



**REPORT  
OF THE BOARD OF DIRECTORS  
ON ACTIVITIES 2018 AND PLAN ON 2019**

**To: Shareholders of Bamboo Capital Joint Stock Company**

- Pursuant to the Enterprise Law No. 68/2014/ QH13 dated November 26th, 2014 of the Socialist Republic of Vietnam;
- Pursuant to the current Charter of Bamboo Capital Joint Stock Company.
- Pursuant to the operation situation of Bamboo Capital Joint Stock Company;

The Board of Directors of Bamboo Capital Joint Stock Company reports to the General Meeting of Shareholders about the operating status of the Board of Directors in 2018 and the plan for 2019 with the following contents:

**1. Evaluation of the Board of Directors (BOD) on the Company's 2018 activities**

**❖ Situation of implementing the resolutions of the 2018 General Meeting of Shareholders:**

In the past year, BCG Board of Directors with key members holding executive positions have actively involved in corporate management by holding quarterly meetings and issuing all 59 Resolutions. In addition, the Company has also completed the execution of some important Resolutions with the key detailed contents approved by the General Meeting of Shareholders:

- Amending and supplementing the articles of association of the Company.
- The Board of Directors decided to change the management model after restructuring according to the corporate management model and establishing the committees/sub-committees to ensure that BCG's activities to comply with the provisions of law, the Company articles of association.
- Approving the issuance of convertible bonds.

## ❖ Business situation

A/C unit: billion

Criteria	Year of 2017	Year of 2018	Change	% change
Revenue from sales of goods and service supply	1.990,88	1.113,32	-877,56	-44,08%
Costs of goods sold	1.758,01	881,95	-876,06	-49,83%
Net profits from sales of goods and service supply	232,87	231,37	-1,50	-0,64%
Revenue from financial activities	264,33	208,63	-55,70	-21,07%
Costs of finance	242,28	224,88	-17,40	-7,18%
Costs of sales	74,65	64,44	-10,21	-13,68%
Costs of corporate management	98,97	105,83	6,86	6,93%
Net profits from business activities	80,24	41,04	-39,20	-48,85%
Other profits	-1,15	-5,44	-4,29	373,04%
Total pre-tax accounting	79,10	35,60	-43,50	-54,99%
Enterprise income tax profits	59,67	11,33	-48,34	-81,01%

Generally, BCG activities in 2018 have prospered thanks to the change in business planning strategy. The Group's activities are based on 4 main restructured segments focusing on 4 pillars including: commercial production (Nguyen Hoang Group); infrastructure development and real estate (BCG Land); construction and trade (Tracodi); renewable energy (BCG Energy). Here are some highlights of the last 2018 business process:

- Following BCG, Tracodi is also honored to be selected into "**Top 500 largest enterprises in Vietnam**" (VNR500). Although the revenue gained nearly 874 billion VND, 76% of the 2018 plan and 79% of the 2017 plan, the after-tax profit gained 82.6 billion VND, 7% against the 2018 plan and 10% increase compared to 2017 implementation.
- Commercial production segment: In 2018, most of BCG's revenue contribution continues upon the production and export of key products from member companies and links such as: cassava starch, Antraco construction stone and artificial sand, Arabica and Robusta roasted coffee exported by Vinacafe Dalat. In addition, at the beginning of 2019, BCG has brought the franchise brand of Dr. Nam Coffee to the markets of Germany and South Korea with a wide range of coffee products originating from Vietnam Highlands. In addition, BCG also signed a successful recognition of the transfer of microbial fertilizer production technology to Korean Hyosung Onb, promising that this new industry will contribute a great part to the commercial production revenue of BCG in the coming years.
- Infrastructure projects: Project to upgrade and expand DT830 road (section from Duc Hoa town, Duc Hoa district to An Thanh bridge, Ben Luc district) is an important highlight in traffic planning from Duc district to Long An International Port (Can Giuoc and Long An districts) has been completed and officially collected from June 2018. So far, traffic flow through BOT 830 station has been maintained stably and without significant obstacles from the people. In addition, BCG is also proposing to

build industrial parks in Long An and Ben Tre with a scale of up to 1,000 hectares to serve the production needs of domestic and foreign enterprises.

- Real estate:
  - The business situation of Casa Marina Resort developed well thanks to the growth of Quy Nhon tourism. The average occupancy rate is 80% on weekdays and up to 100% on holidays. BCG is planning to deploy phase 2 for the resort, including 150 mountain villas in 2019.
  - Condotel and Malibu Hoi An resort villa project was broken ground in September 2018, marking a remarkable success when 2/3 of the total number of apartments and villas are ordered in a single offer. Currently, the project is in the process of construction and has completed the foundation, expected to hand over to investors on schedule in the 3rd Quarter, 2020.
  - In the area of Thao Dien, District 2, Ho Chi Minh City, King Crown Village project has just officially broken ground in January 2019, starting the first phase including 17 villas. As the last riverside villa project in Thao Dien, the project quickly sold 17 villas immediately after the groundbreaking ceremony.
- In the renewable energy segment, BCG has signed the investment cooperation contract with a series of great global partners such as Hanwha Energy Group (Korea), Power China (China), IB Vogt GmbH (Germany), Enea Consulting (Australia) ... to deploy solar projects in the provinces from the Central to the South. BCG solar power plant project - Bang Duong with a capacity of 40.6 MW in Thanh Hoa and Long An has completed the construction of the plant and is currently in the process of carrying out electric procedures, expected to generate electricity in June 2019. In addition, Gaia solar power project with a capacity of 100.4 MW in Long An is also in the process of construction and is expected to be completed in 2019, of which some will be able to generate electricity in June 2019. Rooftop solar segment, Skylight Power joint venture between BCG Energy and Indefol inaugurated the rooftop solar system for Dinsen company in December with a capacity of 1 MW in total capacity of 4.5 MW will deploy for Dinsen.

#### ❖ **Difficulties & challenges**

Although there have been certain successes in M&A investment as well as the restructuring of more efficient business strategies for companies in the group system, BCG still faces many difficulties in 2018 as follows:

- The team of thin senior personnel cum many positions affecting the mobilization of personnel to participate in the management of BCG member companies to take control, lack of personnel to mobilize to participate in operating the affiliates.
- BCG's profit-making business activities in 2018 still depend heavily on the most consolidated profit from its subsidiaries. Therefore, the impact on investors' earnings on stocks is still low. The main reason is that the Company mostly concentrates on medium and long-term projects that cannot generate short-term profit.

- Pressure from raising capital and disbursing investment in subsidiaries in a short time can not immediately create the value brought about by the investments, as well as these companies have not contributed to immediately for BCG.
- The limited working capital of the Company leads to the fact that companies in the system cannot operate with the expected capacity and efficiency.

❖ **Personnel**

Human resources play a very important role in BCG's success. The company has done well the recruitment, training, taking care of spiritual life, living and working conditions for employees. Properly applied reward and social insurance regimes have stimulated and motivated employees to work hard and fulfill their assigned tasks.

❖ **Social work:**

In 2018, BCG continued to participate in the programs showing the responsibility spirit to the community, accompanying the society as follows: sponsoring 5 compassion houses for Duc Hue district (Long An); giving 500 gifts to the poor in the Lunar New Year in 2019; VND 1.4 billion rural bridge financing in Tri Ton (An Giang); Antraco scholarship fund annually sponsors 250 million VND in Tri Ton district and a number of other community programs in the local project investment companies.

## **2. Evaluation of the Board of Directors on the activities of the Board of Directors of the Company**

General assessment of the activities of the Board of Directors in the management of production and business activities:

- The members of the Board of Executive Directors are qualified, trained professionally, knowledgeable in the field assigned and have many years of experience in management and run the big projects and businesses.
- The General Director assigns clear duties to the Deputy General Directors and related departments and monitors the implementation through reporting, organizing periodic briefings, evaluating implementation results assigned jobs and planning for the next task.
- The Board of Directors has implemented the production and business activities of the unit as well as implemented the projects in accordance with the Resolution of the General Meeting of Shareholders, the direction of the Board of Directors and complied with the articles of association of enterprises, legal provisions.
- The Board of Directors who are the members of the Board of Manage who should master the strategy, be aware of the advantages and difficulties of the Company, so they have flexibility in operating and issued internal documents under the authority to effectively control all production and business activities of the Company, well implement the role of risk control right from the initial steps.

### **3. Plans of the Board of Directors for 2019 activities**

#### **a. Forecast of Vietnam's socio-economic situation in 2019**

According to economic experts' forecast, following the successful economic growth of Vietnam in 2018, 2019 is forecast to continue the sublimation of Vietnam's economy. Accordingly, the following groups are expected to have good growth:

1. Real estate: Real estate has receded in the past due to the policy of reviewing legal procedures under the Government's anti-corruption program, leading to a reduction in real estate supply. Therefore, 2019 is forecast to be the breakthrough year and the success of real estate.
2. Energy in general and renewable energy in particular: Continuing to solve the problem of energy shortage, high economic development, greater energy demand.
3. Security: The economy is growing, the more international tourists are, the more interference with the world, the more crimes arise so the demand for security increases and is a strategic industry.
4. International trade: Export and import increased, Vietnam market is both a consumer market and a factory to produce goods for international markets.

Among the above-mentioned forecast sector groups of growth, at least three potential areas of the parent company - Bamboo Capital Group - have been selected in accordance with the general development trend of the Vietnamese economy, including : (1) Trade; (2) Real estate and (3) Renewable energy. Accordingly, real estate and renewable energy are related to construction, this is the premise of closed investment advantages when TRACODI is one of the key member companies of the Parent Company in the deployment of industries. Strategic occupation, so this is also a great opportunity for TRACODI to plan production and business plans in 2019.

#### **b. 2019 development strategic orientation:**

The Board of Directors will continue to promote activities in accordance with the rights and responsibilities stipulated by the law and the Company articles of association. The key tasks will have to be done in 2019 as follows:

- 1/ Elect additional number of independent members of the Board of Directors in accordance with the Enterprise Law.
- 2/ monitor the domestic and world economic situation and production and business activities of the Company. On that basis, analyzing and evaluating in time to make decisions to direct and orientate the Executive Board to organize the implementation of the tasks with the highest efficiency.
- 3/ Business strategy in 2019, BCG continues to focus on developing 4 restructured key affiliate companies focusing on 4 areas: infrastructure development - real estate project (BCG Land ), recycled energy; construction and trade and production - trade activities. As follows:

- **Renewable energy segment:**
  - BCG continues to invest in solar projects such as: 2 solar projects at Thanh Hoa - Long An Solar Energy Center with capacity of 2 projects of 100 MW; solar project on Krong Buk lake - Daklak (50 MW), 3 solar projects in Ben Tre with total expected capacity of 500 MW, wind energy project in Soc Trang (45 MW). The target of total power generation capacity is over 400 MW in 2019-2020 and 1,000 MW by 2023.
  - In order to quickly implement projects for the energy segment, we will cooperate with the number of experienced and technical partners such as IB VOTG and Hanwha Energy to develop the renewable energy project. At the same time, it is also seeking financial resources for the project from inviting partners with financial capacity like Hanwha Energy to invest 100 billion - 200 billion convertible bonds exclusively for solar energy segment.
  - To identify that solar rooftop segment is also very potential in Vietnam market. BCG Energy has also participated in this field to invest in projects of installing solar roof systems for manufacturing enterprises with large-scale factories and offices of state agencies
  
- **For real estate segment:** Focusing on completing Malibu Hoi An and King Crown Thao Dien project recognized the unexpected the 2009 revenue and profit. At the same time, the company continued to quickly improve the legal status to be able to deploy the construction of Phase 2 Casa Marina project and PEGAS resort project (Nha Trang) take advantage of the opportunity to market the 2019 project.
  
- **Tracodi's construction segment:** focus on building the professional construction management apparatus and experience to meet the requirements of infrastructure construction, civil and industrial construction. Building the capacity to participate in the role of General Contractor (EPC) for solar energy. In addition, Tracodi tried in the new field in the food industry by investing in Tapitek, which owns the largest denatured starch factory in the south. In 2019, it is expected this segment will contribute 400 billion VND, production capacity of 60,000 - 80,000 tons per year, strong export markets of China, Japan and Korea
  
- **Production segment of Nguyen Hoang Group:** focusing on restructuring the company activities by reorganizing the holding model to own micro fertilizer companies, Vinacafe Da Lat, Thanh Phuc company. At the same time, building a financial and business plan to achieve the goal of listing the company on the stock exchange in 2020.

4/ The Standing Board of Directors monitors and directs the Executive Board in implementing business plan with the target of 2019 sudden growth of parent company's profit in order to ensure dividend payment for shareholders in 2019, meeting expectations of Investors who have been holding shares for the last years.

5/ Promoting the Group's role through the management of the new ownership structure whereby the operation of BCG plays a role of ownership, so the revenue of BCG Group will come from: consolidating revenue of key affiliate companies; revenue from the source of managing affiliate companies; Dividends are divided from the performance of the key affiliate companies.

6/ Improving corporate managing capacity by focusing on directing the affiliate companies to improve business performance. Continuing to restructure financial structure, ownership structure contributing to profit growth, improving production capacity for the affiliate companies and associates.

7/ Strengthening the inspection and supervision of risk prevention in business, ensuring capital safety.

8/ Continuing to survey the opportunities for investment cooperation with foreign partners with strong financial potential and experience in implementing the company's key projects so as to improve financial capacity to implement Completion of procedures for Hanwha Energy that will invest 100 billion - 200 billion convertible bonds exclusively for the solar array. KPMG Singapore cooperation implements international capital mobilization for renewable energy projects implemented in 2019-2020.

Above are the basic assessment contents of BOD's 2018 activities and the development strategy orientation for 2019. Starting the implementation of the tasks in 2019, besides the advantages, there are many difficulties and challenges. The Board of Directors will continue to support the Executive Board to take timely guidance, as well as build up the achievements, continue to innovate and complete the set strategic goals to complete the plan at the beginning of 2019.

Respectfully submit to the General Meeting of Shareholders for consideration and approval./.

**Recipients:**

- Company shareholders;
- Archived: BODs, BOSs,
- Legal Dept.

**FOR AND ON BEHALF OF  
THE BOARD OF DIRECTORS  
CHAIRMAN**

*(Signed & seal)*

**NGUYEN HO NAM**