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

Business Performance Review for the year 2023 and Business Plan for the year 2024

1. Company Information

1.1 Vision

VCL aims to establish itself as Laos' premier commercial brand and create the "shopping center, office center, financial center and exhibition center" in Laos.

1.2 Mission

To bring a more fulfilling urban lifestyle to Laos.

1.3 Company Introduction

Vientiane Center Lao Public Company (the Company),established on November 30 2017, was a subsidiary of VCL established by North Nongchan Complex Development Co., Ltd., a joint venture between China Yunnan Construction and Investment Holding Group Co., Ltd. and Krittaphong Group Co., Ltd, through the spin-off of high-quality assets. It was listed on Lao Securities Exchange on May 31 2019 with the stock code of VCL.

The company specializes in real estate development for sales and leasing, offering a range of services such as the lease and sale of shops and office buildings, the lease of event spaces and advertising spaces, as well as joint operations for large-scale business formats. The Vientiane Center shopping mall and office building operated by the Company have attracted well-known merchants such as Bank of China, Miniso and Major Platinum Cineplex Cinema as well as multinational companies including Korea Western Power Co., Ltd., Prudential Plc and DKSH. At present, Vientiane Center has become the leading commercial brand and the "shopping, office, financial and exhibition center" in Laos and is recognized as the typical cooperation model awarded by governments of China and Laos.

1.4 General Information of the Company

1.4.1 Location

The office is located at KhouVieng Road, Nongchan Village, Sisattanak District, Vientiane Capital.

1.4.2 Contact Information

Tel: (+ 856-21) 228299

Fax: (+ 856-21) 228299

Website: http://www.vclao.com/

1.4.3 Registered capital

The registered capital as of March 09, 2023 is 147,199,900,000 kip.

1.4.4 Shareholder Information

As of March 14, 2024, the status of shareholders holding 5% or more of the shares is as follows:

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

2. Lao-China Securities Company Limited held 47,398,800 shares, accounting for 32.20% of the total shares.

2. Industry Analysis and Key Financial Indicators for the Company

Looking back at 2023, the adverse macroeconomic environment in Laos, characterized by a significant decline in the Kip exchange rate, shortage of foreign exchange reserves, sharp inflation, labor loss, and the decline in purchasing power of local consumers in Laos and other adverse macroeconomic environment had severe impacts. Firstly, the commercial retail market continued to decline, with longer periods for investment promotion for the whole mall and the investment promotion plan falling short of expectations. Secondly, the tenants are affected by the market environment and the budget is reduced, resulting in lease termination and rent reduction. Thirdly, Naga Mall and Vientiane Life Center around Vientiane Center attract office customers in a more flexible way, forming competition and customer diversion, and increasing market competition. However, with the increasing number of new customers entering the Lao market, the shop and office leasing market began to show signs of recovery. Consequently, VCL has adjusted its investment promotion policies in a timely manner, leading to an overall positive trend in business across various operational segments.

2.2 Development of the company's important businesses

Vientiane Center adheres to the advantages characterized by the combination and complementation of shopping malls and office buildings. While continuously improving the service quality of property management within the office building, Vientiane Center creates convenient shopping environment and office facilities, actively expands new customers, and stabilizes the rental rate of the shopping mall and office building. By the end of 2023, the rental rate of shops of VCL reached 90%, and the rental rate of office buildings of to VCL reached 90%. In terms of investment promotion through events, Vientiane Center Mall has undertaken 78 large and medium-sized activities, such as Laos 2023 Intellectual Property Forum, Lao Chamber of Commerce and Industry Employment Fair, Vientiane Book Festival, Japan Film Festival, Korea Week, Lao National Productivity Festival, Lao Vegetarian Festival, Coca-Cola football match press conference, Sprite 3-a-side street basketball game and 2023 Lao International Coffee Festival. The mall event organization team organized and planned the 2023 Vientiane Center Annual Auto Show, 2023 Coffee Brewing Competition, summer camping exhibition and other activities, and the Center continues to consolidate its position as an important theme event venue in Vientiane city.

In terms of large-scale business format of associated operation, the Major Platinum Cineplex cinema in Vientiane Center has gradually increased its film attendance and box office revenue through continuous film updates and ticket promotions.

2.3 Possible Risks

VCL's operations are limited by factors such as city size, population, currency depreciation and consumption level in Laos, fierce competition from similar industries nearby, etc. The market incubation period is extended, and the performance may not meet the expected target.

2.4 The Company's Important Financial Indicators for the year 2023

2.4.1 Revenue

For the year 2023, VCL achieved a total operating revenue of 17,531,399,782.00 kip, up 57.85% year-on-year, including the shop rental revenue of 4,604,934,444.00 kip, the office building rental revenue of 6,585,550,551.00 kip, the associated operation revenue of 3,251,145,674.00 kip, the event space rental revenue of 1,013,179,970.00 kip, Billboard rental revenue of 1,226,880,442.00 kip and other revenue of 849,708,701.00 kip.

The reasons for the increase in the company's operating revenue in 2023 are as follows: Firstly, the relaxation of the epidemic prevention and control policy in Laos and neighboring countries has significantly boosted the market activity, and increased investment promotion efforts, directly driving the increase in the revenue of various operating sectors; Secondly, there has been a significant devaluation of the Lao national legal currency kip, and most of the revenue contracts signed by the company are in US dollars.

2.4.2 Profit and Loss

For the year 2023, the company's operating expenses totaled 9,436,710,859.00 kip, up 107.49% year-on-year, mainly due to the increase in operating management expenses (in 2023, VCL signed an operating management agreement with North Nongchan Company); Profit before tax amounted to 15,557,323,483.00 kip, income tax expense to 3,408,330,144.00 kip and net profit to 12,148,993,339.00 kip, down 84.51% year-on-year.

The reasons for the decline in net profit are as follows: Firstly, the assessed value increase of the investment real estate evaluation in the previous period is greater than that of the current period; Secondly, operating expenses increased.

2.4.3 Total assets

As of December 31, 2023, the Company's assets totaled 312,925,946,798.00 kip, up 5.61% year-on-year compared to 2022.

Reasons for the increase in assets: Firstly, new assets were purchased in 2023; Secondly, profits were generated from the company's operations.

2.4.4 Total liabilities

As of December 31, 2023, the Company's liabilities totaled 43,255,742,947.00 kip, up 13.72% year-on-year compared to 2022.

Reasons for the increase in liabilities: The Deferred income tax liabilities increased caused by the increase in value evaluation of the Company's investment real estate assets during the reporting period.

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

3.1 Board of Directors

3.1.1 Members of the Board of Directors

The Board of Directors of Vientiane Center Lao Public Company consists of 11 members:

- Mr. He Jun: Chairman; Number of shares: 0; Salary: 0
- Ms. Orlathai Santikongkha: Vice Chairman; Number of shares: 0; Salary: 0
- Mr. Bulapha Santikongkha: Member of the Board; Number of shares: 0; Salary: 0
- Mr. Wang Weikun: Member of the Board; Number of shares: 0; Salary: 0
- Mr. Wu Xinghua: Member of the Board; Number of shares: 0; Salary: 0
- Mr. Luo Xiaodong: Member of the Board; Number of shares: 5,000; Salary: 0
- Mr. Lei Yaohai: Member of the Board; Number of shares: 4,900; Salary: 0
- Mr. Xiao Yong: Independent Member; Number of shares: 0; Salary: 0
- Ms. Zhang Tianyi: Independent Member; Number of shares: 0; Salary: 0
- Mr. Viengsavanh Phanthaly: Independent Member; Number of shares: 0; Salary: 0
- Mr. Josong Bouasinengma: Independent Member; Number of shares: 0; Salary: 0

3.1.2 Profiles of Members of the Board of Directors

（1）Mr. He Jun



- Nationality: Chinese
- Date of birth: 11 /04/1989
- Languages: Chinese, English.
- Designation: Chairman
- Educational Background: Master of Business Administration from Yunnan University.

（2）Ms. Orlathay SANTIKHONGKHA



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

（3）Mr. Wang Weikun



- Nationality: Chinese
- Date of birth: 15 /05/1984
- Languages: Chinese, English.
- Designation: Chief Executive Officer
- Educational Background: Master of Finance from University of International Business and Economic(China); Master of International Relations from Waseda University(Japan).

（4）Mr. Boulapha SANTIKHONGKHA



- Nationality**:** Laos
- Date of birth**:** 06/02/**19**67
- Languages: Chinese, Laos
- Designation: Member of the Board
- Educational Background**:** Bachelor of Business Administration from South China University of

Technology.

（5）Mr. Wu Xinghua



- Nationality: Chinese
- Date of birth: 09/01/**19**84
- Languages: Chinese, English, Laos, Thai
- Designation: Member of the Board, Chief Operation Officer
- Educational Background: Master of Business Administration from Thailand Assumption University.

（7）Mr. Luo Xiaodong



- Nationality: Chinese
- Date of birth: 07/03/**19**89
- Languages: Chinese
- Designation: Member of the Board
- Educational Background: Bachelor of Finance and Financial Management from Yunnan University of Finance and Economics.

(7) Mr. Lei Yaohai



- Nationality: Chinese
- Date of birth: **28 /11/1984**
- Languages: Chinese, Laos

- Designation: Member of the Board
- Educational Background: Master of Business Administration from Khon Kaen University.

（8）Mr. Xiao Yong



- Nationality: Chinese
- Date of birth: 02/07/1977
- Languages: Chinese
- Designation: Independent Member
- Educatioal Background: Master of Financial Management Shandong University of Finance (China).

（9）Mr. Zhang Tianyi



- Nationality: Chinese
- Date of birth: 25/10/1976
- Languages: Chinese
- Designation: Independent Member
- Educational Background: Master of Law from Yunan University (China).

（10）Mr. Viengsavanh PHANTHALY



- Nationality: Laos
- Date of birth: 25/01/1976

- Languages: Laos, English, Thai
- Designation: Independent Member
- Educational Background: Master of Corporate Law and Securities Law from University of Washington.

（11）Mr Joexiong BOUASYNENGMA



- Nationality**:** Laos
- Date of birth**: 15**/12/**1972**
- Languages: Laos, Chinese, English, Thai
- Designation: Independent Member
- Educational Background: Master of International Finance from Renmin University of China.

3.2 Progress of the Work of the Board of Directors and Various Committees

3.2.1 At the board level, a total of 8 meetings were convened in 2023, during which 17 agenda items were deliberated and approved, including the annual work report and financial audit report for the year 2022..

3.2.2 According to the relevant regulations of the Lao Securities and Exchange Commission, the Nomination Committee conducted a review of the proposed changes to the members of the fourth Board of Directors, and submitted a review report to the members of the Board of Directors for deliberation, providing foundational information for the board’s decision making.

3.2.3 According to the annual work plan, the Audit Committee convened 4 meetings to review the financial audit report for the year 2022, the first quarter of 2023, the first half of 2023 and the third quarter of 2023, to ensure the accuracy of the company's financial report disclosure.

3.2.4 The Related Party Transaction Committee convened three meetings to review the three related party transactions conducted by the company, providing reference opinions for the decision-making leadership to approve associated transactions.

4. Social Responsibility

4.1 Taxation

Vientiane Center actively fulfills its tax obligations in accordance with the law. In the fiscal year 2023, it contributed a total of 406,432,200 Kip in taxes, as detailed below:

No	Items	Amount(million kip)	
		Year 2023	Year 2022
1	Profit tax	–	–
2	Vat	37, 728. 49	33, 925. 27
3	Income tax	2, 914. 73	1, 701. 67
4	Other tax	–	–
Total		40, 643. 22	35, 626. 94

4.2 Social Responsibility

Vientiane Center has actively provided convenience services for charity fundraising activities in Laos. Donation boxes from charity organizations have been placed in areas such as escalator sides and pedestrian walkway corners. In 2023, a total of 14,242,000 kip was raised for public welfare organizations in Laos.





5. Investor Relations Maintenance Activities

In May 16, 2023, Vientiane Center participated in the investor meeting held by Laos Stock Exchange and introduced the company's general information, main business, organizational structure, development strategy, the business plan for the year 2023, corporate social responsibility and the company's key financial indicators for the year 20222.

6. The Related Party Transactions

There were three related party transactions in 2023:

(1) Purchasing office assets of North Nongchan Complex Development Co., LTD.

The transaction was first examined by the Company's Related Party Transactions Committee and submitted to the company's Board of Directors for deliberation; After deliberation and approval, the Board of Directors agreed to submit the matter to the Shareholders Meeting for deliberation. This transaction was conducted after deliberation and approval by the Shareholders Meeting held on April 28, 2023, and it has been disclosed on the website of the Lao Securities Exchange.

(2) Appointing North Nongchan Complex Development Co., Ltd. to carry out property management matters.

This matter falls within the decision-making authority of the Board of Directors, and after review by the Company's Related Party Transactions Committee, it was submitted to the Board of Directors on September 20, 2023 for deliberation and execution. The resolution has been disclosed on the website of the Lao Securities Exchange.

(3) Appointing North Nongchan Complex Development Co., Ltd. to carry out public company asset operation services.

This matter falls within the decision-making authority of the Board of Directors, and after review by the Company's Related Party Transactions Committee, it was submitted to the Board of Directors on September 25, 2023 for deliberation and execution. The resolution has been disclosed on the website of the Lao Securities Exchange.

7. Dividend policy

Article 5 of the Articles of Association stipulates that:

The profit of Vientiane Center refers to the net profit of the company after deducting expenses, depreciation expenses, debt repayment, taxes to the government, and various reserve funds required to be withheld in accordance with the law and the Articles of Association. The Company may withhold the net profit in order to realize the company's future objectives. In terms of profit distribution,

- The shareholders shall receive the corresponding share of profits according to their own contribution or the proportion of the shares held;
- The profit distribution plan must be approved by the Shareholders Meeting;
- The company will not distribute profits in case of consecutive losses.

8. The Business Plan for the year 2024

8.1 Enhancing coordinated development and harnessing the advantages of interaction between shopping malls and office buildings.

In 2024, the Shopping Mall Business Division will further coordinate internal resources, enhance the sharing of investment promotion information for the shopping mall and office building, collaborate with the office building under the central theme of "the shopping mall providing office convenience and office customers driving consumption in the shopping mall", and carry out diversified activities with other formats such as movie theaters, bowling alleys, and amusement parks to maximize core

competitive advantages to drive passenger flow. Additionally, the division will continue to advance the "Group Buying Custom Card" service plan for the food court to further improve the overall revenue of the food court and the rental rate of the mall.

Continue to enhance the publicity and promotion of the mall on major mainstream online social platforms, deepen the cooperation with peripheral online shopping apps to further drive the online sales scale of the mall brand and create a distinctive mall brand image; Additionally, actively connect with international well-known brands from China and Thailand and establish brand effects through various channels such as self-holding or seeking dealers to facilitate investment promotion.

8.2 Prioritizing brand promotion strategies and continuously optimizing the business format of the shopping mall

Strengthen the diversified brand reserves, help the brand partners prioritize promotion, and resist risks such as brand retreat caused by external factors, thereby leveraging their leadership role to drive overall improvement in brand control for other brands and the mall as a whole. Additionally, further enhance the ability of active planning and promoting investment through events, continue to prepare for the traditional international Coffee Festival, Lao traditional handicrafts exhibition, street dance competition and Vientiane Center auto show and other activities, actively seek new initiatives, increase cooperation with international companies, international organizations, non-profit organizations, Lao government departments, etc., to upgrade the brand image of Vientiane Center in the Lao market.

8.3 Strengthening market customer exploration and steadily increasing the occupancy rate

Actively expand the efforts to promote investment in local office stock market in Laos, focus on tapping into resources from Chinese chambers of commerce and Chinese-funded enterprises in the provinces in Laos, and increase the publicity of investment promotion for the perimeter of the office building, formulate special promotion and leasing plans for special zones, strengthen the linkage effect between the office building and the shopping mall, solidify the depth of cooperation, expand information sharing, refine service improvement standards, and boost market confidence while improve the company’s performance.

8.4 Enhancing service quality, refining and improving service standards

Further utilize the existing team’s advantages in planning and design to provide customers with one-stop event planning solutions, venues and event equipment rental solutions, create new profit growth points, and form a virtuous interactive cycle of customer flow and investment promotion. On

the one hand, gradually introduce events and expand discount promotions for the office building and the shopping mall to redirect consumer spending back to the shopping mall; On the other hand, focus on strengthening and promoting the brand image of the office building, solidifying and refining the improvement standards for service within the office building, gradually improve office building operations with small-scale measures and innovations, and continuously improve the service standards for value-added operations of the office building.

Vientiane Center Lao Public Company
Chairman

ບໍລິສັດ ວຽງຈັນເຊັ້ນເຕີ ລາວ ມະຫາຊົນ
Vientiane Center Lao Public Company

He Jun