



REPORT OF THE BOARD OF SUPERVIORS

“ IN THE FISCAL YEAR 2016 – 2017, THE BOARD OF SUPERVIORS CONTINUOUS TO FULFILL THE MISSION ENTRUSTED BY THE GENERAL ASSEMBLY OF SHAREHOLDERS.”



ASSESSMENT OF MANAGEMENT ACTIVITIES OF THE FISCAL YEAR 2016 - 2017

ASSESSMENT OF THE BOARD OF DIRECTORS' ACTIVITIES

The Board of Directors has 5 members including independent and non-executive members. This is appropriate with legal stipulations and the Group's charter.

Monthly, the Board of Directors holds periodic meetings to monitor the Group's operations closely. The Board of Directors also holds extraordinary meetings to discuss and approve important issues under jurisdictional limits. All meetings of the Board of Directors were carried out in accordance with correct procedures and with the attendance of representative of the Board of Supervisors. The Board of Supervisors always receives all reports of guidelines and orientations which are approved by the Board of Directors in the extraordinary meetings.

The discussed and voted issues at all meetings were under the decisive authority of the Board of Directors in accordance with legal stipulations or authorization of the Board of Directors. The discussion and vote were implemented publicly and suitably in accordance with functions, duties and rights of the Board of Directors, Enterprise Law and Hoa Sen Group's charter.

With the functions and the duties which were assigned at subcommittees of the Board of Directors, members of the Board of Directors well performed their roles in counseling the Board of Directors and helping the Board of Directors to make appropriate decisions and policies.

For information disclosure, periodic management reports were made in accordance with legal stipulations to ensure that all information was public and transparent to protect benefits of shareholders and investors.

ASSESSMENT OF THE BOARD OF MANAGEMENT'S ACTIVITIES

In order to execute the guidelines of the Board of Directors, the Board of Management fully implemented the policies and decisions approved by the Board of Directors in accordance with functions, duties and authority of the Board of Management which were stipulated in the charter of Hoa Sen Group. Results of implementation of policies and resolutions of the Board of Directors were fully reported to the Board of Directors at monthly meetings of the Board of Directors and weekly briefings with the attendance of Chairman of the Board of Directors.

In order to fulfill the business plan at the highest achievement, the Board of Management carried out flexible solutions which were suitable for the administration to help Hoa Sen Group maintain high growth rate in sales volume and net sales and increasingly expand production scale in an unfavorable market situation.



ASSESSMENT OF FINANCIAL AND ACCOUNTING ACTIVITIES OF THE FISCAL YEAR 2016 – 2017

Basing on periodic and extraordinary inspections of financial and accounting activities during the fiscal year 2016 – 2017, the Board of Supervisors has presented issues as follows:

- Hoa Sen Group fully complied with the requirements of Vietnamese Accounting Standards and Vietnamese Accounting System to organize financial and accounting activities.
- Hoa Sen Group's accounting documents are managed and archived systematically to ensure quick and full accessibility when having requirements of inspection and audit.
- The opening of ledger and cash book was performed in accordance with current stipulations. The Group also timely and accurately recorded and updated receipt vouchers, payment vouchers, debit and credit notices daily.

- These basic ratios include debt, loan, liquidity, asset utilization efficiency, provision and owner's equity met high standards.
- The sales volume and net sales of Hoa Sen Group exceeded the business plan.

Based on the reports presented by the Board of Management at periodic meetings of the Board of Directors and figures audited by Ernst & Young Vietnam, the Board of Supervisors identify that the financial situation of Hoa Sen Group is healthy. The basic figures of debt, loan, liquidity, asset utilization efficiency, provision and owners' equity met high standards.

