

**REPORT OF THE BOARD OF SUPERVISORS
AT XVII ANNUAL GENERAL MEETING OF SHAREHOLDERS - YEAR 2021**

I. BOARD OF SUPERVISORS REPORT IN 2020

The world economy in 2020 experienced many changes, especially the complicated situation of Covid-19 pandemic, which has seriously affected world-wide supply chains and production ability. Many countries in the world contracted in GDP, increased debt, which will affect the long-term global economic recovery and development.

In that circumstance, Vietnam maintained the GDP growth rate in 2020 at 2.91%, of which the construction sector was 6.76%. The average inflation in 2020 increased by 2.31% compare to the year of 2019.

In general, the Company's performance in 2020 continues to witness a decrease in both revenue and profit after tax compared to 2019, as the figures in the financial statements, details as follows:

No.	Item	Year 2019 (VND)	Year 2020 (VND)	Difference (VND)	Rate (%)
1	Revenue	23,733,028,252,165	14,558,086,434,968	(9,174,941,817,197)	61%
2	Profit after tax	710,670,626,323	334,554,278,023	(376,116,348,300)	47%

1. The operation of the Board of Supervisors and Internal Audit Board
1.1 The operation of the Board of Supervisors

The members of BOS was elected in the Annual General Meeting of Shareholders for the term 2017-2022. The activities of BOS during the year are as follows:

No.	BOS's member	Position	Appointed date/ resignation date	Number of attended meetings	Attendance rate
1	Mr. Luis Fernando Garcia Agraz	Head of BOS	29/06/2017	10/10	100%
2	Mr. Dang Hoai Nam	Member	29/06/2017	10/10	100%
3	Mr. Nguyen Minh Nhut (Jack)	Member	29/06/2017	10/10	100%

During 2020, the Board of Supervisors organized regular meetings within its jurisdiction to review the company operation, selection of independent auditor, approval of independent audit activities, and review of the company's financial statements. The contents of the meetings are as follows:

No	Session	Time	Content
1	Session 01	March 10, 2020	Discussed about the letter BOS received from BOD secretary on 6/3/2020 regarding the official dispatch from the HCMC Stock Exchange warning of the compliance on the Corporate governance regulations related directly to the Board of Supervisors
2	Session 02	March 12, 2020	Approve the Internal Audit plan 2020
3	Session 03	March 16, 2020	BOS discussed on the operation of the internal audit plan and reported to management and BOD.
4	Session 04	April 28, 2020	Discuss the BOS section of the 2019 Annual Report to submit to upcoming Annual General Shareholders Meeting of Coteccons.
5	Session 05	May 29, 2020	At the request of a group of shareholders, The Board of Supervisors discussed on organizing Extraordinary General Meeting of Shareholders (“EGMS”) of Coteccons Construction Joint Stock Company.
6	Session 06	Jun 22, 2020	Supervising the Boards of Directors on convening the Annual General Meeting of Shareholders of Coteccons (“AGM”).
7	Session 07	Jul 16, 2020	BOS invited audit proposals from KPMG and EY in addition to the incumbent auditor PwC. The BOS voted to recommend appointing EY as auditors for the financial year 2020. Prepare the Corporate Governance report (BOS session) to be disclosed as requirement.
8	Session 08	Sep 17, 2020	2020 Half year review of Coteccons’ audited financial statements. Internal Audit plan to be discusses and finishing hiring staff to complete IAB team. Review and discuss about accounting issues raised by Auditor EY after 6 months financial review.
9	Session 09	Nov 19, 2020	Meeting with EY to review audit plan process and discuss some issues regarding the half year review.
10	Session 10	Dec 12, 2020	Review the Internal Audit report on the Equipment Department. Discussed and approved the Internal Audit Action plan 2021 and Budget plan 2021.

1.2 Supervision of the activities of the Board of Directors and Board of Management:

- On January 22, 2020: The BOS sent the report of the BOS in the Corporate Governance Report 2019 to the Secretary of the BOD to disclose information as the requirements of information disclosure;
- On March 3, 2020: The Head of the BOS requested the Chairman of the BOD to adjust the content of the Corporate Governance Report to be sent to the Ho Chi Minh Stock Exchange to fully announce the correct operation of the BOS in 2019;
- On 17 March 2020: Requested BOM to provide information to review the Financial Statement 2019;
- On March 20, 2020: Head of the BOS informed the Ho Chi Minh Stock Exchange and The SSC on issues related to transparency and operation of the Board of Directors and the Board of Management;
- On March 24, 2020: The BOS met with PwC Auditing Company on the auditing of the financial statements in 2019. PwC reserved the right to review financial statements with the BOS after consulting with the Board of Management only;
- On 31 May 2020: BOS responded to the written request by Kusto shareholder for convening the Extraordinary General Meeting of Shareholders ("EGM") of Coteccons.
- On June 5, 2020: Head of the BOS sent correspondence to Ho Chi Minh Stock Exchange and The SSC to inform the violations of the Board of Directors and the Board of Management;

1.3 The risk management activities of BOS through the Internal Audit Board:

- Request the Board of Management to arrange working space for the Board of Supervisors, the Internal Audit Board at the company office.
- Request the Board of Directors to approve budget for the Internal Audit Board.
- Send the content of internal audit reports to the Strategy Subcommittee of the Board of Directors for information and corrective actions.
- Meeting with the Independent Auditor (EY) and discussing the accounting issues to be noted after the 1st Half financial report.

II. THE EVALUATION ON SOME PRIMARY FINANCIAL INDICATORS OF THE CONSOLIDATED FINANCIAL STATEMENTS

No.	Indicator	Unit	2019	2020
I	Profit margin			

1	Gross profit margin	%	4.4%	5.9%
2	Profit before tax/ Revenue ratio	%	3.8%	2.9%
3	Profit before tax/ Equity ratio	%	10.5%	5.1%
4	Profit before tax/ Total assets ratio	%	5.5%	3.0%
II	Efficiency ratio			
1	Inventory turnover days	Day	24	41
2	Accounts receivable turnover days	Day	129	198
3	Accounts payable turnover days	Day	82	104
III	Liquidity			
1	Current ratio	Turn	1.9	2.2
2	Quick ratio	Turn	1.7	1.9
3	Leverage	%	48%	41%

III. THE EVALUATION ON THE IMPLEMENTATION OF ANNUAL GENERAL MEETING'S RESOLUTION

1. The work has been done

- The Company selected EY Vietnam Co., Ltd. (one of 4 auditors appointed by the AGM) to be the auditor of the Financial Statements in 2020.
- Pay the dividend of 2019 as amount agreed by AGM.

2. The work has not been performed or miss the target

- Assessment on the result of financial year 2020 and compare to the set target by Annual General Meeting of Shareholders both in revenue and in net profit as follows:

No.	Item	Plan 2020	Result 2020	Difference	Rate
1	Revenue	16,000,000,000,000	14,558,086,434,968	(1,441,913,565,032)	91%
2	Profit after tax	600,000,000,000	334,554,278,023	(265,445,721,977)	56%

IV. RECOMMENDATION

1. In the year 2021, The world's economy will continue to be negatively affected by the ongoing Covid-19 pandemic, and Vietnam is no exception. Continued delays in the approvals and licensing of construction projects around HCMC will slow new construction works. Finally, ongoing senior management changing will no doubt affect the company's operation. These above factors will be the risks that the company needs to focus on and take preventive measures.
2. Regarding the domestic construction market, many infrastructure projects have been commencing, this is an opportunity for a large construction company like Coteccons. However,

the expansion of operations into the infrastructure construction field or development orientation to a Finance-Design-Build general contractor or EPC general contractor, will lead to the risks of increasing account receivables. The Company should have measures to prevent these risks in the process of implementing the business expansion strategy.

3. The Board of Directors and Board of Management should focus on managing debts, assets, machinery and equipment before, during and after the Board of Management handover period, to ensure that the assets are fully transferred and used optimally.
4. Strengthening the security of information in the process of operating production and business.
5. Strengthen corporate governance, improve transparency and utilize all resources to develop production and business.
6. The General Meeting of Shareholders, the Board of Directors of the Company should continue to study long-term development strategies, in order to develop a sustainable company for the harmonious benefits of parties including customers, employees, shareholders, partners and social community.