



The Third Quarter report ended 30 September 2022



ບໍລິສັດ ສຸວັນນີ ໂຮມເຊັນເຕີ ມະຫາຊົນ
Souvanny Home Center Public Company

PHONTONGSAVAT RD, PHONTONG VILLAGE, CHANTHABULY DISTRICT, VIENTIANE CAPITAL

OFFICE; (856 21) 415645, FAX; (856 21) 262984, WWW.SOUVANNY.LA

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I. Overview of business of Company.

1. Vision.

Souvanny Home Center will become a leader of the development of modern trade centers on construction materials, home decoration, home appliances, and Consumer goods in all sale channels to meet the customer's needs in Lao PDR and connects to the ASEAN market.

2. Mission

- Developing the import of construction materials, home furnishings, home appliances, and consumer goods from all areas with quality and reasonable prices to all customer groups, and all areas of Laos, contributing to be a part to drive the Lao economy.
- Improving the Service and Hand-over in all sales channels both Offline and Online to be modernized.
- Enhancing the capacity of personnel and creating continuously successor staffs to be the potential personnel to cope with the new technologies changing in the transfer periods and changing of the customer's behavior in the new era.
- Developing Laos' trade links with ASEAN and the world, as Laos is the center of the region.
- Maintain all interests of all parties involved in the Company and contribute to social and environmental responsibility for sustainable green development.

3. History of SOUVANNY

SOUVANNY Home Center Public Company (“the Company” or “SVN”) operates one-stop shopping home center which provides both services and full-ranged products from construction material to home supplies and decoration such as, tile, sanitary ware, paint, home and office decoration material. Moreover, the Company also has services including the products recommendation to customers, interior design for kitchen and restroom, and product delivery. Most of the imported products of the Company are high quality with well-known brands easily recognized effectively managed by modern computer system, focusing on distribution and warehouse system. The products can be separated over 20 categories vary on the customers' needs under the slogan that **“improving products and services to high quality, delivering full-range products with on-time basis, satisfying customers, and continuous development”**. The Company's distribution channel is to sell through its own modern trade showrooms under the brand “Souvanny” to be leading modern construction materials in Lao PDR.

Souvanny's shop was established in **1988** by Mrs. Souvanny SOUKHABANDITH, Mr. Waddana SOUKHABANDITH, and Mr. Phannola SOUKBANDITH at Sisawat Village, Chanthabuly District, Vientiane Lao PDR. However, currently it becomes a sub-branch (Thongkhankham branch) with initial registered capital of 3,250,000 Kip. **In 1993**, the Company was registered as Souvanny Trading Export-Import Sole Company Limited with registered capital 100,000,000 Kip. **In 2000**, the Company

rapid growth as the need in construction materials has increased, together with Mr. Kotsada SOUKHABANDITH graduating from abroad and coming to help manage the Company business. In this year, the Company opened Phonetong branch operating the first one-stop shopping home center which provides both services and full-ranged products from construction materials to home supplies and decorations in modern trade showroom. So, the head office was moved from Thongkhankham branch to Phongtong branch (currently Head office). **In 2004**, the company has expanded a new branch as Sikhai branch at Nahae Village, Sikhottabong District, Vientiane. **In 2015**, the Company has transformed the business from Souvanny Trading Export-Import Sole Company Limited to Souvanny Trading Export-Import Company Limited with the registered capital 500,000,000 Kip. Extraordinary General Shareholder's Meeting No. 1/2015, **on 28 July 2015**, has approved the important issues as follow: Changing the par value from 50,000 Kip per share to 2,000 Kip per share. Approving an increase in registered capital from 500,000,000 Kip to 280 billion Kip, total 140,000,000 shares. The Company was invested by Global House International Company Limited, who provides both services and full-ranged products from construction materials to home supplies and decoration in Thailand, expecting to obtain business operation know-how to improve the Company business. Extraordinary General Shareholder's Meeting No.3/2015, the company is controlled by SOUKHABANDITH family who own 60% of the company's share. 40% of the company's shares is owned by Global House International Limited. **on 13 September 2015**, has agreed on the important issues as follow: Transforming the Company to public company and changing the company name to Souvanny Home Center Public Company. Approving an increase in registered capital for Initial Public Offering (IPO) 50 billion Kip by issuing 25,000,000 ordinary shares, with par value of 2,000 Kip per share to respond to economic growth and become a listed company in Lao Securities Exchge (LSX). The Company's share was listed in LSX and first trading day **on 11 December 2015**. **On 30 January 2017**, the company has expanded a new branch as Xokyai Branch at Xokyai Village, Saysettha District, Vientiane (450 Year Road). **On 30 September 2017**, the company has expanded a new branch as Pakxun Branch at Sisaard Village, Pakxun district, Borlikhamxay Province. **On 31 March 2018**, the company closed business of SVN's Thongkhankham Branch and **On 17 July 2018**, the company has expanded a new branch as Pakse Branch at Karng Village, Pakse district, Champasak Province. **On 1 July 2019**, the company closed business of SVN's ThongToum Branch.

On 02 March 2020, the company has expanded a new branch as Thakhek Branch at Phonphim Village, thakhek District, Khammuan Province, and on December 14, 2021, the Company expanded to its seventh branch, Savannakhet Branch, located in Phonesavangnuea Village, Kaisone Phomvihan City, Savannakhet Province.

II. Financial Status and Business Operation Result

1. Revenue:

- Total revenue of the third quarter of 2022 was equivalent to LAK 161,113 million, compared to the same period of the last year, an increase of LAK 53,146 million or equal to 42.99% due to the company has expanded a new branch such as the Savannakhet branch and increased new products to meet the needs of customers.
- Total revenue of the Nine-month of 2022 was equivalent to LAK 470,703 million, compared to the same period of the last year, an increase of LAK 139,352 million or equal to 42.06% due to the company has expanded a new branch such as the Savannakhet branch and increased new products to meet the needs of customers.

2. Expenses:

- Total expenses of the third quarter of 2022 were equivalent to LAK 27,336 million, compared to the same period of the last year, an increase of LAK 9,390 million or equal to 52.33% due to the increase in sales and administrative expenses and including expenditures on sale promotion.
- Total expenses of the Nine-month of 2022 were equivalent to LAK 72,332 million, compared to the same period of the last year, an increase of LAK 18,998 million or equal to 35.62% due to the rise of administrative expenses and fixed assets increase from expanding new branches, it was a reason that depreciation charges increased respectively.

3. Net Profit:

- Total net profit of the Third quarter of 2022 was equivalent to LAK 9,923 million.
- Total net profit of the Nine-month of 2022 was equivalent to LAK 44,552 million.

4. **Asset:** Total assets as of September 30, 2022, were equivalent to LAK 1,287,450 million compared to December 31, 2021, an increase by LAK 337,806 million, or equal to 35.57 % due to the increase in inventory and non-current assets of new branches in Savannakhet branch, current assets increased from prepayments, and the increase in the exchange rate from financial transaction adjustments.

5. **Liabilities:** Total liabilities as of September 30, 2022, were equivalent to LAK 234,456 million compared to December 31, 2021, which increased by LAK 44,531

million. or equal to 23.45% due to the company have long-term loan to expand business increasingly.

6. **Equity:** Total equity as of September 30, 2022, was equivalent to LAK 1,052,994 million compared to December 31, 2021, an increase of LAK 293,274 million, or equal to 38.60% due to the increase of the company's profit and financial transaction adjustments.

Note: For business performance figures depend on Financial Statements

III. General Information and some important information of SVN

1. Location and Network

The Head Office of the Company is located at No 366, Phonetongsavath Village, Chanthabouly District, Vientiane Capital. Nowadays, there are 7 branches. 3 branches in Vientiane and 4 branches in other provinces such as:

1. Phonetong branch address: No 366, Phonetong Rd, phonetongsavath village, Chanthabouly District, Vientiane capital.
Tel: 021 560000 / 020 56082311
2. Sikhai branch address: 13 North Rd, Nahae village, Sikhottabong District, Vientiane capital.
Tel: 021 621254 / 020 58842414
3. Xokyai branch address: 450 Rd, Xokyai village, Xaysettha District, Vientiane capital.
Tel: 021 466009 / 020 55112509
4. Pakxan branch address: 13 South Rd, Sisaart village, Pakxan District, Borlikhamxay Province.
Tel: 054 791026 / 020 58097558
5. Pakse branch address: Karng village, Pakse Capital City, Champasak Province.
Tel: 031 514091 / 020 56206753
6. Thakhek branch address: Phonphim village, Thakhek District, Khammuan Province.
Tel: 051 212353 / 020 94071293
7. Savannakhet branch address: 9 Rd, phonesavarngnuea village, Kaisone Phomvihan City, Savannakhet Province.
Tel: 041 215858

2. Contact Information

- Tel: (+856-21) 415645 / 021 561111
- fax: (+856-21) 262984
- E-mail: Souvanny@souvanny.la
- Website: www.souvanny.la

IV. Securities and Shareholders 2022

➤ Registered Capital

The Company has paid registered capital of LAK 330 billion on 30 September of 2022, as the ordinary shares of 165,000,000 with par value at LAK 2,000 per share.

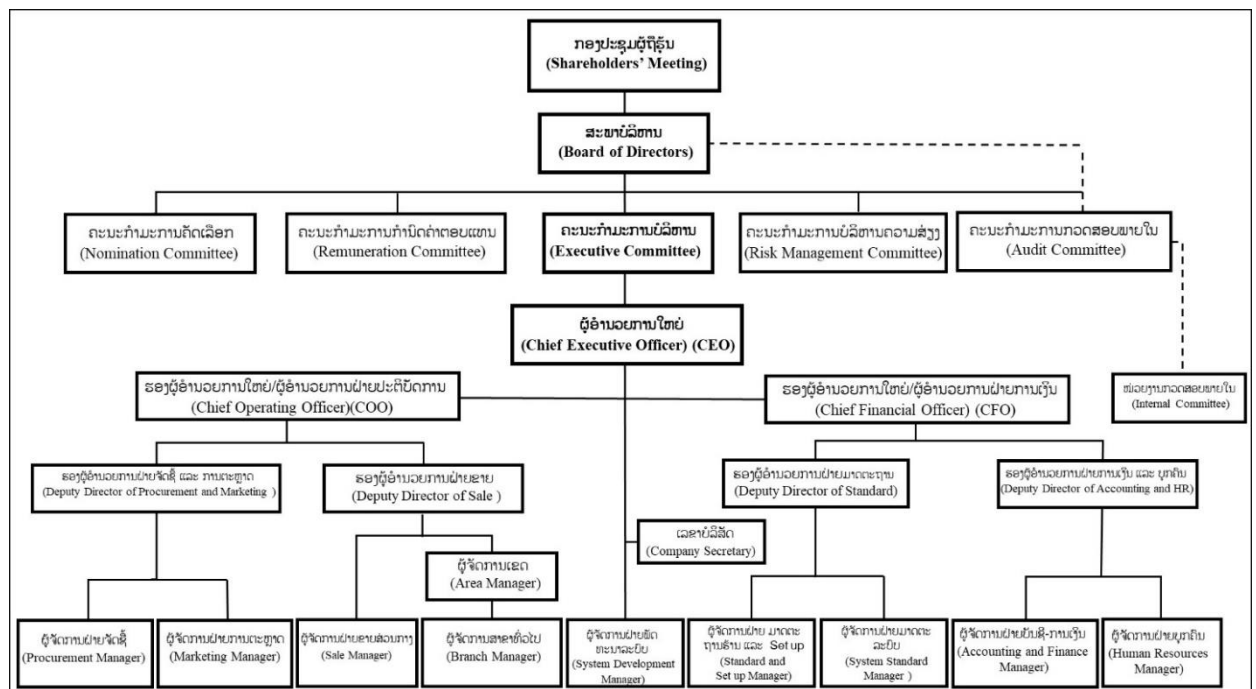
➤ Shareholders.

The shareholder of the Company who has share more than 5% of total shares

- Soukbandith family with 83,893,600 shares equal to 51 %
- Global House International Company Limited with 56,000,000 shares equal to 34 %.

V. Organization Structure: Board of Directors, Managing Directors and the activities of the Board.

1. Organization Chart of the Company.



2. The structure of SVN's Board of Directors and their curriculum vitae.

2.1 Board of Directors of SVN consists of 9 members:

- | | |
|----------------------------------|--|
| 1. Mr. Somchit INTHAMITH | Chairman of the Board of Directors, independent member. |
| 2. Mr. Xayphone KONGMANILA.Ph.D. | Vice Chairman of the Board of Directors, independent member. |
| 3. Mr. Waddana SOUKHABANDITH | Member of the Board of Directors. |
| 4. Mr. Bounterm KOMMITTAPHAP | Member of the Board of Directors, independent member. |
| 5. Mrs. Khamkhai LORVANHXAI | Member of the Board of Directors. |
| 6. Mr. Piphop VASANAARCHASAKUL | Member of the Board of Directors. |
| 7. Ms. Chutikan SRISAENGCHAN | Member of the Board of Directors. |
| 8. Mr. Phannola SOUKHABANDITH | Member of the Board of Directors. |
| 9. Mr. Kotsada SOUKHABANDITH | Member of the Board of Directors. |

2.2 Briefly Background of the Board of Directors.

1. Mr. Somchit INTHAMITH



Date of Birth	13/03/1960
Nationality	Lao
Education Background	Master of Development Economics, martin luther university halle-wittenberg, Germany.
Positions	Chairman of the Board of Directors and independent member of SVN.
Attendance at various meeting in Nine-month 2022	<ul style="list-style-type: none"> - Attended General shareholder's meeting for 1 time - Attended the Board Of Directors' Meeting for 3 times. - Attended the Nomination Committee's Meeting for 1 time. -Attendance the Risk Management Committee's meeting for 1 time.

2. Mr. Xayphone KONGMANILA .Ph.D.



Date of Birth	30/12/1973
Nationality	Lao
Education Background	Doctoral Degree of Business Administration, Hiroshima University, Japan.
Positions	Vice chairman of Board of Directors of SVN, Chairman of the Audit Committee, Member of Board of Directors of SVN, Independent Director of SVN
Attendance at various meeting in Nine-month 2022	<ul style="list-style-type: none"> - Attended General Shareholder's Meeting for 1 time. - Attended the Board Of Directors' Meeting for 3 times. - Attended the Audit Committee's Meeting for 3 times.

3. Mr. Waddana SOUKHABANDITH



Date of Birth	28/10/1966
Nationality	Lao.
Education Background	Master of Business Administration , Mahasarakham University, Thailand.
Positions	Member of Board of Directors of SVN. CEO of SVN.

Attendance at various meeting in Nine-month 2022

- Attended General Shareholder's Meeting for 1 time.
- Attended the Board Of Directors' Meeting for 3 times.
- Attended the Audit Committee's Meeting for 3 times.
- Attended the Nomination Committee's Meeting for 2 times.
- Attended the Remuneration Committee's Meeting for 2 times.
- Attended the Risk Management Committee's Meeting for 1 time.

4. Mr Bounterm KOMMITTAPHAP



Date of Birth

03/03/1955

Nationality

Lao

Education Background

Bachelor' Degree of Law of Faculty of Law and Political Science of Laos

Positions

Member of Board of Directors of SVN, Independent Director of SVN Chairman of the Remuneration Committee,

Attendance at various meeting in Nine -month 2022

- Attended General Shareholder's Meeting for 1 time.
- Attended the Board Of Directors' Meeting for 3 times.
- Attended the Nomination Committee's Meeting for 2 times.
- Attended the Remuneration Committee's Meeting for 1 time.

5. Mrs. Khamkhai LORVANHXAI



Date of Birth	21/08/1978
Nationality	Lao
Education Background	Degree of Business Administration, Settha Business Administration College, Laos.
Positions	Member of Board of Directors of SVN
Attendance at various meeting in Nine -month 2022	<ul style="list-style-type: none"> - Attended General Shareholder's Meeting for 1 time - Attended the Board Of Directors' Meeting for 3 times.

6. Mr. Phiphop VASANAARCHASAKUL



Date of Birth	21/05/1970
Nationality	Thai
Education Background	Bachelor's degree of humanities, Kasetsart University, Thailand
Positions	<p>Member of Board of Directors of SVN.</p> <p>Deputy Chief Executive Officer- Business Development of Siam Global House PCL.</p>
Attendance at various meeting in Nine -month 2022	<ul style="list-style-type: none"> - Attended General Shareholder's Meeting for 1 time - Attended the Board Of Directors' Meeting for 3 times.

7. Ms. Chutikan SRISAENGCHAN



Date of Birth	25/04/1969
Nationality	Thai
Education Background	Master of Business Administration, Khonkaen University, Thailand
Positions	Member of Board of Directors of SVN. Deputy Chief Executive Officer of Financial and Accounting of Siam Global House PCL
Attendance at various meeting in Nine -month 2022	- Attended General Shareholder's Meeting for 1 time - Attended the Board Of Directors' Meeting for 3 times.

8. Mr. Phannola SOUKHABANDITH



Date of Birth	22/09/1969
Nationality	Lao
Education Background	Master of Business Administration, Mahasarakham University, Thailand.
Positions	Member of Board of Directors of SVN. Chief financial officer Of SVN (CFO)

Attendance at various meeting in Nine -month 2022	<ul style="list-style-type: none"> - Attended General Shareholder's Meeting for 1 time. - Attended the Board Of Directors' Meeting for 3 times. - Attended the Audit Committee's Meeting for 3 times. - Attended the Nomination Committee's Meeting for 2 times. - Attended the Remuneration Committee's Meeting 2 times. - Attended the Risk Management Committee's Meeting for 1 time.
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9. Mr. Kotsada SOUKHABANDITH



Date of Birth	04/01/1972
Nationality	Lao
Education Background	Master of Business Administration, Khonkaen University, Thailand
Positions	Member of Board of Directors of SVN. Chief operating officer Of SVN (COO)
Attendance at various meeting in Nine -month 2022	<ul style="list-style-type: none"> - Attended General Shareholder's Meeting for 1 time. - Attended the Board Of Directors' Meeting for 2 times. - Attended the Audit Committee's Meeting for 3 times. - Attended the Nomination Committee's Meeting for 2 times. - Attended the Remuneration Committee's Meeting 2 times. - Attended the Risk Management Committee's Meeting for 1 time.

2.3 The structure of SVN's Executive Management.

1. Mr. Waddana SOUKHABANDITH



Chief Executive Officer of SVN (CEO)

2. Mr. Phannola SOUKHABANDITH



Chief Financial Officer of SVN (CFO)

3. Mr. Kotsada SOUKHABANDITH



Chief Operating Officer of SVN (COO)

3. The activities of SVN's Board for the Nine-month 2022

- The General Shareholder's Meeting was held for 1 time.
- The Board of Directors' meeting was held for 3 times.
- The Audit Committee's meeting was held for 3 times.
- The Remuneration Committee's meeting was held for 2 times.
- The Nomination Committee's meeting was held for 2 times.
- The Risk Management Committee's Meeting was held for 1 time.

4. Remuneration of Members of Board of Directors.

- the allowance to attend a meeting of member of the board of directors of the company who the independent member of the board of directors as follows:

- The Chairman of the board of directors 6,500,000 Kip/1 time.
- The Deputy Chairman of the board of directors 4,300,000 Kip/1 time.
- The member of the board of directors 4,300,000 Kip/1 time.

VI. Corporate Social Responsibility.

1. Tax Payment.

Souvanny Home Center Public Company has strictly taken under the law of the Lao P.D.R. particularly Tax law by performing its obligation to the state such as Value Added Tax, payroll tax, profit tax, etc

<u>The state tax in the Third Quarter</u>			
No.	Details	Total value (LAK) 2022	Total value (LAK) 2021
1	Import Duty	366,449,172	678,023,785
2	Value Added Tax	11,069,822,811	10,937,253,303
3	Payroll Tax	479,171,445	272,388,203
4	Consumption tax	-	-
5	Profit Tax	-	2,000,000
	Total	11,915,443,428	11,889,665,291

The state tax in the Nine-Month

No.	Details	Total value (LAK) 2022	Total value (LAK) 2021
1	Import Duty	1,874,387,445	1,779,469,846
2	Value Added Tax	32,357,684,584	33,562,572,778
3	Payroll Tax	1,198,184,351	689,223,251
4	Consumption tax	2,545,500	-
5	Profit Tax	10,000,000	2,000,000
	Total	35,442,801,880	36,033,265,874

2. Corporate Social Responsibility.

Souvanny Home Center Public Company supported the society such as:

- Souvanny Home Center together to donate Blood to the Lao Red Cross to help the patient who needs the blood.



- Souvanny Home Center Public Company, Pakse branch donated three computers to apply for teaching and learning materials at the value of LAK 10,800,000 to Monks secondary school in Salavan Province.



- Donated construction materials such as tiles and fans to Primary School, Thongvan village, Paksan district, Bolikhamxay province, with a total value of LAK 12,000,000.



- On 2 August 2022 Souvanny Home Center Public Company donated construction materials such as cement, tiles and paint to the office of PhonSawangnuea village, Kayson phomvihane city, Savannakhet province, with a total value of LAK 6,800,000.



- On 2 August 2022 Souvanny Home Center Public Company donated water closets to the third International Friendship Crossing Thkhaek-Nakhonphanom port to fix public toilets with a total value of LAK 8,000,000.



- On July 19, 2022, Souvanny Home Center Public Company supported money to the "U-19 men's football team and the staff coaches from the ASEAN Championship under 19 years of age with a total value of LAK 50,000,000.



- Donated tiles to Phontongsawat village's office with a total value of LAK 4,500,000.



- Donated the education, teaching, sports equipment, and solar cell lights to 3 Primary Schools of Khengtapa Village, Sombor Village, and Nong Ka Phat Village in BualaPha District, Khammouan Province, with a total value of LAK 23,000,000.



- Donated construction materials to Silivivet Temple, Huaiteiy Village, Pakxong District, Champasak Province, with a total value of LAK 25,500,000.



VII. Body's Management Policy

The company has internal policies to manage the body by applying the Management Standard under the ISO 9001-version 2015, Using the store's standard for servicing and the computer system with effective software in order to control and approve following the work procedures under the internal and external audit team and also utilizing the Closed-circuit television to control the mistakes that might occur to the company.

VIII. Risk Management Policy

The Business on distributing the Construction Materials has the main risks last year following;

1. Customer's debt
2. Money Exchange rate
3. Disease Epidemics
4. And threats

We systemically manage risks the detail is below;

- On the term of managing the Customer's debt, we have used approval mechanics by carefully considering giving credits and determining the suitable credit value to customers
- On the Money Exchange rate, we accurately import the products under the Lao Law, so that we are able to buy the currency from the bank;
- On the term of Disease Epidemics such as COVID-19, We have applied the SOUVANNY APP that Customer can select and buy our products on ONLINE and On OFFLINE, We have set the prevention measure of Social distancing, wearing the mask, check temperature before entering the showroom and we have provided hand cleaning gel the entrance and many points around the showroom.
- In terms of threats such as Floods, Fires, storms, earthquakes also, we have bought the insurance for each branch to cover every situation that may arise;

Chief Executive Officer

Souvanny Home Center Public Company



Waddana SOUKHABANDITH