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*Ho Chi Minh City, June 04<sup>th</sup>, 2018*

*No.: 03 /2018/BC-HDQT-BCG*

## **BOARD OF SUPERVISORS' REPORT**

### **Submitted to 2018 Annual General Meeting of Shareholders**

On basis of the tasks in accordance with the provisions in the Company Charter and the regulations of the current laws, the Board of Supervisors would like to report to the General Meeting of Shareholders inspection, supervision activities in 2017 and orientations and tasks in 2018 with the following contents:

#### **A. BOARD OF SUPERVISORS' ACTIVITIES AND INSPECTION AND SUPERVISION RESULTS IN 2017**

##### **I. Board of Supervisors' activities**

###### **1. Personnel:**

Board of Supervisors consists of 04 members:

- Mr. Dinh Hoai Chau – Chief Supervisor
- Ms. Le Thi Mai Loan – Member
- Ms. Dao Thi Thanh Hien – Member
- Mr. Tan Bo Quan Andy – Member

###### **2. Board of Supervisors' activities:**

The Board of Supervisors has fully participated in meetings of the Board of Directors and Board of Management. Has maintained regular supervision over the Company's activities. The Board of Supervisors' members have strictly and well performed their assigned duties and regularly exchanged and evaluated the Company's operation situation to make timely suggestions the Board of Directors and Board of Management.

###### *Specifically:*

- Supervised the compliance in accordance with the regulations of the laws and the Company Charter upon the Board of Directors, Board of Management in the process of managing and operating the Company.
- Supervised the implementation of contents indicated in the Resolution which was been approved by the Annual or Extraordinary General Meeting of Shareholders.
- Proposed the selection of an independent auditing Company for auditing the annual financial statements, including reviewing the semi-annual financial statements and yearly financial statements.
- Performed the inspections, supervisions over the activities of the Board of Directors (BoDs) and Board of Management (BoM). Participated in and followed closely to the

contents at the Board of Directors' meetings to supervise the Company management and operation situations.

- Checked reasonability, legality, truthfulness in managing, operating the business activities; reasonability, legality, truthfulness in arranging the accounting, statistics activities and preparing the Company's financial statements.

## **II. Inspection, supervision results in 2017**

### **1. Supervision of implementation of the General Meeting of Shareholders' Resolutions in 2017**

In 2017, the Board of Directors and Board of Management have implemented well the tasks which were resolved in the General Meeting of Shareholders' Resolutions as follows:

- Implemented well the decisions on investment such as establishing, contributing capital, managing capital contributed into subsidiaries, joint ventures, affiliates, other long-term investments, etc.

- Implemented well the production, business activities in accordance with the granted investment license.

- Board of Directors, Board of Management strictly followed the statements which were approved annually by the General Meeting of Shareholders, such as plan on profit distribution or non-distribution, dividend payment, remuneration payment, selection of auditing company.

- Investment, divestment, borrowing, lending, assets buying and selling activities were all within the approved authorities, in right sequences in accordance with the management regulations, procedures.

### **2. Supervision of the financial situation in 2017**

The Board of Supervisors periodically discussed with the independent auditor the audit scope, results and other matters of concern within the internal control system. Reviewed, analyzed information, data in the financial statements periodically.

On basis of the periodic reports and analysis data presented by the Board of Management at the BoDs' meetings, the Supervisory Board evaluates that:

- Basic indicators about liability, loan, liquidity, asset use efficiency, provision, equity are all satisfactory.

- The Company's revenue, profit from production and business activities are better and better.

- The Company's financial statements for the year 2017 have reflected fully the Company's business, financial situations and have been presented in prescribed forms in accordance with Vietnamese Accounting Standards and the current regulations.

The following are some information about the Company's consolidated financial position and business results:

Unit: VND billion

<b>Items</b>	<b>2016</b>	<b>2017</b>	<b>Change</b>	<b>% change</b>
Net revenue from goods sales and services rendering	1,648.40	1,990.88	342.48	20.78%
Cost of goods sales	1,441.90	1,758.01	316.11	21.92%
Gross profit from goods sales and services rendering	206.50	232.87	26.37	12.77%
Financial revenues	210.68	264.33	53.64	25.46%
Financial expenses	180.72	242.28	61.57	34.07%
Selling expenses	64.78	74.65	9.88	15.25%
General and administrative expenses	84.79	98.97	14.18	16.72%
Net business profit	85.20	80.24	(4.96)	-5.82%
Other profit	1.03	(1.15)	(2.17)	-212.15%
Total profit before tax	86.23	79.10	(7.13)	-8.27%
Profit after corporate income tax	62.04	59.67	(2.37)	-3.83%

Unit: VND billion

<b>Items</b>	<b>01/01/2017</b>	<b>31/12/2017</b>	<b>Change</b>	<b>% change</b>
Current assets	1,705.25	1,303.99	(401.26)	-23.53%
Non-current assets	2,765.62	2,244.06	(521.56)	-18.86%
Total assets	4,470.87	3,548.05	(922.82)	-20.64%
Current liabilities	639.51	1,007.42	367.91	57.53%
Non-current liabilities	2,509.48	1,183.28	(1,326.20)	-52.85%
Equity	1,321.89	1,357.35	35.46	2.68%
Total capital resources	4,470.87	3,548.05	(922.82)	-20.64%

In 2017, there were great changes in the Company's consolidated assets, consolidated capital resources. Total assets decreased by VND 922,82 billion because current assets decreased by VND 401,26 billion, non-current assets decreased by VND 521,56 billion. Total capital resources decreased by VND 922,82 billion because non-current liabilities decreased by VND 1,326.20 billion, current liabilities increased by 367,91 billion, equity increased by VND 35.46 billion. The Board of Supervisors has conducted the supervisions and evaluations: Based on the long-term decisions and strategies, the Board of Directors has restructured the assets, capital resources in accordance with the authorities, responsibilities, current direction and strategy, ensuring good growth in shareholders' interests in the long run.

### **3. Supervision of the operation situations in 2017**

The Board of Supervisors has conducted close monitoring through making regular exchanges and suggestions with the Board of Directors and Board of Management on risk management in the Company's investment activities and regular production and business activities. Risks identified through control activities were promptly reported in order to minimize risks, prevent, share or transfer risks in accordance with the legal regulations and ensured the related parties' interests.

The Board of Supervisors realizes that there are no significant risks in the Company's management system and procedures as well as the related individuals and units' compliance with laws, charter and regulations.

### **4. Verification of financial statements, Board of Directors' report, Board of General Management's report**

#### *a) Verification of Board of Directors' report:*

Board of Directors' Report on Activities has reflected fully, truthfully the Company's activities as well as the directions on management, Board of Directors' Resolutions in accordance with the legal regulations, Company Charter.

#### *b) Verification of Board of General Management's report:*

Board of General Management's Report has reflected fully, truthfully and reasonably the Company's business results in 2017. Board of General Management's decisions on business management were all suitable and complied with the laws, Charter as well as the Resolutions of the Board of Directors, shareholders.

### **5. Results of coordination between Board of Supervisors and Board of Directors, Chief Executive Officer and shareholders:**

- Board of Supervisors realizes that members of the Board of Directors and Board of General Management always created favorable conditions for the Board of Supervisors to fulfill the tasks assigned by the shareholders.

- Board of Supervisors has participated in the Board of Directors' meetings to carry out the supervision and give direct opinions about matters under Board of Supervisors' powers.

- Board of Directors, Board of Supervisors, Board of General Management have been always ready to cooperate with shareholders under the light of the current Enterprises Law to address issues which were concerned by shareholders. To provide the best support to demands on information of shareholders through information dissemination activities, media activities, events or disseminating directly information to the requesting shareholders.

## **III. Conclusion and recommendations**

### **1. Conclusion**

In 2017, the Board of Supervisors has not detected any abnormalities in the Company's activities. No proposals from shareholders, employees were sent to the Board of Supervisors. The Company's activities in 2017 all complied with the legal regulations, Company Charter and General Meeting of Shareholders' Resolution.

### **2. Recommendations**

Through surveying, researching and supervising, the BOSs would like to make some recommendations to the BODs, BOM as follows:

- Continue monitoring regularly the macroeconomic situation, review and analyze the impacts by micro-economic changes on the Company to draw flexible, effective solutions in implementing the business activities, projects.
- Review, analyze and evaluate periodically the impacts of the Company's internal environment on the strategy, make timely adjustments in line with the business strategy.
- Continue finalizing the strategy on human resources training, building the Company brand through building personal brand, media, internet, association.
- Continue reviewing and strengthening the organizational apparatus, improve the personnel's qualifications in accordance with the production and business requirements and requirements from the state management agencies.
- Encourage regularly officers and personnel's spirit to make creativity and breakthrough in thinking of each individual, organization in order to suggest the best solution in each activity at the managerial levels for the purpose of effective resource use, development.
- Review regularly the investment items in respect of effectiveness to adjust the business activities, achieve the objective of maximum profit in relation to investment activities.

## **B. BOARD OF SUPERVISORS' PLAN ON ACTIVITIES IN 2018**

In order to implement well the Company's annual strategic objectives, specific business targets, the Board of Supervisors shall strive to perform well its functions, tasks which are approved in the Company Charter, General Meeting's Resolution, for the purpose of controlling the internal or external risks most effectively. Advise the Board of Directors, Board of Management on necessary professional ideas, in order to improve the Company capital, asset use efficiency.

Quarterly, the BOSs shall make a specific plan on supervision and inspection in accordance with the tasks which are approved in the Company Charter, GMS' Resolution as follows:

- Review the quarterly, annual business plan and make suggestions with the Board of Directors, Board of Management, when necessary
- Supervise the activities of the Board of Directors, Board of Management in compliance with the Laws, General Meeting of Shareholders' resolutions.
- Review, inspect periodically the implementation of production and business activities of the Board of Directors, Board of Management in carrying out the business strategy.
- Verify the quarterly, semi-annual, yearly financial statements.
- Participate in, discuss with the auditing company issues which are related to auditing the annual financial statements to solve arising problems.
- Review, inspect the compliance with the resolution, accounting law for the accounting settlement, preparation of the annual financial statements.

- Update regularly knowledge about corporate governance, risk management, and new enterprises law. Update, supplement tax, accounting and finance knowledge to have most intensive knowledge for the inspection, supervision activities.

- Study, advise the Board of Directors, Board of Management, when necessary, for the purpose of managing business risks in the best manner.

The above is the Board of Supervisors' Report on Activities in 2017 and Plan on Activities in 2018.

It is respectfully submitted to the General Meeting of Shareholders for approval.

**FOR AND ON BEHALF OF  
THE BOARD OF SUPERVISORS  
CHIEF SUPERVISOR**

***Recipients:***

- *GMS;*
- *BODs, BOM;*
- *Accounting Department;*
- *Archived: BOSs, P. PC.*

**DINH HOAI CHAU**