate. At the same time, the office focuses on consolidating the internal service quality, consolidating and refining the internal service improvement standards of the office, gradually improving the office operation with small measures and small innovations, and continuously improving the value-added operation service standards of the office.

Chairman of the Board

He Jun

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