VIENTIANE CENTER
ວຽງຈັນເຊັ້ນເຕີ
ບໍລິສັດ ວຽງຈັນເຊັ້ນເຕີ ລາວ ມະຫາຊົນ
VIENTIANE CENTER LAO PUBLIC COMPANY
ຖະໜົນຄຸວຽງ, ບ້ານໜອງຈັນ, ເມືອງ ສີສັດຕະນາກ, ນະຄອນຫຼວງວຽງຈັນ, ໂທ ແລະ ແຟັກ: (+856) 21 228299
KHUVIENG ROAD, NONGCHAN VILLAGE, SISATTANAK DISTRICT, VIENTIANE CAPITAL, Tel & Fax: (+856) 21 228299

Vientiane Center Lao Public Company

Semi-Annual Report 2022

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 Volkswagen 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 June 30, 2022, 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 16, 2022:

(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 47,464,600 shares, accounting for 32.24% of the total shares.

2. Industry Analysis and Important Financial Indicators of the Company

2.1 Industry Market Analysis

Looking back at the first half of 2022, the overall business environment in Laos was still highly affected by the COVID-19 epidemic. Although the Lao government has successively issued documents to fully open all international ports since January 2022 and the tourism market in Laos was gradually recovered, the commercial retail market in Vientiane was sluggish due to the devaluation of the Lao currency Kip and the lasting impact of the epidemic, and the store and office building rental business was hit by the market environment. At the same time, the competition of commercial real estate in Vientiane has intensified. Firstly, in terms of store rental, Vientiane Center was challenged by the competition from neighboring markets of the same category. Some markets significantly reduced rents and competed at low prices, causing a certain impact on Vientiane Center. Secondly, for office building rental, the capacity of office building market was low in Vientiane, there were few incremental customers in the first half of the year, and the rents of new office buildings were generally reduced to win new customers, which intensifies the competition.

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, continuously improved the property service quality of office buildings while constructing convenient shopping and office facilities, and granted certain support policies to merchants and enterprises during the epidemic period to stabilize the occupancy rate. The Events & Investment Promotion Department held more than 27 large and medium-sized events safely while taking proper preventive measures against the epidemic, such as the first large-scale employment and recruitment fair in Laos, Laos 2022 Hip-Hop Music Festival, Laos Telecom Weekend Market Fair, Laos Traditional Handicraft Exhibition, Food Carnival and Laos Children's Day Festival, etc. For conventional auto shows, it cooperated with other auto dealers to conduct a number of road shows, including Geely, Ford, Kia, Mazda, BYD and Michelin Tire. For advertising investment, it established a long-term cooperation relationship with Food Panda and signed a contract for a billboard on the large glass curtain wall in a shopping mall. Depending on new films and special offers, cinemas boosted consumer confidence and gradually increased the attendance.

2.3 Important Financial Indicators of the Company in the First Half of 2022

2.3.1 Revenue

In the first half of 2022, the Company achieved a total operating revenue of 4,715,985,043.00 KIP, a decrease of 7.92% year-on-year, including 1,817,603,376.25 KIP from rental receipts of stores, 1,426,097,135.83 KIP from rental receipts of office buildings, 725,084,810.00 KIP from joint operation, 292,564,591.02 KIP from rental receipts of event venues, 452,115,597.62 KIP from from rental receipts of billboards and 2,519,532.28 KIP from other income.

The reasons for the decrease in the Company's operating revenue in the first half of 2022 are listed as follow.

First, due to the impact of the COVID-19 epidemic in recent years, KIP, the local currency of Laos, was dramatically devalued by the macro environment, and the commercial retail continued to be in the doldrums, making it more difficult for international brands to open stores in the shopping mall. Moreover, the office expenditure cut by enterprise customers extended the overall investment promotion and landing cycle of office buildings, failing to realize the expectations of the investment plan.

Second, a significant increase in prices in Laos was induced by the imported inflation caused by the devaluation of KIP and the increase of crude oil prices, and the purchasing power and consuming intention of the Lao people generally decreased, bringing a certain difficulties to the business tenants of Vientiane Center in their operations. The Company had granted certain support policies such as rent concession or exemption to merchants and enterprises to stabilize the occupancy rate.

Third, the tenants in office buildings were hit by the market environment and reduced their budgets, resulting in surrender and reduction of tenancy. After the new normal in the economic development in the first half of the year, the rent of office buildings in Vientiane was generally reduced to win new customers or retain existing customers, and the rent of villas (an alternative of office building substitutes) was also decreased, which intensified the competition.

2.3.2 Profit and Loss

The operating expenditure of the Company in the first half of 2022 was 1,685,165,614.00 KIP, an increase of 354% year-on-year, mainly benefited from the increase in property management expenses (in the first half of 2021, no property management fees were accrued for property assets in the name of Volkswagen Company); the foreign exchange gains were 427,157,606.00 KIP, a decrease of 35.23% year-on-year, mainly due to the decrease in non-kip currencies held by the Company; the pre-tax profit was 3,457,977,035.00 KIP, the income tax expense was 606,643,512.00 KIP, and the net profit was 2,851,333,523.00 KIP, a decrease of 20.27% year-on-year.

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 2022 were 201,432,123,094.00 KIP, an increase of 0.63% compared with 2021.

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 2022 were 18,759,223,026.00 KIP, a 0.66 percent year-on-year decrease in 2021.

The decrease in liabilities is due to the profits of the Company during the reporting period.

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. Sun Feihu	Director
7. Mr. Luo Xiaodong	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: 06/02/1967
- 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: 09/01/1984
- Languages: Chinese, English, Laos, Thai

- **Designation:** Director, Chief Operation Officer
- **Education:**Graduated from Thailand Assumption University, major in Master of Business Administration.

（6）Mr. Sun Feihu



- Nationality: Chinese
- Date of birth: 17 /03/1986
- Languages: Chinese
- Designation: Director, Chief Financial Officer
- Education: Graduated from Yunnan University of Finance and Economics, major in Bachelor degree of Business Administration.

（7）Mr. Luo Xiaodong



- Nationality: Chinese
- Date of birth: 07/03/1989
- Languages: Chinese
- Designation: Director
- Education: Graduated from Yunnan University of Finance and Economics, major in Bachelor of Finance and Financial Management.

（8）Mr. Xiao Yong



- Nationality: Chinese

- Date of birth: 02/07/1977
- 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: 25/10/1976
- 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: 25/01/1976
- 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 one meeting in the first half of 2022 to consider 11 issues such as the annual work report for 2021 and the financial audit report.

3.2.2 The Nomination Committee reviewed the candidates nominated for the third 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 2021 and the financial report for the first quarter of 2022 to ensure the accuracy of the Company's financial reports.

4. Social Responsibility of the Company

(1) From March 16 to 20, 2022, a forum on " Lao Employment Expo 2022" was held at Vientiane Center, organized by the Lao National Chamber of Commerce and Industry (LNCCI), co-organized by Vientiane Center, and participated by the Lao Ministry of Education and Sports, the Lao Ministry of Labor and Social Welfare and the Lao Federation of Trade Union, to study and discuss how to restore employment and relieve social pressure under the current epidemic trend in Laos, as well as the direction of the future development of labor market in Laos, which to some extent boosted confidence in the Lao job market.



(2) In order to support the development of green agricultural economy in Laos, Vientiane Center cooperated with the Lao Agricultural Promotion Team to establish a small organic vegetable market next to Nongchan Lake in the back square of shopping mall at the Vientiane Center, which is open to the public every Wednesday, Friday and Sunday, providing convenience to the residents around the Vientiane Center and also promoting the income of Lao peasants.



(3) The taxes paid to the Lao government totaled 147.81 million KIP in the first half of 2022, as detailed below:

Unit: million KIP

S/N	Items	Amount
1	Value-added tax	143.06
2	Individual income tax	4.75
Total:		147.81

Chairman of the Board

He Jun

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