

THE REPORT OF BOARD OF SUPERVISOR
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS 2019

Kindly to Shareholders,

Board of Supervisor “BOS” reports to the Annual General Shareholder’s Meeting in 2019 about the results of activities of BOS in 2018 and plans for 2019 as follows

A. RESULTS OF ACTIVITY IN 2018:

1. Summary of BOS’s main activities:

a. Human source:

In year, a number of BOS’s member are:

Mr. Hồ Minh Quốc	Head
Mrs. Đào Thị Chinh	Member
Mrs. Fumiyo Okuda	Member (from 27-4-2018)

b. Main activities of BOS:

In year 2018, BOS implemented the inspection and supervision of compliance with law of enterprise, charter of company, resolution of general shareholder’s meeting in 2018 in management and operation of company as following:

- To supervise situation of corporate management, operation and execution of the GMS’s resolutions;
- To supervise and control issuance of decisions by BOD and BOM;
- To advise, monitor in building up internal control include internal procedures, process, policy;
- To support in accounting, auditing. Cooperate to internal audit in supervise and control activity, compliance policy;
- To monitor and reevaluate financial statement (FS) year end (YE) 2018;
- To recommendation of selecting auditor for FS YE 2018.

2. Revaluate The Financial Satement in 2018 and propose audit company for year 2019:

Board of Supervisors agree about the true and fair in financial statement in 2018 and audit’s opinion of AASC audited. (attached financial statement in 2018 – separete and consolidation).

In 2018, profit after tax is 3,592 mil vnd equal 122% in comparison with annual budget 2018 (2,953 mil vnd). Increse 300% in comparison actual profit after tax 2017. The business operation Situation has positive signs, The company try more and more to maitain, promote and develop.

At Announcement of Ministry of Finance – State Securities Commission No 6071/UBCK-BTC date on Sep 13rd 2019, note that Huong Giang did not disclose complete information about audited separate & consolidation FS 2017, quarterly FS report 2017, 2018 on website according to Clause 3, Article 5 of the circular 155/2015/TT-BTC about complete information disclosure of public company.

BOS's recommendation: The company must be compliance with law and applicable regulation (Cir 155/2015 and others) about complete information disclosure for public company in order not to affect business operation activities and brand-name.

Propose audit company for 2019

After reviewing quality of audit service for YE 2018 and professional of audit firm proposal, we suggest electing AASC still is audit firm for YE 2019. Besides, we suggest Ernst & Young Ltd., KPMG Ltd., are potential audit firms when comparison pricing and timing issue financial statement in order to ensure it is fair and reasonable.

3. Result of monitoring and supervising issuance of resolutions by BOM:

According to support of BOM's secretary for BOM's documentaries, Board of management held meetings 5 times and issued 17 decisions to support business operation activities.

Almost decisions of BOM were issued legally based on authorization of BOM according to Charter.

However, with respect to Decision No. 16/18/QD-HDQT dated 07/11/2018 of the BOM on changing the content of enterprise registration, No 01/2018 to 07/2018, 10/18, 11/18 about making salary of GD, dismissal, appointment GD, member joins BOD at related parties without relevant meeting minutes of BOM.

Especially, Decision No. 16/18/QD-HDQT dated on November 7th, 2018 of BOM about changing the contents of business registration is issued without voting at the BOM's meeting and meeting minutes. This has led to the complaint of Bitexco shareholders at the Department Planning and Investment of Thua Thien Hue Province, affecting the Company's business operation activities.

In addition, the BOS was also provided a list of shareholders to be held on April 25th, 2019 to serve the Annual General Meeting of Shareholders 2019, including changing the share ownership ratio of shareholder. Bitexco from 41.74% to 9.19%. However, in the secretary's file provided by the BOS, there is only a announcement of handling a Crystal Treasure shareholder's mortgage, without a share transfer hardcopy was signed by Bitexco and the receiving parties, and / or decision. settlement of competent state agencies. And this information has not been published on the website of the company in accordance with Circular No. 155/2015 / TT-BTC.

BOS's recommendation: the BOM strictly complies with regulations on rights and procedures for approving decisions of the BOM as stipulated in Article 25, Article 26 and Article 28 of the Company Charter; Articles 149, 152, 153 and 154 of the Law on Enterprises; and Article 43 of Decree No. 78/2015 / ND-CP.

BOS recommends the Chairman of BOM cum the legal representative of the Company to review the issues of securities management and record the change of share of shareholders comply with the company's Charter and applicable law & regulation of Vietnam.

4. Result of monitoring and supervising issuance of resolutions by BOD:

According to support of secretary about documentation, BOD implemented:

- Compliance with Resolutions, decisions of BOM. In 2018, BOD implemented business operating activities corresponding the decision of BOM.
- Some procedures, policies are not suitable for the Company's development. The meetings procedure of BOD has not been updated in accordance with the present actual operation.

BKS's recommendation: BOD should prepare and issue internal processes, procedures with aim to manage and control business operation activities. BOD builds up BOD's detail operation regulations, rights, decentralization and authorization.

B. Recommendation

In addition to the issues are mentioned in each above content, BOS also:

- Recommend BOM prepares and submits roadmap in Registration trading shares on State Security Commission of Vietnam as CV No 6071/UBCK-GSDC date on 13-Sep-2018 has been notified about late registration of the transaction of Huong Giang JSC.
- Recommend BOM & BOD are cautious in making business plans, using right specialized terms/ accounting definition before propose to the General Meeting of Shareholders, avoiding misleading readers of the financial statements on profit before tax and profit after tax.
- Recommend BOM & BOD build up and propose a model of internal audit accordance with Article 10 of Decree No. 05/2019/ND-CP dated January 22, 2019, note that a public company must implement internal audit (Model, organizational structure, regulations, processes, scope of work and reporting).
- Recommend BOM reviews and evaluates effective & efficient in using capital at associate companies. Monitoring and controlling business investment activities and process of project.
- Recommend BOM performs the process/policy in evaluating percentage of work complete of leader/ capital representation of HG JSC at associated company.
- Recommend BOD improves marketing activities, quality of service and business activities, optimizes expense.

C. ANNUAL PLAN OF BOS IN 2019:

- To supervise situation of corporate management, operation and execution of the GMS's resolutions.
- To supervise issuance of resolutions by BOD and BOM for review and monitoring business operation activity.
- To cooperate external audit in reevaluate and audit the financial statement and business activities in 2018.
- To monitor, supervise business contracts according to Resolution of GMS.
- To supervise situation of investment, constructions and project management, asset management.
- To cooperate relevant departments in order to monitor and control budget and actual activities.

We attach detail of annual plan of BOS in 2019.

The above is main report of the main activities of supervisory board in 2018 and orientation for 2019.

We wish the meeting a success.

Thanks and Regards.

Member

Member

Head

Recipient:

- Shareholders;
- BOM;
- BOD;
- Lưu: VT, BKS.

Đào Thị Chinh

Fumiyo Okuda

Hồ Minh Quốc