Vientiane Center Lao Public Company

Interim financial statements

For the nine-month period ended 30 September 2021

Vientiane Center Lao Public Company

CONTENTS

	Pages
General information	1 - 2
Report of management	3
Interim statement of profit or loss and other comprehensive income	4
Interim statement of financial position	5
Interim statement of changes in equity	6
Interim statement of cash flows	7
Notes to the interim financial statements	8 - 31

Vientiane Center Lao Public Company

GENERAL INFORMATION

THE COMPANY

Vientiane Center Lao Public Company ("the Company") was established in accordance with the Business License No. 1169/ERM dated 30 November 2017 issued by the Department of Enterprise Registration and Management, the Ministry of Industry and Commerce of Lao PDR.

In 2019, the Company has completed Initial Public Offering (IPO) process where additional 51,199,900 shares with par value of LAK 1,000 per share and selling price of LAK 1,050 per share were issued. Accordingly, the Company received the Certificate of Initial Public Offering (IPO) completion No.0006/LSCO on 29 May 2019 issued by Lao Securities Commission Office and the latest amendment of Business License No. 1374/ERM on 25 August 2021 issued by Department of Enterprise Registration and Management, the Ministry of Industry and Commerce of Lao PDR. The total 147,199,900 shares of the Company (under the ticker "VCL") have been officially listed on Lao Securities Exchange since 31 May 2019.

The principal activities of the Company per Business License are to develop and lease shopping malls and offices.

The Company's head office is located at Khouvieng Road, Nongchanh Village, Sisattanark District, Vientiane Capital, Lao PDR.

BOARD OF DIRECTORS

Members of the Board of Directors during the period and as at the date of this report are:

Name	*Position*	
Mr. Wang Weikun	Chairman	Appointed on 30 April 2021
Ms. Zhou Lei	Chairman	Resigned on 30 April 2021
Ms. Orlathay Santikhongkha	Vice Chairman	
Mr. Li Xiaodong	Member	
Mr. Wei Hua	Member	Resigned on 30 April 2021
Mr. Luo Xiaodong	Member	Appointed on 30 April 2021
Mr. Boulapha Santikhongkha	Member	
Mr. Wu Xinghua	Member	
Mr. Sun Feihu	Member	
Ms. Deng Yu	Member	Resigned on 30 April 2021
Mr. Zhang Tianyi	Member	Appointed on 30 April 2021
Mr. Xiao Yong	Member	
Mr. Viengsavanh Phanthaly	Member	
Mr. Joexiong Bouasynengma	Member	

MANAGEMENT

Members of the Management during the period and at the date of this report are:

Name	*Position*
Mr. Li Xiaodong	Executive Director
Mr. Wu Xinghua	Director
Mr. Sun Fei Hu	Director

GENERAL INFORMATION (continued)

AUDIT COMMITTEE

Members of the Audit committee during the period and at the date of this report are:

Name	*Position*	
Mr. Luo Xiaodong	Head	Appointed on 30 April 2021
Ms. Deng Yu	Head	Resigned on 30 April 2021
Ms. Zhou Lei	Member	Resigned on 30 April 2021
Mr. Joexiong Bouasynengma	Member	Appointed on 30 April 2021
Mr. Viengsavanh Phanthaly	Member	

LEGAL REPRESENTATIVE

The Company's legal representative is Ms. Zhou Lei for the period up to 30 April 2021 and is Mr. Wang Weikun for period from 30 April 2021 to date of this report.

Mr. Li Xiaodong is authorised to sign the accompanying financial statements for the nine-month period ended 30 September 2021 in accordance with the Letter of Authorisation date on 1 November 2017.

Vientiane Center Lao Public Company

REPORT OF MANAGEMENT

Management of Vientiane Center Lao Public Company ("the Company") is pleased to present this report and the interim financial statements of the Company for the nine-month period ended 30 September 2021.

MANAGEMENT'S RESPONSIBILITY IN RESPECT OF THE INTERIM FINANCIAL STATEMENTS

Management is responsible for the interim financial statements of each financial period which gives a true and fair view of the interim financial position of the Company and of its interim results of operations and interim cash flows for the period. In preparing those interim financial statements, management is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the interim financial statements; and
- prepare the interim financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue its business.

Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the interim financial position of the Company and to ensure that the accounting records comply with accounting policies applied. It is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Management confirmed that it has complied with the above requirements in preparing the accompanying interim financial statements.

STATEMENT BY MANAGEMENT

Management does hereby state that, in its opinion, the accompanying interim financial statements are prepared in accordance with the accounting policies as described in Note 3 to the interim financial statements.

On behalf of management:

Mr. Li Xiaodong
Executive Director

Vientiane Capital, Lao PDR

20 October 2021

Vientiane Center Lao Public Company

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the nine-month period ended 30 September 2021

	Notes	*For the nine-month period ended 30 September 2021 LAK*	*For the nine-month period ended 30 September 2020 LAK*
Revenue	4	6,255,013,937	7,008,373,243
Other operating income		1,116,838,593	1,575,134,087
Gross income		**7,371,852,530**	**8,583,507,330**
Operating expenses	5	(1,752,454,865)	(402,102,465)
Valuation gain from investment property		-	-
Operating profit		**5,619,397,665**	**8,181,404,865**
Financial income		785,018,584	265,516,743
Financial expenses	6	(1,704,837,604)	(1,715,183,484)
Profit before tax		**4,699,578,645**	**6,731,738,124**
Profit tax expense	7	(913,298,475)	(1,097,566,671)
Profit for the period		**3,786,280,170**	**5,634,171,453**
Other comprehensive income for the period, net of tax		**3,786,280,170**	**5,634,171,453**
Total comprehensive income for the period, net of tax		**3,786,280,170**	**5,634,171,453**
Earnings per share			
- *Basic profit for the period attributable to ordinary equity holders*	*19*	*25.72*	*38.28*

Prepared by:

孙飞虎

Mr. Sun Fei Hu
Finance Manager

Reviewed by:

Mr. Li Xiaodong
Executive Director

Vientiane Capital, Lao PDR

20 October 2021

Vientiane Center Lao Public Company

INTERIM STATEMENT OF FINANCIAL POSITION
as at 30 September 2021

	Notes	30 September 2021 LAK	31 December 2020 LAK
ASSETS			
CURRENT ASSETS			
Cash	8	25,207,959,830	22,497,520,522
Trade and other receivables	9	29,961,761,351	30,878,284,709
Advance for property purchased	10	10,000,000,000	10,000,000,000
Total current assets		**65,169,721,181**	**63,375,805,231**
NON-CURRENT ASSETS			
Investment property	11	194,125,161,160	194,125,161,160
Tangible fixed assets		333,912,734	4,561,085
Total non-current assets		**194,459,073,894**	**194,129,722,245**
TOTAL ASSETS		**259,628,795,075**	**257,505,527,476**
EQUITY AND LIABILITIES			
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	6,274,010,459	5,349,436,856
Short-term borrowings	13	64,232,500,000	-
Total current liabilities		**70,506,510,459**	**5,349,436,856**
NON-CURRENT LIABILITIES			
Trade and other long-term payables	12	4,982,657,698	6,643,543,597
Long-term borrowings	13	-	64,232,500,000
Deferred tax liabilities	7	7,102,176,497	6,188,878,021
Total non-current liabilities		**12,084,834,195**	**77,064,921,618**
Total liabilities		**82,591,344,654**	**82,414,358,474**
EQUITY			
Share capital	14	147,199,900,000	147,199,900,000
Share premium		2,559,995,000	2,559,995,000
Regulatory reserve fund		3,105,176,086	2,726,548,069
Business expansion fund		3,105,176,086	2,726,548,069
Retained earnings		21,067,203,249	19,878,177,864
Total equity		**177,037,450,421**	**175,091,169,002**
TOTAL LIABILITIES AND EQUITY		**259,628,795,075**	**257,505,527,476**

Prepared by:

孙飞虎

Mr. Sun Fei Hu
Finance Manager

Reviewed by:

Mr. Li Xiaodong
Executive Director

Vientiane Capital, Lao PDR

20 October 2021

Vientiane Center Lao Public Company

INTERIM STATEMENT OF CHANGES IN EQUITY
for the nine-month period ended 30 September 2021

	Share capital LAK	*Share premium* LAK	*Regulatory reserve fund* LAK	*Business expansion fund* LAK	*Retained earnings* LAK	*Total* LAK
Balance as at 1 January 2020	**147,199,900,000**	**2,559,995,000**	**1,776,424,152**	**1,776,424,152**	**14,211,393,209**	**167,524,136,513**
Net profit during the period	-	-	-	-	5,634,171,453	5,634,171,453
Dividend declared	-	-	-	-	(1,934,206,686)	(1,934,206,686)
Appropriation of profit to reserves	-	-	563,417,145	563,417,145	(1,126,834,290)	-
Balance as at 30 September 2020	**147,199,900,000**	**2,559,995,000**	**2,339,841,297**	**2,339,841,297**	**16,784,523,686**	**171,224,101,280**
Balance as at 1 January 2021	**147,199,900,000**	**2,559,995,000**	**2,726,548,069**	**2,726,548,069**	**19,878,177,864**	**175,091,169,002**
Net profit during the period	-	-	-	-	3,786,280,169	3,786,280,169
Dividend declared	-	-	-	-	(1,839,998,750)	(1,839,998,750)
Appropriation of profit to reserves	-	-	378,628,017	378,628,017	(757,256,034)	-
Balance as at 30 September 2021	**147,199,900,000**	**2,559,995,000**	**3,105,176,086**	**3,105,176,086**	**21,067,203,249**	**177,037,450,421**

Prepared by:

孙飞虎

Mr. Sun Fei Hu
Finance Manager

Vientiane Capital, Lao PDR

20 October 2021

Reviewed by:

Mr. Li Xiaodong
Executive Director

Vientiane Center Lao Public Company

INTERIM STATEMENT OF CASH FLOWS
for the nine-month period ended 30 September 2021

	Notes	*For the nine-month period ended 30 September 2021 LAK*	*For the nine-month period ended 30 September 2020 LAK*
OPERATING ACTIVITIES			
Profit before tax		**4,699,578,645**	**6,731,738,124**
Adjustments for:			
Depreciation charges		15,193,807	744,666
Interest expense		1,704,837,604	1,711,082,430
Operating profit before changes in working capital		**6,419,610,056**	**8,443,565,220**
Changes in receivables		(788,314,246)	(3,522,522,873)
Changes in payables		(727,852,957)	9,387,774,225
Profit tax paid		(8,459,341)	(296,678,916)
Net cash flows from operating activities		**4,894,983,512**	**14,012,137,656**
INVESTING ACTIVITIES			
Purchase of investment property		-	(27,453,444,309)
Purchase of tangible fixed assets		(344,545,454)	(5,585,000)
Net cash flows used in investing activities		**(344,545,454)**	**(27,459,029,309)**
FINANCING ACTIVITIES			
Dividend payment		(1,839,998,750)	(1,934,206,686)
Net cash flows used in financing activities		**(1,839,998,750)**	**(1,934,206,686)**
Net increase/(decrease) in cash during the period		**2,710,439,308**	**(15,381,098,339)**
Cash at the beginning of the period		**22,497,520,522**	**38,655,476,969**
Cash at the end of the period	**8**	**25,207,959,830**	**23,274,378,630**

Prepared by:

孙飞虎

Mr. Sun Fei Hu
Finance Manager

Reviewed by:

Mr. Li Xiaodong
Executive Director

Vientiane Capital, Lao PDR

20 October 2021

1. CORPORATE INFORMATION

Vientiane Center Lao Public Company ("the Company") was established in accordance with the Business License No. 1169/ERM dated 30 November 2017 issued by the Department of Enterprise Registration and Management, the Ministry of Industry and Commerce of Lao PDR.

In 2019, the Company has completed Initial Public Offering (IPO) process where additional 51,199,900 shares with par value of LAK 1,000 per share and selling price of LAK 1,050 per share were issued. Accordingly, the Company received the Certificate of Initial Public Offering (IPO) completion No.0006/LSCO on 29 May 2019 issued by Lao Securities Commission Office and the latest amendment of Business License No. 1374/ERM on 25 August 2021 issued by Department of Enterprise Registration and Management, the Ministry of Industry and Commerce of Lao PDR. The total 147,199,900 shares of the Company (under the ticker "VCL") have been officially listed on Lao Securities Exchange since 31 May 2019.

The principal activities per Business License of the Company are to develop and lease shopping malls and offices.

The Company's head office is located at Khouvieng Road, Nongchanh Village, Sisattanark District, Vientiane Capital, Lao PDR.

2. BASIS OF PREPARATION

2.1 Basis of preparation

The interim financial statements of the Company have been prepared using the historical cost convention except for investment property that has been measured at fair value. These interim financial statements are expressed in Lao Kip ("LAK").

The Company's interim financial statements have been prepared in accordance with the accounting policies as set out in Note 3. These accounting policies are not intended to present the interim financial position, the interim results of operations and the interim cash flows of the Company in accordance with international generally accepted accounting principles.

Fiscal year

The Company's fiscal years start on 1 January and end on 31 December.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the interim financial statements:

2. BASIS OF PREPARATION (continued)

2.2 Significant accounting judgements, estimates and assumptions (continued)

Classification of property

The Company determines whether a property is classified as investment property or inventory property:

- Investment property comprises land and buildings (principally offices, and retail property) that are not occupied substantially for use by, or in the operations of, the Company, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation. These buildings are substantially rented to tenants and not intended to be sold in the ordinary course of business.

- Inventory property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Company develops and intends to sell before, or on completion of, construction.

As of 30 September 2021, the Company only has investment property presented in Note 11.

Operating lease contracts – the Company as lessor

The Company has entered into commercial property leases on its investment property. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the interim financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Valuation of investment property

The fair value of investment property is determined by real estate valuation experts using recognised valuation techniques and the principles as disclosed in Note 11.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and expenses already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authority of Lao PDR. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulation by the taxable entity and the responsible tax authority. Such differences in interpretation may arise depending on the conditions prevailing in Lao PDR.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Current versus non-current classification

The Company presents assets and liabilities in the interim statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3.2 Fair value measurement

The Company measures investment properties at fair value at each reporting date. The Company does not have financial instruments measured at fair value. Fair value related disclosures for items measured at fair value or where fair values are disclosed, are summarised in the following notes:

► Accounting policy disclosures	Note 3.5
► Valuation methods, significant estimates and assumptions	Note 11
► Investment property	Note 11

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 *Fair value measurement* (continued)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the interim financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the interim financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

3.3 *Taxes*

Current profit tax

Current profit tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, by the reporting date.

Current profit tax relating to items recognised directly in equity is recognised in equity and not in the interim statement of profit or loss and other comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Taxes* (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporarily differences associated with investments in subsidiary where timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carried forward of unused tax credit and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, carried forward of unused tax credit and unused tax losses can be utilised, except:

- where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporarily differences associated with investments in subsidiary deferred tax assets are recognised only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Previously unrecognised deferred income tax assets are re assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset realised or the liability is settled based on tax rates and tax laws that have been enacted at the reporting date.

Deferred tax is charged or credited to the interim statement of profit or loss, except when it relates to items recognised directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority:

- either the same taxable entity;
- or when the Company intends either to settle current tax liabilities and assets on a net basis or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 *Taxes* (continued)

Value added tax

The value added tax of rental income and other income was computed using the applicable tax rate for the year.

Accounting policy for value added tax relating to Business Cooperation Contract ("BCC") is presented in Note 3.14.

Any adjustment to the amount of tax payable of prior years as a result of tax inspection are recorded directly into retained earnings.

3.4 *Foreign currencies*

The interim financial statements are presented in LAK, which is the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at exchange rates prevailing at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are taken to the interim statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.5 *Investment property*

Investment property comprises completed property that is held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when it is held to earn rentals or for capital appreciation or both, rather than for sale in the ordinary course of business or for use in production or administrative functions.

Investment property is measured initially at cost, including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use.

Investment property is derecognised either when it has been disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 *Cash*

Cash comprises cash on hand and cash at bank.

3.7 *Rent and other receivables*

Rent and other receivables are recognised at their original invoiced value except where the time value of money is material, in which case receivables are recognised at fair value and subsequently measured at amortised cost.

A provision is made when there is objective evidence that the Company will not be able to recover balances in full.

Balances are written off when the probability of recovery is assessed as being remote.

3.8 *Tenant deposits*

Tenant deposits liabilities are initially recognised at fair value and subsequently measured at amounts to be paid in the future.

Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight-line basis over the lease term.

3.9 *Interest bearing loans and borrowings*

All loans and borrowings are initially recognised at amount received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amounts to be paid in the future. The interest raising from loans and borrowings are calculated using nominal interest rate defined in contracts.

3.10 *Leases*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in the arrangement.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.11 *Reserves*

In accordance with Article 156, Enterprise Law dated 26 December 2013, the Company is required to appropriate 10% of profit after tax each year into regulatory reserve fund. When this reserve fund reaches 50% of the registered capital, the Company may suspend such appropriation to reserve, unless otherwise provided by the by laws.

The appropriation of profit into business expansion fund is in accordance with Article 16 of the Company's Articles of Association. For the nine-month period ended 30 September 2021, the Company has appropriated 10% of profit to business expansion fund.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

Rental income

The Company is the lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included in revenue in the interim statement of profit or loss and other comprehensive income due to its operating nature, except for contingent rental income which is recognised when it arises.

Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the lease term on the same basis as the lease income.

Tenant lease incentives are recognised as a reduction of rental revenue on a straight-line basis over the term of the lease. The lease term is the non-cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidations are recognised in the interim statement of profit or loss and other comprehensive income when the right to receive them arises.

Other operating income

Other operating income comprises income from renting billboards and event hall, which is recognised in the period the services is provided.

Income from Business Cooperation Contract ("BCC")

Income from Business Cooperation Contract ("BCC") is recognised in accordance with accounting policy presented in Note 3.14.

Interest income

Interest income is recognised as it accrues using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the interim statement of profit or loss.

3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Business Cooperation Contract ("BCC") in the form of jointly controlled operation

Business Cooperation Contract is an operation that does not constitute a new entity. Partners of the BCC are obliged and entitled to the benefit as stated in the contractual agreement. Activities of the BCC are carried out simultaneously with ordinary operations of partners.

The Company recognises its revenue from BCC and relevant value added tax obligation based on net income of the contract, being the difference between total income and the profit portion belonging to the other partner of the BCC.

The Company then recognises the settlement obligation at net into receivables account. The value added tax obligation raising from the contract was declared and paid on net amount received by the Company.

Details of the operation that the Company is currently having are presented in Note 4.

3.15 Deferred revenue

Deferred revenue is a liability on the Company's interim statement of financial position that represents a prepayment, directly or indirectly to the Company, by its customers for goods or services that have yet to be delivered. Deferred revenue is recognized as earned revenue on the interim statement of profit or loss as the good or service is delivered to the customer.

3.16 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) after tax for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are not caculated and presented.

3.17 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of operations of the Company.

4. REVENUE

	For the nine-month period ended 30 September 2021 LAK	*For the nine-month period ended 30 September 2020 LAK*
Revenue from cooperation contract (*)	344,004,562	1,575,134,087
Rental income	5,911,009,375	7,008,373,243
	6,255,013,937	**8,583,507,330**

(*) In accordance with the Cooperation Contract between the Company and Major Platinum Cineplex (Lao) Co., Ltd. (MAJOR), the Company contributes the 20-year lease term commencing from 7 August 2015 to 6 August 2035 of a part of its investment property into a joint cinemas operation with MAJOR. The revenue from the cinemas operation is shared between the Company and MAJOR on a fixed rate determined in the Contract.

5. OPERATING EXPENSES

	For the nine-month period ended 30 September 2021 LAK	*For the nine-month period ended 30 September 2020 LAK*
Depreciation expenses	15,193,807	744,666
Staff costs	198,810,575	260,480,000
Others	1,538,450,483	140,877,799
	1,752,454,865	**402,102,465**

6. FINANCIAL EXPENSES

	For the nine-month period ended 30 September 2021 LAK	*For the nine-month period ended 30 September 2020 LAK*
Interest expense from related parties	1,704,837,604	1,715,183,484
	1,704,837,604	**1,715,183,484**

7. TAXATION

Under the new Income Tax Law No.67/NA dated 18 June 2019, which is effective on or after 1 January 2020, the normal profit tax ("PT") rate is 20%. In addition, the companies which are registered on Lao Stock Exchange shall be granted incentive rate at 13% for four years from the date of registration. Accordingly, the tax rate applicable for the Company in 2021 is 13%.

	For the nine-month period ended 30 September 2021 LAK	*For the nine-month period ended 30 September 2020 LAK*
Current profit tax expenses	-	312,870,332
Deferred tax expenses	913,298,475	784,696,339
	913,298,475	**1,097,566,671**

Current Profit Tax ("PT")

The tax returns filed by the Company are subject to examination by the tax authorities. As the application of tax laws and regulations is susceptible to varying interpretations, the amounts reported in the interim financial statements could change at a later date upon final determination by the tax authorities.

	For the nine-month period ended 30 September 2021 LAK	*For the nine-month period ended 30 September 2020 LAK*
Accounting profit before tax	**4,699,578,645**	**6,731,738,124**
Tax rate	13%	13%
Profit tax expense	610,945,224	875,125,956
Adjustments to increase/(decrease) Profit tax		
Non-deductible interest expense	221,628,888	222,440,716
Deferred tax not yet recognized on tax losses	80,724,363	-
Depreciation of investment property under Tax law	(913,298,475)	(784,696,339)
Non-taxable income regarding valuation gain from investment property	-	-
Current profit tax expenses	**-**	**312,870,333**

7. TAXATION (continued)

Deferred tax

The table below presents the deferred tax liabilities recognised by the Company, and the movements thereon, during the current and previous periods.

Currency: LAK

	Interim statement of financial position		*Interim statement of profit or loss and other comprehensive income*	
	30 September 2021	*31 December 2020*	*For the nine-month period ended 30 September 2021*	*For the nine-month period ended 30 September 2020*
Deferred tax liabilities				
Difference between tax base and accounting base relating to investment property	7,102,176,497	6,188,878,021	(913,298,475)	(784,696,339)
Net deferred tax liabilities	***7,102,176,497***	***6,188,878,021***		
Net deferred tax charged to interim statement of profit or loss and other comprehensive income			***(913,298,475)***	***(784,696,339)***

8. CASH

	30 September 2021 LAK	*31 December 2020 LAK*
Cash on hand	92,206,494	22,532,369
Cash at banks	25,115,753,336	22,474,988,153
	25,207,959,830	**22,497,520,522**

9. TRADE AND OTHER RECEIVABLES

	30 September 2021 LAK	*31 December 2020 LAK*
Receivables from related parties (*Note 15*) (*)	29,188,608,289	30,165,838,073
Receivables from tenants (**)	944,598,032	883,891,606
Provision	(171,444,970)	(171,444,970)
	29,961,761,351	**30,878,284,709**

(*) Advance and payment of rental and other operating income such as billboard advertising income from a number of tenants during the period from 30 November 2017 to 30 September 2021 was collected and held by North NongChan Complex Development Co., Ltd ("NNCD").

(**) This represents the receivables from customers for rental and other services provided.

10. ADVANCE FOR PROPERTY PURCHASED

	30 September 2021 LAK	*31 December 2020 LAK*
Advance to related parties (*Note 15*)	10,000,000,000	10,000,000,000
	10,000,000,000	**10,000,000,000**

Details of the advances are as follows:

	30 September 2021 LAK	*31 December 2020 LAK*
Advance for 2nd acquisition of office space (i)	10,000,000,000	10,000,000,000
	10,000,000,000	**10,000,000,000**

(i) In accordance with an Agreement on 21 January 2020, the Company and NNCD agreed that NNCD will transfer to the Company additional 1,380.3 sqm in the 3rd floor of the Vientiane Center buildings with contract value at USD 2,070,450. As at 30 September 2021, the Company already paid LAK 10,000,000,000 to NNCD as the advance payment of the Agreement.

11. INVESTMENT PROPERTY

On 30 November 2017, the parent company - NNCD transferred to the Company a lease property ("the investment property – 1st component") comprising retail and office space with a combined area of 9,607.88 sqm.

On 1 January 2020, the Company received the transfer of additional 1,709.5 sqm in the 2nd, 4th, 5th and 8th floor (the investment property - 2nd component) of the Vientiane Center buildings.

For the nine-month period ended 30 September 2021

	The investment property – 1st component	*The investment property - 2nd component*	*Total*
	LAK	*LAK*	*LAK*
As at 1 January 2021	**164,005,964,601**	**30,119,196,559**	**194,125,161,160**
As at 30 September 2021	**164,005,964,601**	**30,119,196,559**	**194,125,161,160**

For the nine-month period ended 30 September 2020

	The investment property – 1st component	*The investment property - 2nd component*	*Total*
	LAK	*LAK*	*LAK*
As at 1 January 2020	**165,197,500,000**	**-**	**165,197,500,000**
Addition during the period	-	27,453,444,308	**27,453,444,308**
As at 30 September 2020	**165,197,500,000**	**27,453,444,308**	**192,650,944,308**

11.1 Cost of the investment property

Cost of the investment property – 1st component

Detailed information of the investment property – 1st component is as follows:

- Part A: Retail and Office space on 1st, 2nd, 4th and 6th floors of Vientiane Center buildings with the area of 5,753.66 sqm (Unit No. A1003, A2003, A1012, A1017-2, A1018, A1021, A1020, A1023, A1038, A2049, A4003-1, A4009, B4001, C1016, F6020 and F6027);
- Part B: Promotion Area and Office space on 1st, 6th, 7th and 9th Floors of Vientiane Center buildings with the area of 3,854.22 sqm (Unit No. A1007-1, F6001, F6002, F6003, F6004, F6005, F6006, F6007, F6008, F6009-1, F6009-2, F6010 to F6015, F6016-1, F6016-2, F6017, F6018, F6019, F6021 to F6026, F6028 to F6031, F6032-1, F6032-2, F6033 to F6049, F7004 to F7010, F9001 to F9012 and A1000).

The investment property – 1st component is located at Khouvieng Road, Nongchanh Village, Sisattanark District, Vientiane Capital, Lao PDR. The full lease period is 50 years and can be extended for further 20 years, started from 29 September 2010 in accordance with Land Concession Contract on 29 September 2010, the Additional Land Concession Contract on 29 April 2014 and the Concession Licence on 8 May 2014 issued by Vientiane Capital Authority to NNCD. NNCD also received the Land Certificate on 4 April 2014 from Department of Natural Resources and Environment, Vientiane Capital.

11. INVESTMENT PROPERTY (continued)

11.1 Cost of the investment property (continued)

Cost of the investment property – 1st component (continued)

The Company initially recognised the investment property – 1st component at cost, being the price agreed between the Company and NNCD. Such price was determined based on the Valuation report on 26 March 2018, issued by Sims Property Consultants Company Limited, an external consultant from Thailand, according to which the total value of this investment property was as follow:

- Part A: 95,999,200,000 LAK with 62.87 years leasehold;
- Part B: 64,232,500,000 LAK with 62.87 years leasehold.

As disclosed in Note 13, 51 units of the investment property – 1st component are used as collaterals of the borrowings from NNCD.

Cost of the investment property – 2nd component

The purchase price of the investment property – 2nd component is at LAK 30,198,788,739 (inclusive VAT at 10%). The investment property – 2nd component consists of 14 units located in the 2nd, 4th, 5th and 8th floor of the same office building of the investment property – 1st component.

11.2 Fair value measurement – investment property

The company's valuation policies and procedures for property valuations are proposed by the management team, while determined by the audit committee. Each year, the management team recommends, and the audit committee appoints an internal/external valuer who is responsible for the valuation of the Company's property for the purpose of determining its fair value in the annual financial statements. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years.

Changes in valuation techniques

The valuation techniques adopted for the nine-month period ended 30 September 2021 is different to those adopted for the nine-month period ended 30 September 2020.

The fair value of the investment property - 1st component was previously determined based on the discounted cash flow (DCF) method. The Company believes that the income capitalization method provides better transparency than DCF method and has, therefore, decided to change the valuation method. This change in valuation method is applied prospectively as it is a change in estimate.

11. INVESTMENT PROPERTY (continued)

For the nine-month period ended 30 September 2020

The fair value of the investment property - 1st component is determined using a discounted cash flow (DCF) method.

Under the DCF method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. Periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, are then discounted.

The Company assessed that the fair value of the investment property - 1st component and the investment property has remained the same compared to its fair value at 31 December 2019. No fair value adjustment from cost purchase was recorded for the investment property - 2nd component.

For the nine-month period ended 30 September 2021

Both the investment property - 1st component and the investment property – 2nd component are valued using the income capitalisation method, where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate. The fair value was determined based on the Valuation report on 25 January 2021, issued by Lao International Asset Appraisal Co., Ltd. In the income capitalisation method, the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value.

The Company assessed that the fair value of the investment property - 1st component and the investment property – 2nd component has remained the same compared to its fair value at 31 December 2020.

11. INVESTMENT PROPERTY (continued)

11.3 Fair value hierarchy

The following table show an analysis of the fair values of investment property recognised in the interim statement of financial position by fair value hierarchy:

	Fair value				
	Quoted prices in active markets (Level 1)	*Significant observable input (Level 2)*	*Significant unobservable inputs (Level 3)*	*Total*	*Total gain in the period in the statement of profit or loss*
	LAK	*LAK*	*LAK*	*LAK*	*LAK*
30 September 2021					
Investment property	-	-	194,125,161,160	194,125,161,160	-
	-	**-**	**194,125,161,160**	**194,125,161,160**	**-**
30 September 2020					
Investment property	-	-	192,650,944,308	192,650,944,308	-
	-	**-**	**192,650,944,308**	**192,650,944,308**	**-**

There were no transfers between Levels 1, 2 or 3 during the nine-month period ended 30 September 2021.

11.4 Valuation techniques used to derive fair values

The following table shows the valuation techniques used in measuring the fair value of the investment property - 1st component and the investment property – 2nd component as at 30 September 2021, as well as the significant unobservable inputs used:

Valuation technique	*Significant unobservable inputs*	*Inter-relationship between key unobservable inputs and fair value measurement*
Income capitalization method	▸ Estimated rental value (ERV) at USD 1,391,513 ▸ Operating expense at 5% ▸ Long-term vacancy rate at 13.07% ▸ Discount rate at 5.45%	The estimated fair value would increase/(decrease) if: ▸ ERV was higher/(lower) ▸ Operating expense was lower/(higher) ▸ Long-term vacancy rate was lower/(higher) ▸ The discount rate was lower/(higher)

12. TRADE AND OTHER PAYABLES

Trade and other short-term payables

	30 September 2021 LAK	*31 December 2020 LAK*
Profit tax payable	329,245,928	329,245,928
Deferred revenue from tenants – short term	3,619,632,583	3,198,832,995
Value added tax payable	536,791,834	58,795,420
Deposit from tenants	1,580,490,941	1,581,822,504
Others	207,849,173	180,740,009
	6,274,010,459	**5,349,436,856**

Trade and other long-term payables

	30 September 2021 LAK	*31 December 2020 LAK*
Deferred revenue from tenants - long term	4,982,657,698	6,643,543,597
	4,982,657,698	**6,643,543,597**

13. SHORT-TERM AND LONG-TERM BORROWINGS

	30 September 2021 LAK	*31 December 2020 LAK*
Short-term borrowing from related parties *(Note 15)*	64,232,500,000	-
Long-term borrowing from related parties *(Note 15)*	-	64,232,500,000
	64,232,500,000	**64,232,500,000**

In accordance with Asset transfer minutes on 30 November 2017 and Loan agreement on 30 November 2017, the Company recognised a short-term borrowing from NNCD with its principal being the difference between the cost of the investment property at the time of transfer of LAK160,231,700,000 (*Note 13*) and the capital contributed by NNCD of LAK95,999,200,000. The Company used 68 units in Part B of the investment property as collateral.

According to the Amendment of Loan agreement on 13 June 2018, the loan has term for 2 years and bears interest at 3.5% per year. Accordingly, the original contractual maturity date is 30 November 2019 and the principal and interest shall be paid on maturity date.

Both parties agreed that only the lender has the right to choose the payment method. The conditions and methods of payment are in accordance with the provisions of the Agreement:

- In case that the lender chooses payment method as cash, the amount of payment is equal to amount of principal and interest accordance with provision article 2.2 of the Agreement (from the date that the contract is effective until maturity date).
- In the case that the lender chooses the payment method as the new share issued by the Company, the number of new shares to be paid to the lender is calculated from the lower between (a) par value of borrower's share, (b) Net assets per share of borrower, (c) 90% of the average share price traded on the Lao Securities Exchange within 30 days prior to the payment date. In addition, if the lender chooses to receive new shares issued by the Company, the lender shall agree to waive interest charge.

13. SHORT-TERM AND LONG-TERM BORROWINGS (continued)

On 4 March 2019, NNCD issued the letter No. 44/NNCD to decrease 700,000,000 LAK from the interest charge incurred for the year ended 31 December 2018.

On 30 November 2019, NNCD and the Company entered the Revised Loan contract with new repayment date on 29 November 2021 and new collateral being 51 units of the investment property - 1st component. In accordance with the Revised Loan contract, the borrowings can be renewed after maturity date based on agreement of the Company and NNCD.

14. SHARE CAPITAL

	30 September 2021		*31 December 2020*	
	Quantity	*Amount (LAK)*	*Quantity*	*Amount (LAK)*
Issued and paid-up shares				
Ordinary shares	147,199,900	147,199,900,000	147,199,900	147,199,900,000

In 2019, the Company has completed IPO process offering where additional 51,199,900 shares with par value of LAK 1,000 per share and selling price of LAK 1,050 per share were issued. Accordingly, the Company received the Certificate of Initial Public Offering (IPO) completion No.0006/LSCO on 29 May 2019 issued by Lao Securities Commission Office and Business License No. 0833/ERM on 29 May 2019 issued by Department of Enterprise Registration and Management, the Ministry of Industry and Commerce of Lao PDR.

After the IPO, the total 147,199,900 shares of the Company (under the ticker "VCL") have been officially listed on Lao Securities Exchange since 31 May 2019.

15. RELATED PARTY TRANSACTIONS

The Company had transactions with the following related parties during the period:

Related parties	*Relationship*	*Country of incorporation*
North Nongchan Complex Development Co., Ltd	Shareholder	Lao PDR

Transactions with related parties are conducted at contractually agreed prices. Significant transactions with related parties were as follows:

Related parties	*Nature of transaction*	*For the nine-month period ended 30 September 2021* LAK	*For the nine-month period ended 30 September 2020* LAK
North Nongchan Complex Development Co., Ltd	Collection of rental fee and others on behalf of the Company	35,782,250	8,713,781,794
	Interest charged	(1,704,837,604)	(1,715,183,484)
	Settlement on behalf of the Company	(28,219,000)	(968,741,500)
	Collection of management fee on behalf of NNCD	(307,854,525)	(469,140,739)
	Advance for property purchased	10,000,000,000	10,000,000,000
	Transfer of investment property	-	(27,453,444,308)

Terms and conditions

For the nine-month period ended 30 September 2021, the Company has not made any provision for doubtful debts relating to amounts owed by related parties (31 December 2020: nil).

Purchase and interest from related parties are made on the basis of contract negotiation.

Other than long-term borrowing from NNCD, all other outstanding balances with related parties are unsecured and interest-free.

15. RELATED PARTY TRANSACTIONS (continued)

Balances due from and due to related parties as at 30 September 2021 and 31 December 2020 were as follows:

Related parties	*Relationship*	*Nature of transaction*	*30 September 2021* LAK	*31 December 2020* LAK
Trade and other receivables *(Note 9)*				
North Nongchan Complex Development Co., Ltd	Shareholder	Net receivables	30,191,640,605	30,165,838,073
			30,191,640,605	**30,165,838,073**
Advance for property purchased *(Note 10)*				
North Nongchan Complex Development Co., Ltd	Shareholder	Advance	10,000,000,000	10,000,000,000
			10,000,000,000	**10,000,000,000**
Short-term and long-term borrowings *(Note 13)*				
North Nongchan Complex Development Co., Ltd	Shareholder	Borrowings (*)	64,232,500,000	64,232,500,000
			64,232,500,000	**64,232,500,000**

(*) The loan has revised term of 2 years and bears interest at 3.5% per year. The principal and interest are payable at maturity date. Please refer to Note 13 for more details.

16. CAPITAL MANAGEMENT

Capital of the Company includes equity, loans, trade and other payables.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or increase equity capital.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

	30 September 2021 LAK	*31 December 2020 LAK*
Total liabilities	82,591,344,654	82,414,358,474
Less: cash	(25,207,959,830)	(22,497,520,522)
Net debt	**57,383,384,824**	**59,916,837,952**
Equity	177,037,450,421	175,091,169,002
Capital and net debt	**234,420,835,245**	**235,008,006,954**
Gearing ratio	24%	25%

The adequacy of the gearing ratio is reviewed and determined by the management annually.

17. COMMITMENTS

The Company lets out retail space and office space under operating lease arrangements. The future minimum rental receivables as at 30 September 2021 and 31 December 2020 under the operating lease agreements are as follows:

	30 September 2021 LAK	*31 December 2020 LAK*
Less than 1 year	2,539,482,610	2,305,304,533
From 1-5 years	2,201,229,078	2,506,086,057
More than 5 years	-	20,016,612
TOTAL	**4,740,711,688**	**4,831,407,202**

17. COMMITMENTS (continued)

Commitments under BCC

In accordance with the Cooperation Contract between the Company and Major Platinum Cineplex (Lao) Co., Ltd. (MAJOR), the Company contributes the 20-year lease term commencing from 7 August 2015 to 6 August 2035 of a part of its investment property into a joint cinemas operation with MAJOR. The revenue from the cinemas operation is shared between the Company and MAJOR on a fixed rate determined in the Contract. Accordingly, MAJOR has to pay to the Company as following:

- Area A:
  - (i) Shared revenue of gross box office and,
  - (ii) Shared revenue of concession.
- Area B:
  - (i) Shared revenue of bowling including related equipment rentals or sales,
  - (ii) Shared revenue of foods and beverage sales from bowling facilities and from any karaoke area that MAJOR may operate.
- Other: fixed monthly charge.

The Company shall not have right to terminate the BCC prior the expiration of the lease term, unless (i) there is a material breach by MAJOR; or (ii) there is the event of force majeure circumstances; or (iii) either party files for bankruptcy or goes into liquidation.

18. SEGMENT INFORMATION

The Company's principal activities per Business License are to develop and lease shopping malls and offices. In addition, these activities are only taking place within Lao PDR. As a result, the Company's management is of the view that there is only one segment for business and geography and therefore presentation of segmental information is not required.

19. EARNINGS PER SHARE

The following reflects the income and share data used in the basic earnings per share computations:

	For the nine-month period ended 30 September 2021	*For the nine-month period ended 30 September 2020*
Net profit attributable to ordinary shareholders in LAK	3,786,280,170	5,634,171,453
Weighted average number of ordinary shares (*)	147,199,900	147,199,900
Basic earnings per share	**25.72**	**38.27**

(*) The weighted average number of ordinary shares is calculated based on following information:

- Number of shares from 1 January 2021 to 30 September2021 is 147,199,900.

20. SIGNIFICANT EVENT

In accordance with the Notice on 22 April 2021 issued by the Company's management to prevent the second wave of Covid-19 in Lao PDR, the retails area of the properties was temporary closed from 23 April 2021 to 5 May 2021 while the office area of the properties remains open. The Company then extended the measures until 4 June 2021 and resumed the operation of retails area on 5 June 2021. Exemption of May 2021 rental fee was provided to the tenants of retails area who had to close their shops.

The Company already updated its preliminary assessment of the possible impact of Covid-19 on its operations, cash flows and financial condition as well as operations of its tenants and customers. The management is of the view that the overall business of the Company is not significantly affected by the pandemic and the Company's measures.

21. EVENTS AFTER THE REPORTING DATE

There has not been any matter or circumstance that has arisen after 30 September 2021 that requires adjustment or disclosure to be made in the interim financial statements of the Company.

Prepared by:

孙飞虎

Mr. Sun Fei Hu
Finance Manager

Reviewed by:

Mr. Li Xiaodong
Executive Director

Vientiane Capital, Lao PDR

20 October 2021