



## **REPORT OF THE SUPERVISORY BOARD**

Regarding the performance of duties as prescribed in the Company Charter and the provisions of the current law, the Supervisory Board would like to report to the General Meeting of Shareholders on the inspection and control work in 2018 as well as the direction of the tasks in 2019 as follows:

### **A. ACTIVITIES OF THE SUPERVISORY BOARD AND THE RESULTS OF INSPECTION AND SUPERVISION IN 2018**

#### **I. Activities of the Supervisory Board**

##### **1. Current personnel:**

Currently, the Supervisory Board consists of 03 members:

- Mr. Dinh Hoai Chau                      - Head of the Supervisory Board
- Mr. Duong Duc Hung                    - Member of the Supervisory Board
- Mr. Tan Bo Quan Andy                 - Member of the Supervisory Board

##### **2. Responsibilities of the Supervisory Board:**

The Supervisory Board fully participated in meetings of the Board of Management and the Board of Directors. The Supervisory Board is responsible for regularly supervising the activities of the Company. The members have strictly performed their assigned tasks. They also regularly exchange their ideas and evaluate the Company's operations to submit timely reports to the Board of Management and the Board of Directors.

##### *Specific responsibilities:*

- Implementing the supervision of activities of the Board of Management and the Executive Board during the management and administration of the Company in compliance with the provisions of the Law and the Company Charter.

- Supervising the implementation of the contents of the Resolution approved by the annual or extraordinary General Meeting of Shareholders.

- Proposing to select an independent auditing company for auditing the annual financial statements, including the period of reviewing the annual and half-year financial statements.

- Performing the inspection and supervision of activities of the Board of Management and the Executive Board; Attending the meetings of the Board of

Management and following the meeting contents to monitor the management and administration of the company activities.

- Checking the rationality, legality, honesty in managing and operating business activities; rationality, legality, honesty in the accounting organization, statistics and financial statements of the Company.

## **II. Results of inspection and supervision in 2018**

### **1. Implementation of resolutions of the General Meeting of Shareholders in 2018**

In 2018, the Board of Management and the Board of Directors well performed the tasks decided in the Resolution of the General Meeting of Shareholders. Specific implementation is as follows:

- Well implementing investment policies such as establishment, capital contribution, management of contributed capital to subsidiaries, joint ventures, associates, and other long-term investment policies under business strategies, etc.
- Implementing production and business activities under granted investment licenses;
- Board of Management, Board of Directors strictly followed the statements approved by the Annual General Meeting of Shareholders;
- Investment, divestment, borrowing, lending, buying and selling of assets were implemented within the approved competence, in accordance with the internal management rules and procedures.

### **2. Financial situation in 2018**

The Supervisory Board periodically had discussions with the independent auditing company about audit scope, audit results and other issues of concern in the internal control system. The Supervisory Board periodically reviewed and analyzed information and data given in financial statements.

Based on periodic reports and analytical data presented by the Executive Board at the meetings of the Board of Management, the Supervisory Board has the following assessment:

- The increase in assets, capital resources thanks to restructuring investment activities according to business strategies in real estate, renewable energy, trade and production is very positive and encouraging. Currently, there are difficulties in cash flow, large financial costs along with the need for synchronous governance, stabilizing activities, expanding production and business, strengthening personnel on a large scale in all strategic areas. However, the Supervisory Board assesses that with active and exciting activities that have been taking place in all business segments, there will definitely be great results in terms of sales, assets, profits and capital sources recorded in 2019 and the following years.

- This year, with the audit results done, revenue from production and business activities and profits did not meet the plan. But assets, capital and new projects on renewable energy, real estate, trade and production have increased significantly and are expected to grow strongly in the following years. The disadvantages of business results are: after-tax consolidated business profit in 2018 is lower than in 2017; Parent

company's after-tax profit in 2018 in the consolidated income statement is negative; Unallocated after-tax consolidated profits as at December 31, 2018 are negative. These disadvantages have been properly disclosed and explained in accordance with the ongoing practice at the Group.

- Financial statements: After monitoring, reviewing and appraising, it is claimed that the 2018 financial statements of the Company fully reflected the Company's business and financial situation and were presented according to the stipulated forms, in accordance with Vietnamese Accounting Standards and current regulations.

The following is some information about the Company's consolidated financial situation and consolidated business results so that shareholders can better understand the presented information:

**Consolidated situation of assets and capital sources:**

<i>2018 Balance Sheet, compared to 2017</i>			<i>Unit: VND billion</i>	
<b>Items</b>	<b>January 01, 2018</b>	<b>December 31, 2018</b>	<b>Difference</b>	<b>Ratio of Difference to Beginning Balance</b>
<b>Short-term assets</b>	1,303.99	1,955.68	651.69	49.98%
<b>Long-term assets</b>	2,244.06	3,364.94	1,120.88	49.95%
<b>Total assets</b>	<b>3,548.05</b>	<b>5,320.63</b>	<b>1,772.57</b>	<b>49.96%</b>
<b>Short-term liabilities</b>	1,007.42	2,883.52	1,876.10	186.23%
<b>Long-term liabilities</b>	1,183.28	1,029.39	(153.89)	-13.01%
<b>Owner's equity</b>	1,357.35	1,407.71	50.36	3.71%
<b>Total liabilities</b>	<b>3,548.05</b>	<b>5,320.63</b>	<b>1,772.57</b>	<b>49.96%</b>

**Consolidated income statement:**

<i>2018 Income Statement, compared to 2017</i>			<i>Unit: VND billion</i>	
<b>Items</b>	<b>2017</b>	<b>2018</b>	<b>Difference</b>	<b>Ratio of Difference to the 2017 value</b>
<b>Net revenue from goods sale and service provision</b>	1,990.88	1,113.32	(877.56)	-44.08%
<b>Cost of goods sold</b>	1,758.01	881.95	(876.06)	-49.83%
<b>Gross profit from goods sale and service provision</b>	<b>232.87</b>	<b>231.37</b>	<b>(1.50)</b>	<b>-0.64%</b>
<b>Revenue from financial activities</b>	264.33	208.63	(55.70)	-21.07%
<b>Financial expenses</b>	242.28	224.88	(17.40)	-7.18%

<b>Profit or loss in joint ventures and associates</b>	(1.05)	(3.81)	(2.76)	-261.80%
<b>Cost of sale</b>	74.65	64.44	(10.21)	-13.68%
<b>Enterprise management cost</b>	98.97	105.83	6.86	6.93%
<b>Net profit from operating activities</b>	<b>80.24</b>	<b>41.04</b>	<b>(39.20)</b>	<b>-48.86%</b>
<b>Other profits</b>	(1.15)	(5.44)	(4.29)	-373.13%
<b>Total profit before tax</b>	<b>79.10</b>	<b>35.60</b>	<b>(43.49)</b>	<b>-54.99%</b>
<b>Profit after corporate income tax</b>	59.67	11.33	(48.34)	-81.02%

### **3. Activities Supervision of 2018**

The Supervisory Board implemented the close supervision through regular exchanges with the Board of Management and the Board of Directors on risk management in investment activities as well as in regular production and business activities of the Company. Risks detected through control activities will be promptly reported to minimize, prevent, share or transfer risks in accordance with the law as well as to secure the interests of stakeholders.

The Supervisory Board recognizes that there is no significant risk in the Company's management system as well as compliance of related individuals and units with laws, rules and regulations.

### **4. Appraisal of financial statements, report of the Board of Management, report of the Board of Directors**

#### *a) Appraisal of report of the Board of Management:*

The operation report of the Board of Management fully and honestly reflects the activities, operation directions of the Company, the Resolutions of the Board of Management in accordance with the provisions of law and the Company's Charter.

#### *b) Appraisal of report of the Board of General Directors:*

The report of the Board of General Directors fully, honestly and reasonably reflects the business results of the Company in 2018. Business management decisions of the Board of General Directors are appropriate and comply with the laws, the Company's Charter as well as Resolutions of the Board of Management, Shareholders' Resolutions.

### **5. Results of coordination of activities between the Supervisory Board and the Board of Management, the Board of General Directors, and shareholders**

- The Supervisory Board recognizes that the members of the Board of Management and the Board of General Directors always create favorable conditions for the Supervisory Board to fulfill its tasks.

- The Supervisory Board participated in meetings of the Board of Management to supervise and gave opinions on issues under the authority of the Supervisory Board.

- The Board of Management, Supervisory Board, Board of General Directors were always willing to coordinate with shareholders in solving their issues under the current Enterprise Law. They made every effort to meet the information needs of shareholders

through information disclosure and communication activities, events or provided the information directly to shareholders when requested.

### **III. Conclusion and recommendations**

#### **1. Conclusion**

In 2018, the Supervisory Board detected no abnormalities in the Company's activities. No proposal from shareholders and employees was sent to the Supervisory Board. All activities of the Company in 2018 complied with the laws, the Company Charter, and the Resolution of the General Meeting of Shareholders.

#### **2. Recommendations**

Through the research and supervision, the Supervisory Board has some recommendations to the Board of Management and the Executive Board as follows:

- Continuously monitoring the macroeconomic situation; learning and analyzing the impacts of microeconomic changes on the Company in order to make flexible and effective solutions for implementing business activities and plans.

- Periodically synthesizing, analyzing and evaluating the impacts of the enterprise's internal environment on strategies in order to make timely adjustments in line with business strategies.

- Continuing to perfect human resource training strategies, company branding strategies through personal branding, media, internet and associations.

- Continuing to review and consolidate the organizational structure; improving the professional skills and expertise of the human resources in accordance with production and business requirements and government regulations.

- Regularly encouraging the spirit of employees to have creative thinking and breakthrough initiatives and develop the best solutions in each level of administration. This is aimed at using and developing resources effectively.

- Regularly reevaluating the investment portfolio efficiency in order to adjust business operations, achieve optimal profitability objectives related to investment activities.

### **B. OPERATION PLAN OF THE SUPERVISORY BOARD IN 2019**

In order to well implement the strategic objectives and specific business objectives set out annually by the Company, the Supervisory Board strives to well perform the functions and tasks approved in the Company Charter and the Resolution of the General Meeting of Shareholders with the aim of controlling risks inside or outside the enterprise. The Supervisory Board also advises the Board of Management and the Executive Board on necessary professional opinions, in order to improve the efficiency of using capital and assets of the company.

Quarterly, the Supervisory Board performs the supervision and inspection work according to the tasks approved by the Company Charter and the Resolution of the General Meeting of Shareholders as follows:

- Reviewing quarterly/annual business plans and have discussions with the Board of Management and the Board of Directors when necessary.

- Supervising the compliance of the Board of Management and the Executive Board with the laws and the Resolution of the General Meeting of Shareholders.

- Periodically reviewing and inspecting the implementation of production and business activities of the Board of Management and the Executive Board under business strategies.

- Evaluating annual, semi-annual and quarterly financial statements.

- Participating in discussions with the auditing company on the matters of auditing annual financial statements so that problems can be solved in time.

- Examining and inspecting the compliance with resolutions, accounting laws for activities of accounting and annual financial statement preparation.

- Regularly updating new knowledge on corporate governance, risk control, new business laws; updating and supplementing knowledge on tax, accounting and finance to have the best understanding for inspection and supervision.

- Researching and advising the Board of Management and the Executive Board, when necessary, to control business risks in the most effective way.

The above is the Report of the Supervisory Board on operations in 2018 and the operation direction in 2019.

Sincerely submitted for approval./.

**Recipients:**

- *General Meeting of Shareholders;*
- *Board of Management, Executive Board;*
- *Department of Accounting;*
- *Filed: Supervisory Board, Department of Legal Affairs.*

**FOR THE SUPERVISORY BOARD  
HEAD OF SUPERVISORY BOARD**

*(Signed & Seal)*

**DINH HOAI CHAU**