

# SHIFTING RACE CHUYỂN ĐỔI BỬT PHÁ



ANNUAL REPORT 2020



"It is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself."

Charles Robert Darwin (1809 - 1882)

All species evolve to adapt and develop.

In the face of adversity, we find blessing in disguise, transforming into growth, and steadfastly facing all obstacles.



# ALWAYS PREPARED EVER PREVAIL



Desire unleashes strength. Our aspiration is to do businesses that drive growth, lead innovation, and establish the finest standards for industries and services in which Searefico Group participates. This is a testament for our responsibility, in taking up the pride of being a "national enterprise" that has ascended to the international level.

# WARRIOR SPIRIT CHALLENGES ACCOMPLISHED

Think different, act different. The greatest ability of The Searefier is the ability to overcome difficulties. The Searefier's most valuable asset is one's warrior spirit.

We act in accordance to each circumstance. The will and spirit of One Searefico merge into a beacon guiding the way, promoting potential endogenous energies, and helping our team stay strong against all odds.





# CONVERGING FORCES SHIFTING RACE

We are resilient, faithful to our beliefs and desires. Faced with upheaval, we have flexibly shifted tactics, utilised the superiority in practice, and converted our strength to step up our hunt. Confronting hardships and challenges, we have risen with our own strength, endurance, and accelerated speed to reach the finish line.



#### UNLEASHING AND AWAKENING ENDOGENOUS ENERGY IN EACH SEAREFIER'S. SO THAT THE ENTIRE GROUP CAN GET BACK ON THE TRACK, DETERMINED TO TRANSFORM TO LEAD.



#### CHAIRMAN'S MESSAGE OF THE BOARD OF DIRECTORS

#### Chairman's Message

#### Dear Shareholders, Customers, Partners and all Employees,

2020 was a year of economic downturn in which tourism as well as real estate were frozen, many projects were delayed, scaled down or suspended due to COVID-19. Accordingly, many investors have financial difficulties with delayed payment to contractors. The market is not only narrowed but also risky.

We accept to reduce revenue to lower the risk of bad debt, to tight operations in the short term to restructure the system, optimize costs, and ensure cash flow balance. When other businesses had to come to a stop, delayed paying workers' salaries and insurance. Searefico Group still fulfilled its obligations under the contracts signed with customers and never owed staff salaries. Standing firm through the storms and not taking a step back from difficulties was truly a proud thing of the Searefico warriors.

#### Ladies and Gentlemen,

The COVID-19 pandemic directly attacked Searefico Group's construction, real estate and M&E sector, However, adversity helps to reveal the weaknesses of the business so that we can make a transformation.

Looking back after more than 31 years of development. Searefico's management system so far has been clearly shaped in a professional and methodical direction, but what we have experienced over the past year shows that some strengths in the past have now become Searefico's weaknesses. In particular, the specialized management and multi-step processes led to less flexible operation; prolonged decision-making mechanism missed many investment opportunities that could bring benefits to the Company. Fortunately, we have adjusted our strategy in a timely manner while the traditional business becomes more risky that it forces us to shift to other blue oceans. Market changes necessitate changing our mindset, removing the old habits that are preventing us from moving faster and stiffer; with the aim of improving the competitiveness of the whole Group during and after the pandemic.

It is proud that through a very difficult year, we have affirmed the outstanding technological value of Searefico Group in new areas. In the past year, we have launched a series of PIR insulation panels produced on a continuous

line with top quality in the world. We have successfully accepted and handed over many high-tech smart warehouse systems that have not been previously done by any domestic contractors. We also completed the Searefico Holding model with 7 member companies in the fields of construction, building materials, M&E, industrial refrigeration, energy and automation. For the first time in the history of formation and development of the Company, Searefico Group now has the caliber of a qualified EPC contractor to carry out large-scale projects and the most complex technology.

In the face of adversity, bravery to overcome difficulties, Searefico's warrior spirit and devotion to responsibility have been proven unprecedentedly. Overcoming difficulties. Searefico people still confidently step forward with the desire to lead. We have the right to hope that through this special moment, the "wartime" lessons will motivate Searefico Group to make a strong breakthrough in "peacetime". The mission of the Board of Management is to unleash and awaken the internal energy of each Searefico person so that the whole Group accelerates on the track and is determined to transform to lead.

#### Ladies and Gentlemen.

From the beginning of 2019, the Board of Directors has determined to increase the proportion of manufacture to 50% of total revenue because it is manufacture that creates material wealth for society. This is also the door bringing us out of the red ocean, establishing a new position and elevating the Searefico Group brand in the market; and we are implementing many financial solutions as well as human resources to implement this policy.

What does not kill us makes us stronger. From this inspirational idea, I believe that Searefico Group with the tradition of overcoming difficulties will transform and accelerate from 2021-2022.

Sincerely,

Chairman of the board



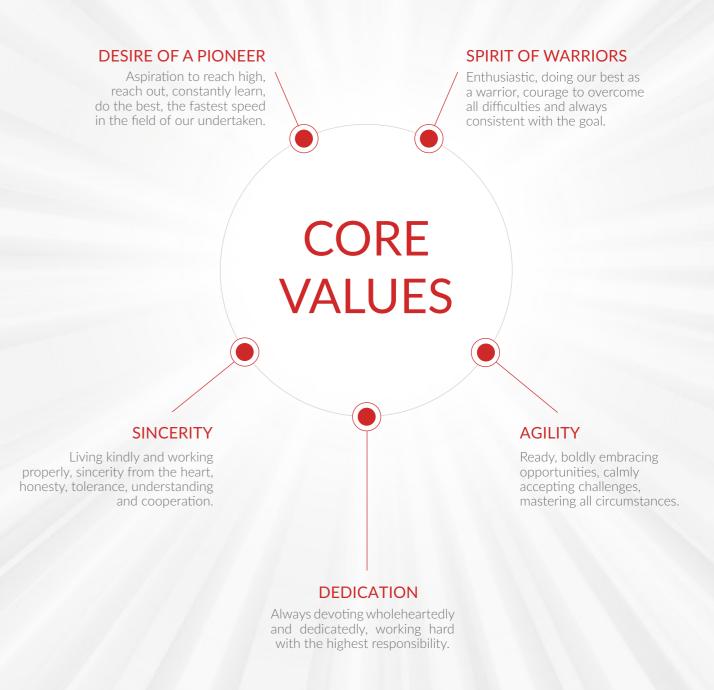
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## VISION

We aim at becoming a leading corporation in science and technology.

## MISSION

Our mission is to strive for excellence to offer customers the best products and services.



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ABBREV	'IATION GLOSSAR'	Y			
Company	ompany Seaprodex Refrigeration Industry		M&E	Mechanical & Electrical	
	Corporation - SEAREFI	CO	IQF	Super-speed freezing equ	ipment
GMS	The General Meeting of	f Shareholders	PIR	Polyisocyanurate	
BOD	Board of Directors		EPC	Engineering, Procurement	t,
BOS	Board of Supervisors			and Construction	
BOM	Board of Managementvv Board of Members		D&B	Design & Build	
BM			HCMC	Ho Chi Minh City	
Ltd.	Limited		HI	Health Insurance	
Group	Searefico Group		SI	Social Insurance	
JSC	Joint Stock Company		Al	Accident Insurance	





## OVERALL INFORMATION



## **SEAPRODEX REFRIGERATION INDUSTRY CORPORATION** (SEAREFICO)

Certificate of business no. 0301825452 by the Ho Chi Minh City Department

of Planning and Investment issued for the first time on September 18th, 1999 and registered for the eighteenth time on May 15th, 2019.

Address 72 - 74 Nguyen Thi Minh Khai, Ward 6, District 3,

Ho Chi Minh City

+84 28 3822 7260 Tel

+84 28 3822 6001 Fax

Website www.searefico.com

**HOSE Ticker symbol** 

**SRF** 

**Charter capital** 

324,953,970,000 VND

Paid-in capital

324,953,970,000 VND

## ESTABLISHMENT AND DEVELOPMENT PROCESS

#### **KEY EVENTS**

Refrigeration

Industry Corporation was

equitized with an authorized

capital of 12 billions VND

and changed its name

to Seaprodex Refrigeration Industry Corporation, and its

trading name is **SEAREFICO**.

Seaprodex

IPO to existing shareholders, staff, employees and strategic Partners through auction, increasing authorized capital to 46.4 billions VND.

Establishing ARICO subsidiary with 100% of SEAREFICO's investment capital.

Being restructured into 4 main business units:

- M&E Division
- Industrial Refrigeration Division
- Panel Factory
- -SEAREE Da Nang

On October 21st, 2009, 8,020,066 SRF shares were listed and traded at Ho Chi Minh City Stock Exchange (HOSE).

Issuing bonus shares at the ratio of 1:1, increasing authorized capital to 162.5 billions VND.

Executing a strategic cooperation with Taisei Oncho - Top 3 M&E contractors in Japan. Taisei Oncho became a strategic shareholder of SEAREFICO.

Issuing bonus shares at the ratio of 2:1, increasing authorized capital to 243.7 billions VND.

Acquiring 36% of authorized capital of Thua Thien Hue Construction Joint Stock Corporation (HCC). HCC became an Associate of SEAREFICO.

The Company's revenue

exceeded 1,000 billions VND.

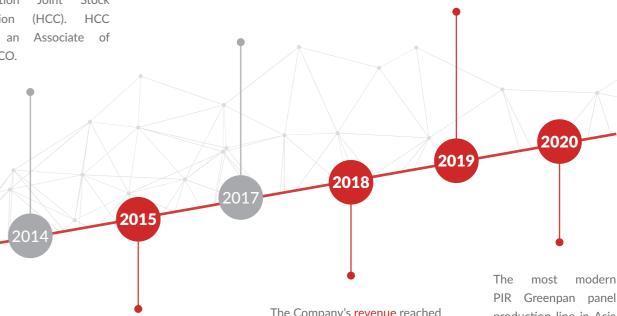
Completing the conversion of Asia Refrigeration Industry Company Limited (ARICO) into a JSC.

Issuing bonus shares at the ratio of 3:1, increasing authorized capital to 324.9 billions VND.

Marking the successful transfer of generations and conversion of the operational model into Holding Company.

Establishing the SEAREFICO Engineering and Construction JSC (SEAREFICO E&C) by converting all the current operation of the M&E sector.

Establishing the SEAREAL Real Estate Joint Stock Company.



The Company's revenue reached the highest milestone of over 1,700 billions VND.

Establishing Searee Refrigeration **Electrical Engineering Corporation** 

Establishing GREENPAN JSC.

production line in Asia came into operation in April 2020.

24 | **Shifting Race** 

















The world most modern production line for Greenpan's PIR Panel came into operation in April 2020.

28 | **EAREFICO** Shifting Race

02

We won the largest smart cold storage project of -25°C in Vietnam.









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We achieved Top 50 best Vietnamese enterprises growing in 2020 in FAST500 according to the Vietnam Report ranking.



We ranked 2<sup>nd</sup> in Top 5 Most Prestigious Mechanical and Electrical Contractors in 2020.



36 | **Shifting Race** 









We sud the trea

We successfully researched and built the negative pressure room for the treatment of COVID-19 patients.

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#### **BUSINESS COVERAGE**

The Company's business coverage stretches over the country from the North to the South, from mainland to islands. Industrial refrigeration products are exported to foreign markets like:

INDONESIA PHILLIPPINES CAMBODIA INDIA SOUTH PACIFIC AREA (SOLOMON ISLAND)

#### LINES OF BUSINESS

From a leading Vietnam's contractor in the sector of M&E and industrial refrigeration system, SEAREFICO is transforming its operations into the Holding Company model. With the supply chain integrated from its affiliate, the multi-utility services of SEAREFICO have brought their customers and partners the advanced and optimal products, services and technical solutions, which are appropriate to each demand of the customers.

## M&E SERVICES AND SOLUTIONS

Air-conditioning and ventilating system, fire-alarming system, fire prevention and protection system, lighting, dynamical and control system, water supply and drainage system, communication system, security-monitoring and controlling camera, automation system for smart buildings, system of excavators, escalators and rolling ladders etc.

INDUSTRIAL REFRIGERATION AND FOOD PROCESSING Industrial refrigeration system, smart refrigerated storage and warehouses, boilers ad thermal equipment, insulated panels, insulated doors for refrigerated warehouses and clean rooms, uni-impingement steel belt IQF, uni-impingement mesh net IQF, IQF breaded equipment, air-blast freezers, contact freezers, flake-ice machines, autoclaving and cooling conveyors, breading and frying lines and other post-harvest processing equipment used for vegetables and agro-forestry products.

DEVELOPMENT OF NEW CONSTRUCTION MATERIAL PIR insulation panels (Polyisocyanurate) are innovative products in the field of construction with the composition of two basic components, Polyol and Isocyanate, produced on the continuous line. With many outstanding features of thermal insulation, sound-proofing, fire-proofing and environmental friendliness, PIR panels have become the preferred insulation material in developed countries, replacing traditional building materials in current projects.

INDUSTRIAL CONSTRUCTION

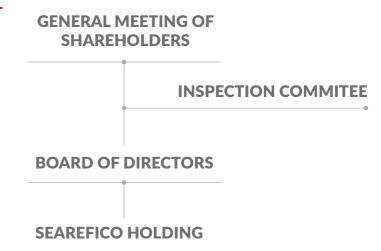
Industrial construction and provision of various products and services in the role of EPC contractor for the industrial factory projects.

The Company is also a prestigious contractor for the projects of green design (LEED certificate) and for construction of automated and smart control systems using such renewable energy as wind power and solar power, in which the Company has an opportunity to work as both Employer and main contractor.

## **3**

## GOVERNANCE MODEL, ORGANIZATION OF BUSINESS AND MANAGEMENT APPARATUS

#### **3.1 GOVERNANCE MODEL**



SEAREFICO Engineering & Construction



SEAREE M&E Contractor



SEAREAL Investment & Real Estate



Investment & Real Estate

ARICO Refrigeration & Food Industry



GREENPAN Light Constructions Panel



HCC GROUP
Construction & Investment



PHOENIX Energy & Automation



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#### 3.2 SUBSIDIARIES AND AFFILIATES



## SEAREFICO ENGINEERING AND CONSTRUCTION JOINT STOCK COMPANY (SEAREFICO E&C)

Address

72-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City

Ownership rate of SRF

99%

Tel

+84 28 3822 7260

Fax

+84 28 3822 6001

**Email** 

info@srfec.com

**Charter capital** 

70,000,000,000 VND

#### **Business lines**

Provide designs, supplies, construction, warranty and maintenance services for mechanical, electrical and refrigeration items of works; construct automated chains, smart warehouses and technology systems; implement the civil and industrial projects, and supply of other services in the role of general contractor (Turn-key, EPC and D&B) for industrial and civil projects.



#### SEAREAL REAL ESTATE JOINT STOCK COMPANY

Address

72-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City

Ownership rate of SRF

98.4%

Tel

+84 28 3822 7260

Fax

+84 28 3822 6001

**Charter capital** 

100,000,000,000 VND

#### **Business lines**

Manage and exploit real estates; cooperate with the investors for project development; Monitor and assess the real estate projects, particularly industrial zones.



## SEAREE REFRIGERATION ELECTRICAL ENGINEERING CORPORATION (SEAREE)

#### Address

Road no. 10, Hoa Khanh Industrial Zone, Lien Chieu District, Da Nang City

#### Website

www.searee.com

#### Ownership rate of SRF

73.3%

#### Tel

+84 236 373 6251

#### Fax

+84 236 373 6253

Email

info@searee.com

Charter capital

50,000,000,000 VND

#### **Business lines**

Provide all-in-one services of design, construction and installation of mechanical and electrical high-class works (industrial refrigeration, air-conditioning system, electric system, fire-alarming system, fire prevention and fighting, elevator, water supply and drainage, construction, internal and external decoration, civil and industrial works in and outside the country).



## ASIA REFRIGERATION INDUSTRY JOINT STOCK COMPANY

+84 28 3754 5679

Fax

#### Address

25 - 27 Trung Tam Street, Tan Tao Industrial Zone, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City

#### Website

www.arico.com.vn

#### Ownership rate of SRF

84%

#### Email

Tel

info@arico.com.vn

+84 28 3754 5678

#### **Charter capital**

100,000,000,000 VND

#### **Business lines**

Provide installation of industrial refrigeration works domestically and abroad, manufacture and process machineries, equipment and accessories for electric refrigeration industry; provide consultancy, design, provision, and installation of construction equipment, maintain and repair industrial and civil mechanical, thermal and electric refrigeration equipment and systems domestically and internationally.

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#### GREENPAN JOINT STOCK COMPANY

**Address** 

25 - 27 Trung Tam Street, Tan Tao Industrial Zone, Tan Tao A Ward, Binh Tan District, Ho Chi Minh City

Website

www.greenpan.com.vn

Ownership rate of SRF 48.64%

+84 28 3754 5680

Fax

+84 28 3754 5681

**Email** 

info@greenpan.com.vn

**Charter capital** 

100,000,000,000 VND

#### **Business lines**

Produce light unbaked materials, panels and insulation boards, insulation doors and insulation materials for industry, civil construction, and refrigerated warehouses; provide consultancy, design, provision and installation of construction equipment; maintain and repair of industrial and civil mechanical, thermal and electricallyrefrigerated systems and equipment domestically and internationally.



#### PHOENIX ENERGY AND AUTOMATION JOINT STOCK COMPANY

Address

72-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City

37.8%

Tel

+84 28 3822 7260

Fax

+84 28 3822 6001

Ownership rate of SRF

**Charter capital** 5,000,000,000 VND

#### **Business lines**

Provide consultancy, survey, design, and installation of rooftop photovoltaic projects for industrial zones and households; develop automation measures for various fields as aquatics, agriculture and smart automatic refrigerated warehouses.



#### THUA THIEN HUE CONSTRUCTION JOINT STOCK CORPORATION (HCC)

Address

Lot 9, Pham Van Dong Street, Hue City, Thua Thien Hue Province

Tel

+84 234 382 1510

Fax

+84 234 382 5152

Website

www.xaylaphue.com.vn

Ownership rate of SRF

36%

**HOSE Ticker Symbol** 

HUB

**Email** 

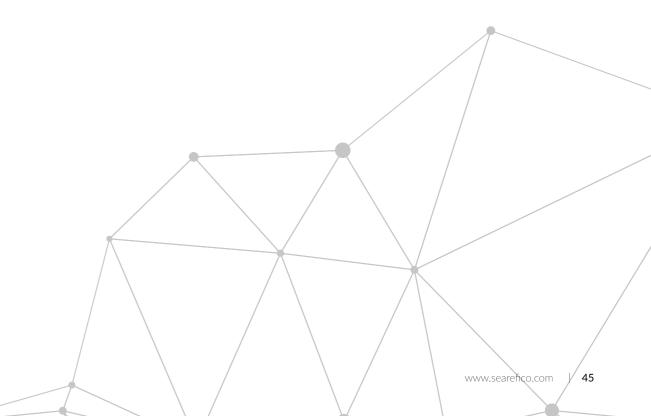
info@xaylaphue.com.vn

**Charter capital** 

190,573,160,000 VND

**Business lines** 

Provide consultancy, survey, design and construction of civil and industrial, transportation and irrigation, water and electricity installation and internal decoration projects; processing work foundations; produce and trade in construction materials; invest and trade in infrastructure at the industrial zones, residential areas, newly-operated urban areas, trading of real estates, export and import, etc.





### **DEVELOPMENT ORIENTATIONS**

#### 4.1 MAJOR OBJECTIVES OF THE COMPANY

Develop the Company sustainably on the platform of a coherent, concentric and unanimous organization; maintain the "HEARTINESS" with the employees, the "TRUST" with the customers, and maximize the benefits of the shareholders. The Company will always drive itself with the objective of becoming a place where a culture of transparency lasts forever.

#### SPECIFIC OBJECTIVES

- ► Continue to restructure the investment portfolio in Subsidiaries under the Pure Holding model -
- The Parent Company only owns 51% of the Subsidiaries; Improve and increase liquidity for SRF shares in the market, ensuring the interests of shareholders.
- ▶ Increase the investments into production activities, expand its manufacturing segment into two new units: GREENPAN and PHOENIX, aiming to raise the proportion of production to 50% of revenue by 2023, increase the profit margin and improve the supply chain in Searefico Group's ecosystem.
- ► Continue to develop the SEAREFICO E&C under the Engineering Procurement and Construct (EPC) model to become one of the leading companies in the field of science and technology, as well as a leading reliable "One Stop Service" supplier for both customers and investors.
- ▶ Promote the field of smart warehouse construction to seize opportunities from the trend of shifting production and invesment in logistics, which is on the rise in Vietnam. Simultaneously maintain its position as one of the leading companies in the Industrial Refrigeration sector in Vietnam through the added-value services supplied to the customers.
- Develop an overall strategy to re-position Searefico Holding brand corresponding to the position of a leading engineering and technology enterprise in Vietnam in order to contribute to the mission of raising the brand "Made in Vietnam" to the world.
- ▶ Continue to implement the roadmap to be in the TOP 100 best companies to work for in Vietnam within the next two years. Create a better competitive environment; empower, provide better career opportunities, and increase income for the HEARTED, VISIONARY, and TALENTED, to whom shares the same core values, creating consensus with the Company's cultural identities.



#### 4.2 MEDIUM AND LONG-TERM DEVELOPMENT STRATEGY

"People go first, the work follow" is a factor which the Company is giving a top priority One of the Searefico Group's steady objectives is the sustainable development. The Company continues to take the technology development platform as a focus for their medium and long-term orientations. In order to achieve this objective, the spirit "People go first, the work follow" is a top prority for the Company.

Over the years, the Company has emphasized the role of individual training, practising, and recruitment; building the team in accordance with the development orientation of the Company.

Searefico Group also focuses on improving the Company's effectiveness and efficeiency of the core activities, seeking the opportunities of investment, making the joint-ventures or associations with the domestic and foreign partners, expanding cooperation into many fields; prioritizing the development of green, environment-friendly industries and added-value generating technological equipment in logistics, clean rooms, high-tech hospitals, tourism services combined with healthcare, food and processing.

Particularly, the Company also concentrates on promoting corporate governance and transparency in all activities and improving the Holding Company model, thus generating the resonating values in the operational fields of Searefico Group.

#### 4.3 OBJECTIVES OF SUSTAINABLE DEVELOPMENT

TO OUR CUSTOMERS

Provide the services and products for the high-quality segment at the reasonable prices, together with professional customer-care policy, adhering to the business philosophy "The quality of products and services is a focus, and the benefit of customers is the key."

TO OUR EMPLOYEES

With the people-centric principle, the objective to become the TOP 100 Best companies to work for in Vietnam within the next two years expresses the determination of the BOM of Searefico Group in the journey of creating a cohesive, creative and humane working environment. The BOM always focuses on increasing the labour productivity, raising living standards and incomes and promoting the opportunities of promotion to the employees.

TO OUR SHAREHOLDERS

We maintain and develop the capitals to optimize the benefits and value of the shareholders.

TO OUR ENVIRONMENT, SOCIETY AND COMMUNITY

We commit to fulfill the responsibilities and obligations with the community and society, harmonize corporate interests with social benefits, actively contribute to community-oriented activities expressing a sense of citizen responsibility and continue to research and invest in green, clean and environmentally friendly technology. Especially, the Searefico Group-implemented projects must make social contributions and encourage employees to actively participate in social activities.

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## RISK FACTORS

#### **ECONOMIC RISKS**

In the harsh year of 2020, Vietnam was quite successful in controlling the COVID-19 pandemic. The government was not extreme in both directions in order to control the pandemic but still have a step-by-step opening for the economy to operate properly, with the highest GDP growth rate of over 2.9% in Southeast Asian countries.

The Government of Vietnam still implemented the prudent monetary management policy in 2020 as in previous years, which helped the CPI and the exchange rate to be stable, creating trust for foreign investors.

Although Vietnam's economic growth rate is forecasted by many organizations to return to an increase of about 6-7% in 2021, it is likely that the above growth rate will not be reached when COVID-19 is still complicated, the progress of vaccination could be extended to the second half of the year.

With the increasing openness of the economy and the even-larger-than-GDP export, Vietnam is forecasted to be very sensitive to the world economy's changes. At the same time, if the world still fights against the pandemic extremely, Vietnam's exports and tourism will be severely affected.

Meanwhile, FDI capital which is the main driving force for Vietnam's economic growth has signaled a slowdown in recent years. According to the Department of Foreign Investment (Ministry of Planning and Investment), the amount of registered FDI capitals continues to decline by 15.6% after recording a 23.6% decline in the same period of last year due to the COVID-19 pandemic.

Over the 31-year development history through which Searefico Group has surmounted many vicissitudes and economic changes, the Company's BOM has understood difficulties and challenges in each period. The Company has chosen the appropriate directions, enhanced the risk management and controlled their resources well in order to turn the challenges into the opportunities.

#### INTEREST RISK

With the major business sector of working as a contractor for the mechanic and electrical projects, the Company and its customers always have a demand for financing each project. Accordingly, the fluctuations of interest rates will have impacts on the performance of the Company and its customers.

However, by maintaining the high credit-ranking results, particularly prioritizing the control of risks prior to tendering acceptance, enhancing the management of cash flows from the projects and using the equity flexibly help Searefico Group to limit the impacts of the interests and ensure the performance of the Company.

#### **EXCHANGE RATE RISK**

As the Company's operation relates to import of equipment and materials from many countries, the fluctuations of exchange rates have impacts on the business results of the Company. In order to mitigate these impacts, the forward contracts for purchase and sale of foreign currencies have been signed by Searefico Group with the banks, apart from close monitoring of exchange rate fluctuation, to make an appropriate business plan.

#### LEGAL RISKS

As a Joint Stock Company being listed at the Ho Chi Minh Stock Exchange (HOSE), Searefico Group is governed by legal documents, such as Corporate Law, Securities Law, Investment Law and Guiding circulars and other relevant documents.

During the operational process, the enterprises must participate in many interactive relations in which risks causing damages on the enterprises may arise from both internal and external factors.

In order to restrict the legal risks caused by the subjective factors, the Company signed a regular consultancy contract with a law firm for providing the advices and monitoring the changes in the state policies and regulations to timely recommend any adjustments for the internal regulations and procedures in the Company. At the same time, the Company regularly reviews the legal foundations in their contracts to ensure that its activities comply with the laws and achieve efficiency and effectiveness.

#### **WORKING ENVIRONMENTAL RISKS**

For the operational nature of the Company, the environmental risks are those which may arise during the implementation of the projects such as failure to ensure the working conditions, the health of the employees and safety and security for the community ect.

Clearly acknowledging the significance of environment risk management, Searefico Group established a specialized unit, the Department of Safety and Quality Assurance, for focusing on forecasting and mitigating the risks and their negative impacts on the health and safety of the employees and local communities surrounding the Company-implemented projects..



Over 31 years of development, overcoming many difficulties and economic crisis, we always focus on risk management. Must know to control resources, find blessing in disguise, and turn challenges into opportunities.



#### 5.4 COVID-19 RISKS

Since 2020, COVID-19 pandemic has become very complicated and negatively impacted the world economy, including Vietnam.

Vietnam has been evaluated by international associations as a very successful country to combate the COVID-19 pandemic. However, the priority measures against the pandemic have been affecting the operation of almost all business sectors, increasing operational risks, and can weaken cash flow of businesses.

Being aware of the COVID-19 pandemic risk, the Company established the Action Committee for pandemic prevention that issued specific directives and preventive guidelines in order to make sure all the employees are complied, and ensure safety from the very first days. Activities like providing masks, antiseptic alcohol free for employees, disinfecting hygiene in the workplace, reminding all employees to strictly abide by the regulations of the Ministry of Health were immediately implemented by the Company from the early days of this outbreak.

At the same time, the BOM has built the priority groups of solutions to be implemented during the pandemic including:

PRIORITIZE SAFETY
FOR ALL EMPLOYEES

Divide the working group online / offline once a week to avoid infection, ensure the health of employees and prepare for prevention of COVID-19 pandemic.

Apply the application of information technology to daily tasks, maximize the application of existing systems for online meetings, minimize travel while ensuring continuous and smooth work and ensuring safety for employees.

RAPIDLY SHIFT TO EPC, INDUSTRIAL REFRIGERATION FACTORY AND SMART WAREHOUSE For business activities, SEAREFICO's BOM has planned an urgent action to avoid the risk of recession, one step ahead to not slow down compared to changes in the market.

In 2020, it is expected that M&E and construction will decline dramatically. Many projects will be halted, suspended, especially real estate projects, resorts, hotels and office buildings. These are business activities directly affected by the COVID-19 pandemic.

In contrast, the cold storage, food technology and automation segments are expected to increase sharply, and the workload and new projects will be more.

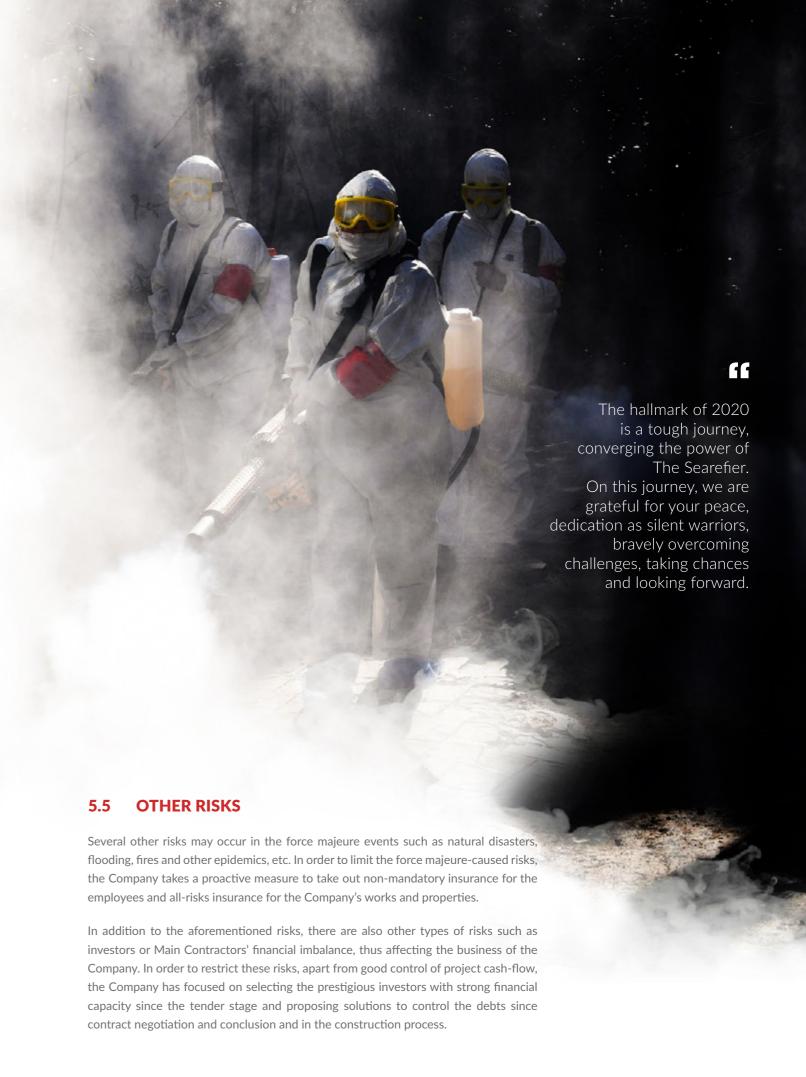
Accordingly, the Company had determined that it is necessary to quickly shift to industry segment, take advantage of the surplus human resources from projects suspended due to COVID-19 to grab this opportunities, and promote the operation of two segments, Industrial refrigeration and smart warehouse, to get a head start on the changing trend of the market.

STRENGTHEN FINANCIAL CAPACITY

Significantly reduce costs, control, reduce management costs and arrange efficient use of personnel during the COVID-19 pandemic season.

Concentrate on the settlement and debt collection, negotiate to keep the price of input materials with the suppliers; negotiate with the investors on the progress of the projects to avoid the risk of being delayed by the disease.

Work closely with the Bank to take the initiative in raising capital for production and business activities, take advantage of business opportunities and good investment after the pandemic.



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## CHAPTER II

## **BUSINESS OVERVIEW**







## **BUSINESS OVERVIEW**

By the end of 2020, Searefico Group had achieved the business results as follows:

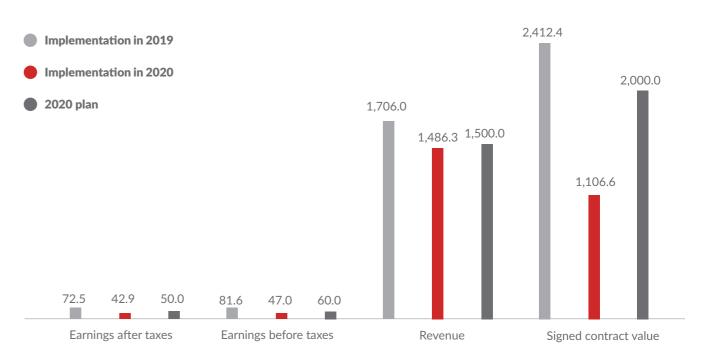
Unit: billions VND

			ation in 2020	Implementation in 2019	
Indicator	ndicator 2020 plan	Billions	%/ 2020 plan	Billions	% 2020/2019
Signed contract value	2,000.0	1,106.6	55.3%	2,412.4	45.9%
Revenue	1,500.0	1,486.3	99.1%	1,706.0	87.1%
Earnings before taxes	60.0	47.0	78.3%	81.6	57.6%
Earnings after taxes	50.0	42.9	85.9%	72.5	59.2%

M&E and construction activities were strongly affected by the COVID-19 pandemic. Therefore, at the end of 2020, the whole company only achieved more than 1,106.6 billions VND for the signed contract value, reaching 55.3% of the plan, and equivalent to 45.9% over the same period last year.

The revenue was more than 1,486.3 billions VND, achieving 99.1% of the plan and equivalent to 87.1% over the same period of 2019. The earnings before taxes stood at 47.0 billions VND, achieving 78.3% of the plan, equivalent to 57.6% as compared with 2019; The earnings after taxes gained 42.9 billions VND, achieving 85.9% of the plan, equivalent to 59.2% as compared with 2019.

#### SITUATION OF BUSINESS





## ORGANIZATION AND PERSONNEL

## LEADERSHIP IS THE ABILITY TO FIND **EXTRAORDINARY THINGS FROM ORDINARY PEOPLE**



Mr. **RYOTA FUKUDA** MEMBER OF BOD

Mr. LEE MEN LENG

MEMBER OF BOD



Mr. **LE TAN PHUOC** CHAIRMAN OF BOD



Mr. PHAM NGOC SON DEPUTY GENERAL DIRECTOR



Mrs. **NGUYEN THI THANH HUONG** CHIEF EXECUTIVE OFFICER

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When customers believe, they deliver. When colleagues believe, they commit. When employees believe, they follow.

The leaders receive supportive associates, not only due to what they do for others, but also their values represent.

Mr. LE TAN PHUOC **Chairman of BOD of SEAREFICO Group** 

#### LIST OF MEMBERS IN THE BOD

#### Mr. **LE TAN PHUOC**

**CHAIRMAN OF BOD** 



Year of birth	1965
Education level	Thermal Engineer
Number of shares held	858,908
The Company's charter capital	2.64%

#### Position held in other organizations:

Chairman of BOD of

**SEAREFICO Engineering and Construction JSC** Asia Refrigeration Industry JSC (ARICO) **Searce Refrigeration Electrical Engineering Corporation** (SEAREE)

Member of BOD of

**GREENPAN JSC** 

**Thua Thien Hue Construction Joint Stock Corporation Investment and International Water Technology JSC** (INWATEK)

#### **NGUYEN HUU THINH**

MEMBER OF BOD



Year of birth	1958
Education level	Electrical Engineer
Number of shares held	1,377,508
The Company's charter capital	4.24%

#### Position held in other organizations:

Member of BOD of

**Searee Refrigeration Electrical Engineering Corporation (SEAREE) GREENPAN JSC Investment and International Water Technology JSC** (INWATEK)

#### **LE QUANG PHUC**

MEMBER OF BOD



**Master of BusinessAdministration** Education level **Construction Engineer** 

Number of shares held	0
The Company's charter capital	0%

#### Position held in other organizations:

Chairman of BOD of

**BDSC Management Consulting Corporation** Le & Partners Company Limited

Member of BOD of

Phat Dat Real Estate Development Corporation (PDR) Phu Nhuan Jewelry JSC (PNJ) **Tay Ho Investment & Construction JSC** 

#### **RYOTA FUKUDA**

MEMBER OF BOD



Year of birth	1969
---------------	------

Education level	Master of Business	Administration
Number of shares	held	0
The Company's cha	arter capital	0%

#### Position held in other organizations:

Deputy Executive Officer Overseas Business Division Taisei Oncho CO., LTD

#### **NISHI MASAYUKI**

MEMBER OF BOD



Year of birth	1952
Education level	Electrical Engineer
Number of shares held	0
The Company's charter capital	0%

#### Position held in other organizations:

Managing Director of **SEC Inc** Director of SEC Mashibah SDN Bhd

#### **LEE MEN LENG**

MEMBER OF BOD



Year of birth	1965
Education level	Electrical Engineer
Number of shares held	0
The Company's charter capital	0%

#### Position held in other organizations:

Managing Director of Secm Sdn Bhd Director of **PT Secm Tech Indonesia** 

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#### **LIST OF MEMBERS IN THE BOM**



#### **NGUYEN THI THANH HUONG**

#### CHIEF EXECUTIVE OFFICER

Year of appointment	2019
Year of birth	1973
Education level	M.A of accounting and finance
Amount of shares held	26,424
Equity/charter capital ratio	0.08%

#### Position held in other organizations:

BOD member of

SEAREFICO Engineering and Construction JSC (SEAREFICO E&C)

Asia Refrigeration Industry JSC (ARICO)

**Searee Refrigeration Electrical Engineering Corporation (SEAREE)** 

**Thua Thien Hue Construction Joint Stock Corporation** 

Frit Hue JSC

**Thua Thien Hue Wood Processing JSC Corporation** 

BM member of

Industrial Zone Infrastructure Development and Investment Ltd. Company

Head of the Board of Supervisors

Investment and International Water Technology JSC (INWATEK)

#### Mr. TRAN DINH MUOI

DEPUTY GENERAL DIRECTOR



Year of appointment	2017
Year of birth	1971
Education level	Thermal and AC Engineer
Amount of shares held	100,001
Equity/charter capital ratio	0.31%

#### Position held in other organizations:

Chief Executive Officer of

**SEAREFICO Engineering and Construction JSC** 

#### Mr. PHAM NGOC SON

DEPUTY GENERAL DIRECTOR



Year of appointmen	t <b>2017</b>
Year of birth	1976
Education level	Master of Business Administration Engineer of Thermoelectric Refrigeration Technology
Amount of shares	neld <b>44,293</b>
Equity/charter cap	tal ratio <b>0.14%</b>

#### Position held in other organizations:

Chairman of BOD of **GREENPAN JSC** 

**SEAREAL Real Estate JSC** 

#### Mr. NGUYEN QUOC CUONG

DEPUTY GENERAL DIRECTOR



Year of appointment	2018
Year of birth	1965
Education level	Mechanical Engineer
Amount of shares held	64,117
Equity/charter capital ratio	0.20%

## Position held in other organizations:

Director of

**SEAREE Refrigeration Electrical Engineering Corporation** 

#### Mr. VUONG TRAN QUOC THANH

**CHIEF ACCOUNTANT** 



Year of appointment	2019	
Year of birth	1984	
Education level	Bachelor of Economics	
Amount of shares held	C	
Equity/charter capital ratio	0%	

#### Position held in other organizations:

Head of Board of Supervisors

**SEAREE Refrigeration Electrical Engineering Corporation** Asia Refrigeration Industry JSC (ARICO)

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#### 2.3 CHANGES IN THE BOM

THE BOM EXPERIENCED SEVERAL CHANGES OF POSITIONS AS FOLLOWS

Appointing Mr. Luong Xuan Quy as the Chief Finance Officer of SEAREFICO from February 03rd, 2020 under the Resolution no. 001/NQ/HDQT/20 dated February 03rd, 2020 by the BOD;

Dismissing Mr. Luong Xuan Quy from the position of Chief Finance Officer of SEAREFICO from October 16th, 2020 under the Decision no. 003/QD/HDQT/20 dated October 16th, 2020 by the BOD;

## 2.4 PERSONNEL RESTRUCTURING AND POLICY CHANGES APPLICABLE TO THE EMPLOYEES

The year 2020 marks a big change for Searefico Group in terms of personnels in the direction of streamlining, upgrading capable key personnel, and building the Searefiers Genome in line with the new era.

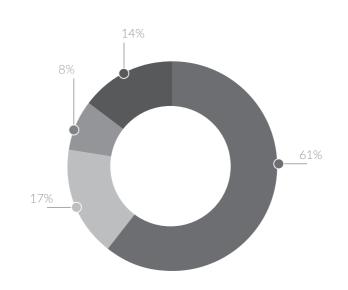
Until December 31st, 2020, the total number of employees in the Company was 659 people with the specific structure as follows:

	Criteria	Figure	Proportion (%)
	Total number of employees (People)	659	
	Educational level	659	100
	University graduate and post-graduate	400	61
	3-year college level and professional two-year college level	111	17
	Elementary level and technical worker	52	8
Manual workers	Manual workers	96	14
	Gender	659	100
	Male	552	84
	Female	107	16
	Average per capita income (million VND/ month)	20.17	

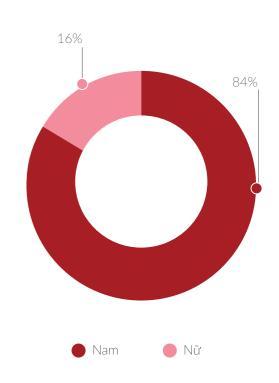
People are the most valuable asset. Therefore, the Company has been focusing on developing sustainable personnel in both quantity and quality. Searefico Group is comprised of highly qualified personnel, mainly graduated from prestigious technical universities and colleges; most importantly, the have positive thinking, good attitude, enthusiasm, passion and responsibility.

Vietnamese corporate culture is greatly influenced by Vietnamese culture. In the difficult times, the love for the company, the willingness to overcome challenges, joining hands and sharing with the Company have become the immune system to cope with the COVID-19 pandemic storm.

#### EDUCATIONAL LEVEL







Dại học và trên đại học

Sơ cấp và công nhân Kỹ thuật

Cao đẳng và Trung cấp chuyên nghiệp

Lao động phổ thông

#### SUMMARY OF POLICY CHANGES APPLICABLE TO THE EMPLOYEES

Responding to market challenges caused by COVID-19, human resource management of Searefico Group has made a strong shift to solve human resource problems, retain talents, unify the organization, step by step overcome organization and step by step overcome the COVID-19 pandemic with the Company.

The Company promptly issued effective bonus policies on construction schedule, cash flow management, and debt collections. Besides, to fairly evaluate the performance of employees, the Company issued a monthly, quarterly, and annual work performance assessment policy, assigning KRA and KPI to each department and employee.

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## ANNOUNCE SEAREFIERS GENOME IN THE NEW ERA

#### **ENHANCE CORPORATE CULTURE**

Over the past years, Searefico Group has built a corporate culture focusing on strengthening the connection between people and people, and between people and the organization. That cohesion has brought a high consensus on a common goal of the Company in the future.

In the transition to the Holding model and in the context of COVID-19 pandemic, the core values of the enterprises play a decisive role to lead all changes in maintaining stability, sustainable development and accelerating in the future. Searefico Group clearly defines corporate culture to be built on three bases: Core values, human code of conduct and management systems.

The leaders of Searefico Group have devoted a lot of energy to sifting through the good qualities of each Searefico person and decided the shaping value to reach the leading position. To match the actual and typical situation, the new era genome with 05 core values which are Desire of a pioneer, Spirit of Warriors, Agility, Dedication and Sincerity has been selected to replace the previous 09 core values. These values have combined and unified the Searefico culture, becoming 05 core values in the new era.

However, the process of putting the declaration into action requires a dedication to research and serious and persistent time investment of the collective and each individual. Only when all members have the same will and the same action goal, can the corporate culture be instilled and inevitably transformed into a "genetic gene" that is the "Searefico DNA". It is this "genome" that will be sustainably maintained over many generations, contributing to sustainable achievement, exceeding expectations of an enterprise's financial goals, helping Searefico Group step forward steadily and forever.

Searefico Group defines corporate culture to be built on three bases: Core values, Human code of conduct and management systems.

#### WORKING ENVIRONMENT

### MOTIVATING WORKING ENVIRONMENT HELPING EMPLOYEES DEVELOP COMPLETELY

The Company focuses on building a working environment for all employees to maximize their capabilities, trust each other and achieve excellent result, encouraging employees to live kindly and work properly as well as find joy in their work. In 2020, the Company also made important improvements, enhanced training and development of human resources to contribute to changing the capacity of the whole system, creating a professional business environment with the power to retain talents and attract new promising factors.

## RECRUITMENT POLICY

#### PRESTIGIOUS RECRUITER

It has been affirmed as the prestigious recruiter brand on the market over more than 31 years of development through the Searefico Group values. Besides, employees know Searefico Group through recruitment media as a trusted recruiter brand and an attractive workplace because of career development opportunities, challenging jobs and working opportunities with the latest technology.

The Company devises a new strategy in the planning and recruitment of human resources, which focuses on building a sustainable recruiter brand, accompanied by a team of professional recruiters and new recruiting tools developed in the era of 4.0.

## TRAINING AND DEVELOPMENT POLICY

#### LIFELONG LEARNING CULTURE

With the guideline of investment in the training and development of human resources is the plus value investment for the future success of the Company. In a challenging year of 2020, the training at Searefico Group focused on key goals which are improving financial management capacity, fostering expertise focusing on new technologies that the Company is targeting as well as improving leadership skills.

The context of COVID-19 pandemic has motivated the Company to flexibly apply many new and diverse forms of training such as: online, on the job training, and experiment with the new and effective training methods through programs such as Breakfast with Chairman, Lunch & Learn, Dinner with VIP, Seminars, Talkshow, Book Review, etc.



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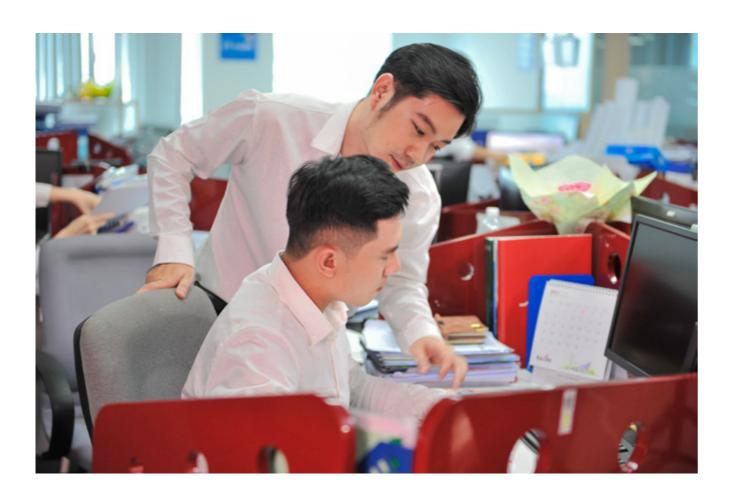
DEVELOPMENT PLAN

Motivated with the goal of becoming one of 100 best workplaces in Vietnam, the Company focuses on developing talents retention programs. The Company boldly promoted and appointed new factors, gave opportunities for talented employees to try, pursue their passion and develop their careers under CDP (Career Development Plan) in the overall development picture of the Company.

SALARY POLICY

During the COVID-19 pandemic, the Company faced the problem of the balance of revenue - profit and salary fund when old projects had to delay schedule, and investors of new projects had to consider investment decisions, etc.

To solve the balance problem, the Company had optimal solutions to preserve its forces such as adjusting working hours, minimizing management costs, stabilizing salary policies and limiting disturbances to employees' life. In that process, the Company communicated to employees with the desire to share, understand, and overcome difficulties together.





#### BENEFIT POLICIES

Searefico Group always gives priority to preserving the welfare regime for employees. In the midst of an outbreak, employees were allowed to work from home to protect themselves and the community, and were encouraged to take leave to both regenerate their labor energy and have time to balance their work - life - development while balancing costs.

EVALUATION ON THE EMPLOYEES' ACHIEVEMENTS AND REWARD POLICY

COVID-19 pandemic was a challenge but also gave Searefico people the opportunity to renew themselves, test their endurance, increase efficiency, and overcoming difficulties with unprecedented creativity. The Company also standardized the KPI evaluation system and personnel policies to both encourage and create pressure as well as motivating all employees to work harder and contribute to collective results.

The Company designed a reward program for overcoming difficulties with a special bonus policy to encourage employees' spirit to overcome adversity, focusing on the results of cash flow management, bidding, projects settlement and debt collection. The effects from the program have greatly supported in keeping the enthusiasm for the activities of the Company.

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## PROJECT IMPLEMENTATION AND INVESTMENT

The GREENPAN's PIR panel factory project has completed the production lines installation and test run stage, and officially came into operation in April 2020. With the goal of becoming a No.1 pioneer PIR panel manufacturer in Asia and Top 5 in global by providing Green - Clean - Fast - Sustainable solutions, GREENPAN will grow steadily and significantly contribute to business efficiency of Searefico Group.

The panels made by GREENPAN have fire-proof figure which is an outstanding advantage compared to Panel PUR, EPS, and brick, helping to prevent fire spread to B1 level according to European DIN4102 standard, qualified for obtaining the FM certificate, the highest fire prevention and fighting standard. This material is also fire resistant to 600 ° C and less smoky.

Besides, GREENPAN's products are also better at thermal insulation and sound-proof than traditional materials. Thanks to 2bGP™ technology that produces GREENPAN's PIR product as a type of lightweight unbaked construction material with property of insulating the entire exterior of the building, saving electricity consumption costs of about 3.2 billions VND per year for 10,000 m2. In addition, PIR product has sound-proof capability up to 25dB, better sound-proof than traditional brick wall, especially friendly with the environment thanks to FREE-HCFC production technology and reusable.

GREENPAN's PIR Panel products have a variety of designs, colors and sizes, customized according to customers' needs, suitable for many types of projects, mainly used in industrial construction such as factories, cold storages, clean rooms, farms, hospitals and schools, etc. Initially entering the market, GREENPAN's PIR Panel has been highly appreciated for meeting four criteria including Effectiveness - Durability - Convenience - Safety.



#### 4.1 FINANCIAL SITUATION

			Unit: billions VND
Indicator	2019	2020	%2020/2019
Total asset	1,909.7	1,956.4	102.4%
Net revenue	1,706.0	1,486.3	87.1%
Operation income	79.3	45.5	57.4%
Other income	2.3	1.5	64.2%
Earnings before tax	81.6	47.0	57.6%
Earnings after tax	72.5	42.9	59.2%
Dividend payout/charter capital rate (%)	15.0%	10.0%	66.7%

#### 4.2 MAJOR FINANCIAL INDICATORS

Indicators	Unit	2019	2020
Solvency indicators			
Current ratio	Time	1.1	1.1
Quick ratio	Time	0.9	0.9
Capital structure indicators			
Debt-to-capital ratio	Time	0.7	0.7
Debt-to- equity ratio	Time	2.8	2.6
Operating capacity indicators			
Receivables turnover	Turnover	1.9	1.6
Inventory turnover	Turnover	5.2	4.5
Asset turnover	Turnover	1.0	0.8
Profitability indicators			
Earnings after tax/Net revenue	%	4.2%	2.9%
Earnings after tax/Average equity	%	14.3%	8.2%
Earnings after tax/Total average asset	%	4.6%	2.2%
Operating income/Net revenue	- %	4.6%	3.1%

## REGARDING TO THE SHORT-TERM SOLVENCY

Liquidity ratioQuick ratio



The liquidity ratio and quick ratio were respectively 1.1 times and 0.9 times in 2020, equivalent to those in 2019. Coping with cash flow difficulties before the influence of COVID-19, the Company still strives to maintain the amount of cash and deposit to ensure liquidity to be stable.

## REGARDING TO THE CAPITAL STRUCTURE

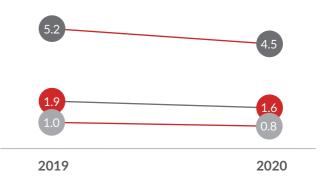
Debt-to-capital ratioDebt-to-equity ratio



The debt-to-capital ratio and debt-to-equity ratio were respectively 0.7 times and 2.6 times in 2020, equivalent to those in 2019. In addition to expanding and maintaining relationships with credit institutions, seeking loans with preferential interest rates to supplement the Company's operating capital, the Company has also taken advantage of the policy from the State Bank on loans extension for enterprises affected by COVID-19.

## REGARDING TO THE OPERATIONAL CAPACITY

Receivables turnover
Inventory turnover
Asset turnover



The indicators showing the performance of the enterprise such as receivables turnover, inventory turnover and asset turnover were respectively 1.6 times, 4.5 times and 0.8 times. The indicators of receivables turnover and asset turnover decreased as compared to 2019 since the work of volume confirmation and debt collections are significantly influenced by the impact of the COVID-19 pandemic. The decline in inventory turnover ratio is also due to the impact of the pandemic.

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#### REGARDING TO THE PERFORMANCE

The main reason was due to the impact of Covid-19 pandemic in 2020 causing low new signed contract value, prolonged volume confirmation and revenue records, which affects the revenue and profit recorded in the year.

The earnings after tax / Net revenue in 2020 stood at

2.9 %

**1.3%** as compared with 2019

Operating income / Net revenue in 2020

**1.5%** as compared with 2019

The earnings after tax / Average equity

8.2 %

**16.1%** as compared with 2019

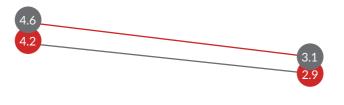
The earnings after tax / Total average asset

2.2 %

**12.4%** as compared with 2019

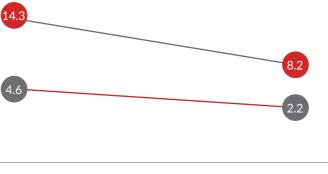
#### PROFIT ABILITY

**—** Earnings after tax/Net revenue Operation income/Net revenue Unit: %



2019 2020

Earnings after tax/Average equity **——** Earnings after tax/Total average asset Unit: %



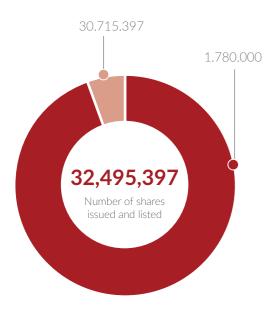
2020 2019





## SHAREHOLDER STRUCTURE AND **EQUITY CHANGES**

On December 31st, 2020, the number of shares in the Company was as follows:



Number of shares outstanding

Number of shares issued and listed

32,495,397

Number of shares outstanding

30,715,397

Number of treasury shares

1,780,000

Number of preference shares

Par value of the share

10,000 VND

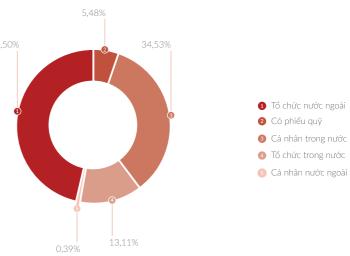


A SUMMARY OF SHAREHOLDERS

(in accordance with the list of shareholders confirmed on March 18th, 2020)

Catagony	Domestic sh	nareholders	Foreign shareholders		Total	
Category	Number of shares	% of charter capital	Number of shares	% of charter capital	Number of shares	% of charter capital
Shareholders owning over 5% shares	4,152,000	12.78%	14,599,506	44.93%	18,751,506	57.71%
Shareholders owning from 1% to 5% shares	6,195,582	19.73%		0.00%	6,411,582	19.73%
Shareholders owning below 1% shares	4,916,283	15.13%	636,026	1.96%	5,768,027	17.09%
Treasury shares	1,780,000	5.48%		0.00%	1,780,000	5.48%
Total	17,259,865	53,11%	15,235,532	46.89%	32,495,397	100%



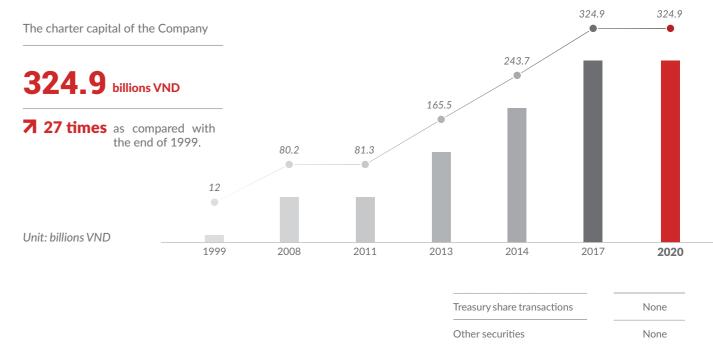


#### LIST OF MAJOR SHAREHOLDERS

Name of individual/ organization	Business registration certificate	Address	Amount of shares	Ratio of shares over charter capital
Taisei Oncho Co., Ltd	CA6347	1-47-1 Oi, Shinagawa-ku, Tokyo	8,099,506	24.93%
SANYO Engineering and Construction Vietnam CO., Ltd	CC0336	01 street 36, An Phu Ward, District 2, Ho Chi Minh City	6,500,000	20.00%
Vietnam Seaproducts Joint Stock Corporation	0310745210	2-4-6 Dong Khoi, Ben Nghe Ward, District 1, Ho Chi Minh City	4,152,000	12.78%

#### CHANGES OF THE EQUITY

Since the Company has operated as a Joint Stock, it experienced the capital raising process as follows:



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## THE MANAGEMENT REPORT

Not relying solely on speed and agility in hunting, the cheetahs are known to consider different tactics, dictate their preys' escape route to deliver the optimal fisnishing blow.

Calamity is man's true touchstone.

We proactively prepares plans to cope with risks, adjust business strategies, and restructure the management apparatus to be more streamlined. This helps us reduce costs, promote business development in the smart warehouse sector and EPC general contractor industry.

We also offer flexible solutions to ensure a smooth cash flow, secure shareholders' profits, and ensure efficiency.



#### I - REPORT OF THE BOM



## **BUSINESS RESULT EVALUATION**

Throughout 2018 and 2019, the Company assessed that the real estate market will face directly with many dual difficulties in terms of both market and policy factors. In 2020, the market would be more difficult than ever before due to the unexpected impact of the COVID-19 pandemic. Not only did the increasing competition make the profit margins of enterprises in the M&E industry decline, but the market also became more risky when investors faced financial difficulties.

Facing with the negative impact of the COVID-19 pandemic, the Company proactively prepared a plan to cope with risks, such as adjusting business strategies, restructuring the management apparatus to be more streamlined, reducing costs, promoting business development in the field of smart warehouse and EPC general contractor and offering solutions to ensure smooth cash flow while protecting shareholders' profit.

Although the business results in 2020 did not reach the plan, in the context that the whole construction market has been struggling with the survival problem, the Company has been standing on a firmer foundation thanks to its investment operation in many fields. Searefico people accelerated during difficult times and will continue to accelerate, accelerate and accelerate more in 2021 to seize the opportunity when the market recovers.

The year 2020 marked a strong turning point for the Company. The Company has developed on two potential segments that are smart warehouse and EPC general contractor for factories in industrial zones. These are two sectors that are expected to continue to grow strongly after the world sees Vietnam succeed in its dual mission of controlling pandemic while ensuring uninterrupted economic activities along with the development of many industrial infrastructure projects.

Some notable investment trends such as the wave of investment in industrial zones, logistic, smart factory construction, increasing technology content, improving automation rates to reduce labor, green design and construction, resort tourism combined with medical treatment, and energy-saving 4.0 apartments, etc. are receiving more and more attention. These are favorable trends for the strategy of promoting the business segments in which Searefico Group is asserting its position.

REGARDING TO M&E WORKS

In the context of Vietnam's real estate market being severely weakened due to the COVID-19 pandemic, Searefico Group has actively reduced the proportion of M&E in civil works, shifting its focus to the field of industrial factory construction, focusing on the group of reputable customers with strong financial potential and accepting to reduce profits to maintain operating cash flow.

Affirmed its leading position in the field of smart warehouse The Company has continued to increase the proportion of revenue in the field of smart warehouse construction, factory construction so as to gradually reduce the proportion of revenue from the projects of high-rise buildings, hotels and resorts when the market is entering into a period of saturation and decline.

The Company has affirmed its leading position in the field of smart warehouse with Ambient smart warehouse - Binh Dinh Milk, the first warehouse in Vietnam applied FRS (Fast Rotation Storage) technology and won the smart cold storage project of -25°C largest in Vietnam. Searefico Group has consecutively won 3 smart warehouse projects invested by Vietnam Dairy Products Joint Stock Company previously, including smart cold storage - Sai Gon Milk, smart cold storage - Tien Son Milk and Ambient Smart Warehouse - Tien Son Milk.

In the field of D&B general, the Company has been successful as a general contractor for the design and construction of Binh Chau Onsen Hot Spring Resort project- Asia-class project with Japan's most modern onsen technology combined with European standard swimming pool technology.

The pioneering steps in the field of smart warehouses and the technology general contractor have affirmed Searefico Group as a qualified EPC general contractor to implement large-scale projects and the most complex technology opening up new growth opportunities for the entire Searefico Group ecosystem.

**REGARDING TO** THE INDUSTRIAL REFRIGERATION Under the context that the market of aquatic products has still faced many difficulties since 2019, ARICO - Searefico Group's Subsidiary - shifted to developing the automation solutions for other processing industries such as cattle, poultry, other agricultural products and beverage as well as other high-tech industries such as clean rooms and boosting the export, ARICO has become an enterprise with positive contributions to improving and enhancing the output quality of products of the food and seafood processing industry. The revenue of ARICO in 2019 increased by 37%.

Under the impact of COVID-19 in 2020, ARICO's revenue decreased by 32.5% as compared to 2019. In order to prepare for growth again after the pandemic, ARICO made positive changes from the working environment to the executive management activities during the year. The Company made many improvements to product design and quality, provided tailor-made solutions tailored to existing platforms, equipment with advanced technology, more efficient, reliable, and productive workflows.

**REGARDING TO THE** PRODUCTION OF GREEN AND **ENERGY-SAVING MATERIALS** 

Understanding the increasing demand for green materials for environment protection, contributing to combat climate change and creating a premise for sustainable development in 2019, the Company made an investment without hesitation into equipment, machineries and production line of construction materials under the green technology for the world's most modern, environmentfriendly and preeminently featured production line to restrict dependence on imports as well as creating green development.

In April 2020, the insulation Panel product and high-quality insulation materials used in industry and civil construction were launched by Greenpan Joint Stock Company despite difficulties in social distancing making it difficult to interact with experts in Europe.

The GREENPAN's PIR Panel soon gained customers' trust thanks to its superior quality Released to the market only in a short time, Panel PIR GREENPAN brand soon gained customers' trust thanks to its superior quality. Although it has just been in operation for 6 months, GREENPAN was profitable in the first year of operating the factory.

In addition to manufacturing the lightweight unbaked construction materials with the most advanced technology around the world, Phoenix Energy & Automation Joint Stock Company, a small Company specializing in designing and installing the rooftop solar energy projects for industrial zones and residential houses, successfully completed the business plan and expanded into the commercial sector with the highest return on equity (ROE) in the Group in 2020.

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### **BUSINESS PLAN EXECUTION**

#### 2.1 SITUATION OF IMPLEMENTING THE PLAN

Unit: billions VND

Indicator	2020 plan	Implementation in 2020		Performed 2019	
maicutor	2020 plan	Billions VND	%/2020 plan	Billions VND	% 2020/2019
Signed contract value	2,000.0	1,106.6	55.3%	2,412.4	45.9%
Revenue	1,500.0	1,486.3	99.1%	1,706.0	87.1%
Earnings before tax	60.0	47.0	78.3%	81.6	57.6%
Earnings after tax	50.0	42.9	85.9%	72.5	59.2%

The earnings before tax

47.0 BILLIONS VND

The earnings after tax

42.9 BILLIONS VND

In 2020, the whole Company obtained 1,106.6 billions VND for the signed contract value, achieving 55.3% as compared with the plan and 45.9% equivalent to 2019. The revenue in 2020 was more than 1,486.3 billions VND, reaching 99.1% of the plan. Under the influence of COVID-19 pandemic, low new signed contract value and prolonged volume confirmation caused revenue in 2020 to decline as compared with 2019, only 87.1% over the same period.

Regarding to the profitability, the earnings before taxes in 2020 was 47.0 billions VND, reaching 78.3% as compared with the plan and 57.6% equivalent to 2019. The earnings after taxes reached 42.9 billions VND, reaching 85.9% of the plan and 59.2% equivalent to the previous year. The above results are consistent with the context of the construction industry in 2020 and the strategic adjustments of the Company. The Company has been focusing resources on the field of smart warehouse and technology general contractor for projects with good cash flow and fast construction time with the strength of One Stop Service of the Parent Company. These are two areas of great potential which can promote strong growth of the Company in the coming years.

Regarding raising capital, the Company planned to seek a strategic partner through the form of treasury shares sale and private placement of shares in 2020. However, the impact of the COVID-19 pandemic resulted in delayed funding planning. The company will continue to work with investors to fulfill its capital increase target in 2021.

#### 2.2 BUSINESS RESULTS IN 2020 IN COMPARISON WITH 2019

Unit: billions VND

Indicator	2019	2020	%2020/2019
Net revenue	1,706.0	1,486.3	87.1%
Cost of goods sold	1,538.6	1,364.2	88.7%
Gross profit	167.4	122.1	72.9%
Financial activities income	13.4	13.8	102.6%
Expenses for financial activities	37.9	49.4	130.4%
Selling expenses	0.7	1.7	230.0%
General and administration expenses	85.2	61.5	72.2%
Profit (loss) of the associates	22.3	22.3	100.2%
Net Operation income	79.3	45.5	57.4%
Other income	2.3	1.5	64.2%
Earnings before tax	81.6	47.0	57.6%
Earnings after tax	72.5	42.9	59.2%

#### REGARDING TO THE STRUCTURE OF NET REVENUE

Unit: billions VND

Indicator	20	019	2	2020	%2020/2019
	Value	Proportion	Value	Proportion	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Revenues from M&E, Industrial Refrigeration, Construction and installation	1,668.0	97.8%	1,338.9	90.1%	80.3%
Rent revenue	1.7	0.1%	-	0.0%	0.0%
Sales revenue	36.3	2.1%	146.4	9.9%	403.6%
Others	-	0.0%	1.0	0.1%	
Total	1,706.0	100.0%	1,486.3	100.0%	87.1%

In 2020, the revenue from M&E, industrial refrigeration and construction still accounted for the highest proportion of about 90.1% of the total revenue and was equivalent to 80.3% as compared with 2019.

There is a slight reduction in the revenue in 2020 in comparison with 2019 due to the influence of COVID-19 pandemic. The signed contract value and prolonged volume confirmation had a great effect on the revenue in 2020.

Sales revenue reached 9.9% of total revenue on account of the recognition of revenue of GREENPAN factory from Q2/2020. According to the plan, the Company will focus its resources on expanding its production segment including ARICO and two new units, GREENPAN AND PHOENIX, to increase the proportion of production to 40-50% of total revenue in 2021.

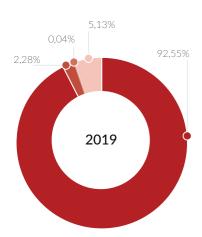
#### REGARDING THE STRUCTURE OF OPERATIONAL COSTS

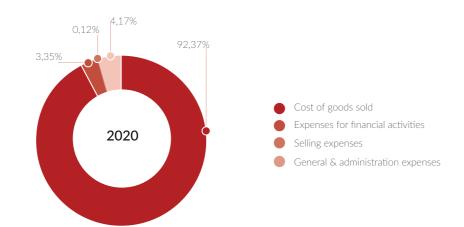
The cost of goods sold always accounts for the highest proportion in the Company's structure of operational costs. In 2020, that proportion was 92.37%, a slight decrease as compared with 2019. The proportion of financial expenses, selling expenses and general and administration expenses were respectively 3.35%, 0.12% and 4.17%.

#### REGARDING TO THE PROFITABILITY

In 2020, construction and installation activities were heavily affected by pandemic, and the work of bidding faced price competition from competitors. Responding to the impact of the pandemic, the Company came up with timely solutions such as reducing management costs, cash flow management, etc. which contributed to improving business results in 2020.

There was a reduction in the earnings before taxes in 2020 mainly because the project was prolonged, the gross profit of M&E decreased, and receivables were delayed which affected financial expenses during the year.





#### **REGARDING TO THE COLLECTION OF DEBTS**

In 2020, the BOM made many great efforts to radically collect the debts, cooperated with the financial companies, lawyers and other organizations to seek more effective debt collections measures and also changed the method of debt control since the stage of contract negotiation and conclusion and the process of construction to control the debts timely and protect the benefits of the Company.

The Company has focused on dealing with and settling some large and longstanding debts such as Hilton Danang Hotel, Cocobay Project and Tri Viet Hoi An Resort. At the end of 2020, the partners agreed to sign the settlements, made debt collections plans, and some debts were recovered by assets. This is a positive signal in debt collection.

#### THE COMPANY'S ACHIEVEMENTS

In general, the managerial shortcomings have been clearly identified and actively settled by the Company in 2020, and it is expected to be effective in 2021.

#### **OPTIMIZE RESOURCES**

With the understanding about the trend of the market and clear identification of the key task in 2020 which was restructuring the apparatus to successfully transform the traditional operating model into the Holding Company. The BOM did not emphasize the objective of profit in this year. Instead, the Company focused on restructuring the management apparatus, rearrange resources, investing in development of a contingent of potential human resources, building and improving operational efficiency of member units, increasing flexibility, enhancing the collection of debts and selecting the projects with the high gross profit rate and focusing on investors with the good financial situation in order to minimize losses and protect the profit.

#### PERFECT MANAGEMENT MODEL

During the year, the Company issued important documents to consolidate and perfect the governance model, management and operation system of Searefico Holding, and rationally stratified the interactive activities among subordinate levels, and created cohesion among the operational levels and among functional departments of the whole Company.

The Company changed its direct management model into indirect one through their capital representatives at the subsidiaries and associated companies on the basis of inheriting and developing the modern management models following the international standards for integration.

The Company has been shaping the Holding model with other companies in the system including subsidiaries such as SEAREFICO E&C, SEAREE, SEAREAL, ARICO and GREENPAN and associated companies including PHOENIX and HCC with close and complementary connection.

#### ELEVATE THE BRANDING & COMMUNICATION

Thanks to the enhancement of communication, promotion and brand recognition, the Company was awarded as follows:

- The first time being honored "Excellent Enterprise in Asia Pacific" in 2020
- Top 50 best Vietnamese enterprises growing in 2020 in FAST500 according to the ranking of Vietnam Report
- Ranked 2 in Top 5 Most Prestigious Mechanical and Electrical Contractors in 2020
- Awarded "Famous Brand Competitive Brand 2020" by Vietnam Intellectual **Property Association**
- Top 5 Best Annual Reports in 2020

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However, the communication activities in general have not really made a large influence corresponding to the value of Searefico Group. Therefore, the Company will emphasize on promoting in 2021 to enhance the strength of the Searefico Holding brand. The Company is currently developing a media action plan for the period of 2021-2022 in parallel with the strategy of repositioning the Searefico

Holding brand in the market.

#### REPOSITION THE SEAREFICO **HOLDING BRAND**

At the end of 2020, the Company completed the preparation for the repositioning strategy of Searefico Holding brand with the aim of enhancing the brand value of Searefico Holding, creating resources for sustainable development and expressing a strong transformation image of Searefico Holding with capital potential, high level of technology, management, specialization and effective organization activities through synchronizing the brand structure of Searefico Group's member companies in a consistent, professional and recognizable manner in order to create synergies and breakthrough leverage in the future.

#### LAUNCH **NEW SEAREFIER GENOME:** ASPIRATION NAMED SEAREFIER

Not only acting as the glue that holds the organization together, but Searefico corporate culture also helps the Company become a "community" with a distinct identity. In 2020, the Company created Searefico Group human genome in the new era that has been reflected in all activities and nurtured over the process of more than 31 years of development.



Aspiration named Searefiers The Searefico people's culture will continue to be promoted to go deep into the daily life and work of each employee through close behavior standards and internal communication activities in order to build a stronger, more flexible, and faster Searefico Group which is always the RELIABILITY and FIRST destination of customers when selecting partners in the fields that Searefico Group is serving the community and society.

#### **HUMAN RESOURCES DEVELOPMENT**

During the COVID-19 period, the Company organized many internal communication activities. Emails from the BOM are encouraging and motivating messages to spread positive thoughts, increase engagement, reduce resistance and optimistically move forward.

The Company designed a reward program for overcoming difficulties with a special bonus policy to encourage employees' spirit to overcome adversity, developed a performance salary policy suitable to cope with the COVID-19 situation, supported the CEOs of Subsidiaries to be proactive in controlling financial, focusing on the results of cash flow management, bidding, projects settlement and debt collection. The effects from the program have greatly supported in keeping the enthusiasm and ensuring stability for the activities of the Company.

### **FINANCE**

Facing the impact of COVID-19, the Company actively negotiated with banks and supported the Subsidiaries to be proactive in financial control at the same time. The Company has still maintained financial ratios within safe limits, ensured timely payment of debts and maintained a high credit rating for banks.

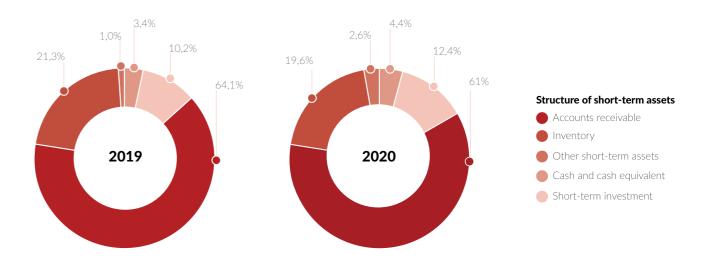
#### 3.1 SITUATION OF ASSETS

Unit: billions VND

Indicator	2019	2020	% 2020/2019
Short-term assets	1,490.0	1,442.7	96.8%
Long-term assets	419.7	513.7	122.4%
Total assets	1,909.7	1,956.4	102.4%

Until December 31st, 2020, the total assets reached the value of 1,956.4 billions VND, increasing more 16.9% than 2019. In particular, the short-term assets and long-term ones remained at 73.7% and 26.3% of the total asset structure respectively.

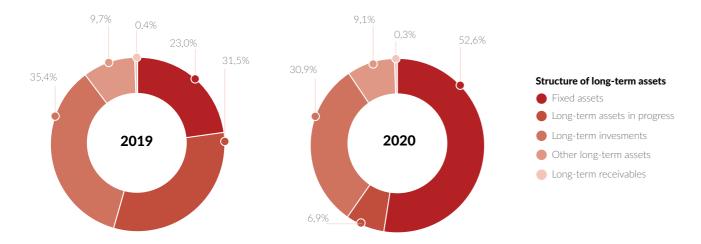
#### STRUCTURE OF SHORT-TERM ASSETS



The short-term receivables accounted for 64.1% in the short-term assets, followed by the total value of inventory, short-term financial investments and cash and equivalents at 19.6%, 12.4% and 4.4% respectively. The receivables decreased as compared with the same period last year mainly due to the decline in the revenue recorded in the period and the collection of some old outstanding debts.

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#### STRUCTURE OF LONG-TERM ASSETS



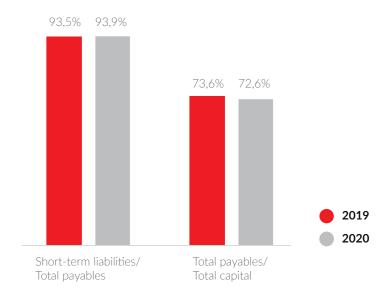
In terms of the long-term assets, the fixed assets, the long-term financial investments and others long-term assets accounted for the highest proportion at 52.6%, 30.9% and 9.1% respectively. The rest belongs to other items. In 2020, having put GREENPAN, the factory producing PIR insulation Panel, into operation changed the structure of long-term assets of the enterprise, and it has been expected to generate profits in the coming years.

#### SITUATION OF THE CAPITALS

Unit:	hillin	ns l	VND
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Indicator	2019	2020	% 2020/2019
Payables	1,404.7	1,419.6	101.1%
Short-term liabilities	1,313.1	1,333.4	101.5%
Long-term liabilities	91.6	87.3	94.4%
Equity	505.0	536.7	106.3%
Total	1,909.7	1,956.4	102.4%

As of December 31st, 2020, the Company's payables was 1,419.6 billions VND, accounting for 72.6% of the total capital. In 2020, the Company applied the State Bank's policies on debt structure as well as looked for new financial institutions in order to be proactive in operating limits and cash flow of the business. The Company also sought and negotiated low-interest loans to optimize interest expenses. In the structure of liabilities, short-term liabilities accounted for 93.9% of total payables and long-term ones accounted for 6.1%.



Structure of capital

#### LOANS AND INTEREST

Indicator	Unit	2019	2020
Short-term loans	Billions VND	632.3	710.9
Long-term loans	Billions VND	87.0	80.7
Interest expense	Billions VND	37.6	44.8
Interest coverage ratio	Time	3.2	2.0

In 2020, the Company's interest expenses were 44.8 billions VND, increasing by 7.2 billions VND as compared with 2019. The interest expense-net revenue ratio stood at 3.0%, an increase as compared with 2019 (2.2%). The main reason is because the volume confirmation was prolonged, and the investor also has financial difficulties due to the impact of pandemic. This poses challenges for enterprises on debt collection, reducing debt burden and improving profits for enterprises.

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## ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT IMPROVEMENTS

Since 2019, Searefico Group has gradually transformed into Holding Company model since 2019 to become a leading multidisciplinary investor in engineering and technology.

With the prominent advantages of the Holding Company model such as empowering the Subsidiaries to make more autonomous and broader decisions, the Parent Company only supports and monitors them to improve the performance. To properly evaluate the performance of each sector of activity with the aim of:

- Improve the ecosystem structure of the Holding Company to expand its multidisciplinary operation in the field of science and technology and promote the value chain of Searefico Group;
- Increase the performance and profit margins for each activity and expand the profit zone of the whole Company in future.

Furthermore, to appropriately allocate resources, the Company will transform from Operating Holding model to Pure Holding model, focusing on restructuring shareholders and portfolio to improve operational efficiency, maintain and develop investor relations, contribute to enhancing the brand name, increase market prices and increase liquidity for SRF shares.



## FUTURE DEVELOPMENT PLAN

#### Targets in 2021

Indicator	Unit	2021 plan
Signed contract value	Billions VND	1,600
Revenue	Billions VND	1,350
Earnings before tax	Billions VND	50
Earnings after tax	Billions VND	43
% Dividend/expected par value	%	10

In 2021, the Company sets a business plan cautiously because the prospect of the M&E market and real estate is not expected to recover. The plan of achieving 50 billions VND of earnings before taxes is quite modest as compared with previous years, but this is a reasonable number in the post-COVID period as there are still many challenges. The economic targets may not be achieved according to the positive forecasts of economic organizations.

When COVID-19 is controlled early and the world economy is back to stability, FDI inflows are expected to continue pouring into Vietnam strongly, and banks will speed up disbursement again, which can boost the Company's business results more positively than the plan.

Confronting with the fact that the profit margin of the M&E sector tends to decrease, the Company will continue its orientation of expanding the profit zone to increase benefits in the medium to long term for shareholders through seeking more investment opportunities in industrial zones and M&A to perfect the value chain around the Searefico Group ecosystem.

To achieve the above target, the Company will continue the path of restructuring, address the shortcomings in 2020 including consolidation of both financial and human resources. In particular, the duty of replenishing forces and creating a team of talents is essential to accompany Searefico Group moving forward more rapidly and strongly. Specifically:

RESTRUCTURE INVESTMENT LIST, ENHANCE FINANCIAL RESOURCES

RESTRUCTURE Drastically collect old debts in a flexible way including accepting assets to clear off debts.

Focus on completing the plan of selling treasury shares and issuing private shares to strategic partners this year in order to increase the scale, the market capitalization of the Company, improve the liquidity of SRF shares on the market and ensure the interests of shareholders.

Restructure investment portfolios in Subsidiaries under Pure Holding model; Parent company owns only 51% in Subsidiaries and invites more strategic partners to expand the market and accompany other professional reputable investors to help Subsidiaries develop and expand their scale as well as increase the scale of the Parent Company.

Specifically, the Company will seek for prestigious investors or foreign contractors to accompany project construction in the field of M&E and EPC general contractor. For ARICO and GREENPAN, the Company will select strategic investors to strongly develop logistics and real estate in industrial zones. SEAREAL is oriented as an investment real estate enterprise to become a link connecting with investors in the industrial zone infrastructure and together with SEAREFICO E&C, ARICO and GREENPAN become an ecosystem of EPC contractors supporting each other's development.

#### DEVELOP MANAGEMENT TEAM

DEVELOP

Besides the target of capital mobilization, the Company continues to orient to attract qualified personnel from outside to raise internal strengths. In 2020, the Company actively recruited middle and senior management positions, but some positions still have not yet been filled. The BOM of the Company looked back at the problem, identified the reasons and made solutions to make good and support new personnel to help them succeed, towards developing a modern and humane working environment with properly training and human development policies and attractive salary – bonus. In addition, recreating corporate culture identity in accordance with the guideline "Living kindly and working properly"- the spirit of One Searefico, harmonizing the interests of all stakeholders and ensuring fairness and cohesion are essential.

At the same time, the Company built training programs and career path orientation to develop the leadership team inherited in the direction of "tailor-made" for each group of leaders and staff. This is the key to help Searefico Group assert its leading position in the fields of engineering and technology.

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- Attract and recruit senior personnel to meet the business development strategy in the new period;
- Arrange the right people with the right job, develop salary policy in accordance with the new strategy and with VUCA situation;
- Improve the quality of human resources, especially project management personnel;
- Design a career development roadmap for each group of positions and enhance effectiveness of training and development;
- Standardize the processes and instructional documents in a streamlined and effective spirit;
- Assign and evaluate KPI for each employee so that they will be proactive and responsible at work.
- Share with and update financial and corporate governance knowledge for CEOs in Subsidiaries; support Subsidiaries' CEOs to be proactive in financial control and corporate governance.

#### **ENHANCE COMPETITIVE CAPABILITY**

When the COVID-19 pandemic happened, some traditional business models were no longer relevant. The enterprises had to study every corner of their operating processes to optimize costs and use resources more effectively. The Company has been strongly transforming to enhance its competitive capability, effectively integrate the capability of each member unit in the entire Group's value chain. The ultimate goal is to create high-value products and services at more affordable prices in potential markets such as automation, smart warehouse and health supporting fields such as clean rooms, Vaccine cold storage and negative pressure room.

Regarding production activities, GREENPAN's sector of green materials came into stable production, and it is promised to become one of the major driving forces for the Company's growth since 2021 onwards. The sector of solar energy from PHOENIX and ARICO's innovations also promise to make a contribution to the growth of the Company.

INCREASE THE PROPORTION OF SMART WAREHOUSE AND EPC GENERAL CONTRACTOR OVER 50% OF TOTAL REVENUE Vietnam is considered as the center of logistics in the world. Logistics activities were still quite fragmented as before, but the trend of shifting to centralized warehouse model, smart and extremely smart warehouses are growing at a very rapid pace following the trend of 4.0 and online selling nowadays. This is a sector which Searefico Group fully satisfies the needs and owns EPC technology.

In 2020, many investors looked to Searefico Group for seeking investment cooperation opportunities. Some investors have been planning to build smart warehouses with a trillion-dong scale. The Company will focus resources on this area in 2021 with the expectation of reaching a higher profit margin. At the same time, the Company will continue to expand production activities with high science and technology content to catch up with technology trend of 4.0.

For the field of EPC technology general contractor, Vietnam's health care system has been recognized with a different stature in the world through COVID-19. The high-tech hospital and the tourism industry for resort and health care are becoming a trend in Vietnam, especially in Ho Chi Minh City where there are many opportunities in these fields.

After successfully serving as the technology general contractor of Binh Chau Hot Spring Resort Project and successfully producing the negative pressure room for treatment of COVID-19 patients, Searefico Group has confirmed to fully meet the requirements. Besides, there is also a clean room system for medical facilities and cold storages for vaccines not only containing COVID-19 vaccine but also many other vaccines.

#### **BUILD AN OVERALL STRATEGY TO** REPOSITION BRAND NAME

The strategy is aimed to enhance the brand value of Searefico Holding as a leading engineering & technology corporation, create resources for sustainable development and demonstrate a strong transformation image of Searefico Holding with capital potential, high level of technology, management, specialization and effective organization.

- The "Made in Vietnam" mission of Searefico Group is associated with the spirit of overcoming difficulties, self-developing and creating truly good quality products, which becomes a leading prestigious certification around the world.
- Searefico Holding's brand image must be transformed to be stronger and fully standardized in accordance with the scale and role of Searefico Group. The communication method of Searefico Group will be improved by conducting both internal and external communication with the aim of being effective. But above all, the core spirit of One Searefico Group is still preserved and continues to be developed in the future.
- The activities of community, social security and sustainable development must be concentrated and strategical with a consistent theme and widely communicated to the public.

## BOM' EXPLANATIONS FOR THE **AUDITING OPINIONS**

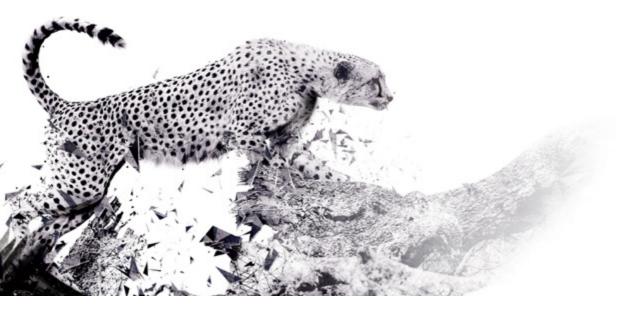
None.

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#### II - REPORT OF THE BOD



## What doesn't kill you makes you stronger



The year of 2020 is to test the bravery and will of the BOD, the BOM and the entire staff of Searefico Group. The outbreak of the COVID-19 pandemic completely changed the previous stable business method. In danger lies opportunity, facing countless difficulties and challenges, the spirit of overcoming difficulties of the Searefico people has been promoted to become a launching pad to turn strategy, turn challenges into opportunities, and turn risks into solutions. Despite facing many difficulties ahead, the BOD still recognizes a spirit of embarking on and a desire for change and determination to stand firm to take the lead after the pandemic.

The BOD has always stood by and supported, along with the BOM to adjust business strategies and improve management efficiency. Many solutions have been implemented to streamline the apparatus, optimize costs, rearrange resources, and apply new management tools to minimize losses and protect profits.

## 1.1 EVALUATION ON THE CONSOLIDATED BUSINESS AND PRODUCTION RESULTS IN 2020

Unit: billions VND

2020 plan	2020 implementation	Implementation/ plan
2,000.0	1,106.6	55.3%
1,500.0	1,486.3	99.1%
60.0	47.0	78.3%
50.0	42.9	85.9%
	2,000.0 1,500.0 60.0	2,000.0 1,106.6 1,500.0 1,486.3 60.0 47.0

As the traditional business sectors such as M&E and industrial refrigeration were severely affected by COVID-19, the Company actively adjusted mid- and long-term development plans, shifted focus to smart warehouse and EPC general contractor services to focus on potential customers in the technology and industry field. These are fields with high science and technology content, implemented in the direction of diversifying sources of income, increasing the proportion of revenue from production activities that the Company has oriented from the years before the construction, real estate and tourism market started to meet with difficulties.

The Company has affirmed the outstanding technical and technological value of Searefico Group in the field of building materials, smart warehouse and EPC general contractor model development. Up to now, the Company has had 6 to 7 major projects as a D&B general contractor, which has brought about revenue and profit to the entire group of Searefico Group.

Determination to become the No. 1 company in the field of technology and promoting the quality of "Made in Vietnam" products into the world's top products have been clearly shown in 2020. In addition to the production of light unbaked construction materials with the most advanced technology in the world, the Company successfully fabricated negative pressure room for treatment of patients with COVID-19 for the first time. These initial successes helped the Company confidently set a plan to expand its portfolio of products and services with higher technology content.

The above achievements are the result of the journey of building and nurturing through the past 31 years of operation, which strengthens and enhances the competitive ability of Searefico Group:

- ► Factory systems in Ho Chi Minh City and Da Nang help the Company perform from the stage of design, manufacture to construction and installation, operation of equipment and systems.
- ➤ Construction capacity of M&E and industrial refrigeration with a thickness of more than 31 years of experience; activities are gradually digitized in the direction of Digital Construction.
- ➤ The financial situation is good, stable, transparent, and in compliance with the law; remuneration and stable working environment for employees.
- ▶ Pioneering in the investment and application of modern technology in production and management contributes to raising the level of products and services.

Facing the devastation of COVID-19, although the business results in 2020 did not meet the plan approved by the General Meeting of Shareholders, it expressed the tough and persistent fighting strength of all employees of the Company. Overcoming many units in the industry, Searefico Group has continued to be honored at prestigious domestic and international annual awards in 2020, which reinforced the brand position of Searefico Group.

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#### **EVALUATION ON INVESTMENT ACTIVITIES**

Confronting the impact of the COVID-19 pandemic, the Company did not invest more in 2020. Instead, the Company focused on capital for business operations to ensure smooth cash flow.

#### **EVALUATION BY BOD ON THE OPERATION OF THE BOM**

In the overall picture of a narrow and risky market in 2020, the BOM made timely decisions to help the Company balance cash flow and stabilize production and business activities, maintain a regime of remuneration worthy of employees. During the year, the Company also issued for the first time the Corporate Governance Principles (CG) and Corporate Management Regulations (CM) according to good management practice standards around the world.

Good corporate governance practice is one of the most important factors in ensuring the sustainable development of Searefico Group, helping to bring trust and maximize shareholder benefits. Gradually moving from Operating Holding model to Pure Holding model, the BOM has made great efforts to consolidate the management apparatus, initially promote the role of a connecting center and add value to satellites in the Searefico Holding system.

The Company organized many internal communication activities. Emails from the BOM are encouraging and motivating messages to spread positive thoughts, increase engagement, reduce resistance and optimistically move forward. As a result, Searefico Group's team is still connected, unanimous, and no one gives up after a tough year. The Company maintains its internal strength in the harsh moment unprecedented in the history of Searefico Group's formation and development.

The aspirations of the members of Searefico Group's BOM have motivated, led change and set new standards for industries and services in which the Company participates, adds value to customers as well as creates more career opportunities for employees.

#### **POINTS OF IMPROVEMENTS**

Despite many attempts for collection of debts, the bad debts have not been settled radically. The BOM should take more drastic, creative and flexible measures and protect the benefits of the Company.

The Company set a target to increase capital, but the target has not yet been implemented in 2020 due to many objective and subjective factors. Therefore, it must be achieved in 2021. The BOM of the Company needs to develop an optimal plan of mobilizing and using capital to take advantage of the strengths of the Company and the opportunities of the market in order to maximize benefits for shareholders.

So far, Searefico Group has been given the highest level of credit-ranking even in difficult times due to COVID-19. However, perfectionism, inflexible inspection process and multi-tier decision-making mechanism have made the Company miss many good investment opportunities which become opportunities for other enterprises. The BOM needs to boldly step out of the "comfort zone" to take actions

more rapidly and promptly, create and seize new business opportunities, and seek "blue oceans" to replace "red oceans" in the coming years.

Another important task is to develop the competency of the successor team to the level of a new mission with higher goals and bigger challenges. During the year, the Company did not recruit and retain middle and senior personnel as planned. At the same time, assigning and/or decentralizing cost management to cost centers to shift a part of fixed cost to variable cost are/is also necessary to implement in parallel and synchronously to optimize costs and help the Company to respond more flexibly to market changes.

The implement of management software according to the process of digitizing Searefico Group's management activities is not on schedule. The management accounting system has not been focused on developing to complete the management information system (MIS). These are also outstanding issues that the BOM needs to speed up implementation by 2021.



## PLANS AND ORIENTATIONS OF THE BOD

The Company is standing before a critical moment to step out of the comfort zone, take the chance to rise, to transform with fastest speed. The Company needs to have corresponding internal resources.

#### 2.1 **SHORT-TERM PLANS**

**ENHANCE** FINANCIAL CAPACITY

Achieve 1,600 billions VND for the sales, 1,350 billions VND for the revenue and 50 billions VND for the earnings before taxes in 2021. In a risky business environment with the forecast that half of the world will have not gotten rid of the pandemic by the end of 2021, the Company should not chase revenue but must preserve capital and take advantage of investment opportunities to catch a strong recovery of the world economy from 2022.

Rapidly settle outstanding issues, adjust personnel apparatus, get involved in organizational design, and expand shareholder structure and portfolio according to Pure Holding model.

Seek appropriate strategic partners, issue shares to increase the charter capital to meet the demand for investment M&A, rasing the proportion of production, and perfecting the business ecosystem of Searefico Group.

#### LONG-TERM ORIENTATIONS

PREPARE RESOURCES FOR LONG-TERM GROWTH

Continue to improve the management system, improve the qualifications and leadership capacity to speed up the development process. The Parent Company will complete the transition from Operation Holding model to Pure Holding starting in 2020 to the end of 2021. Some system documents need to be added and modified. Management-level operating documents will continue to be completed in 2021 to guide the Company's operations in accordance with international standards and compliance with the law.

All activities of the Company must be aimed to meet the demand of the customers quickly, devotedly and effectively under the orientation of turning SEAREFICO into the leading reliable "One Stop Service" destination of the customers. Since 2020, the keyword "speed" has been and will always be set as a top target when considering every solution and action plan.

Expand and diversify the production of green and environment-friendly materials, make the technological and technical breakthroughs, continue to expand and complete the supply chain of the Company.

Continue to look for new business opportunities around Searefico Group's core competencies to expand coverage and profit margins. Some new investment projects may reduce local profits in the short term but will bring benefits in the long term of the Company.

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#### REPOSITION SEAREFICO HOLDING BRAND

More attention will be paid to public relations, investors, media agencies and state management agencies. The repositioning strategy of Searefico Holding brand will be implemented, brand communication must:

- > Spread Searefico Holding brand identity methodically and systematically
- Attract investors' interest
- Increase the attractiveness of recruiter
- ▶ Reinforce the trust of customers and partners

## RECREATE CORPORATE CULTURE OF SEAREFICO GROUP

The Company culture is focused on fostering not only through building policy institution, but more importantly through specific activities in internal communication, training, culture and art and community activities, etc. It is aimed to increase team cohesion and the pride of the Searefico people.

The action plan of Searefico Group in the period of 2021 - 2023 is to build corporate culture in a new era with post-pandemic context, renew to be more appropriate and wealthy in identity without losing diversity on existing platforms. The corporate culture is considered as an "antibody" to protect the Company from changes in the business environment. Specifically:

- ▶ Identify, refine and protect the core values of Searefico Group that have been shaped up to now; Look to the future to perfect, systemize and announce core values in the post-COVID-19 period.
- ▶ Gradually remove outdated cultural factors that hinder the sustainable development of Searefico Group.
- Promote internal communication activities, participate in competitions, domestic and foreign business culture development programs to confirm the position of the Company in the Vietnamese and international business community.

#### OPTIMIZE RESOURCES

People are the key factor determining the success of an enterprise. In order to build, develop and maintain quality human resources, the Company offers long-term fundamental solutions in the direction of sustainable development through the human resource development program such as work results management system, training plan of succession leadership team development, hierarchy, title standards and competency standards of leaders and career development roadmap of individuals, etc. to be proactive in planning human resources as close to the Company's business development strategy.

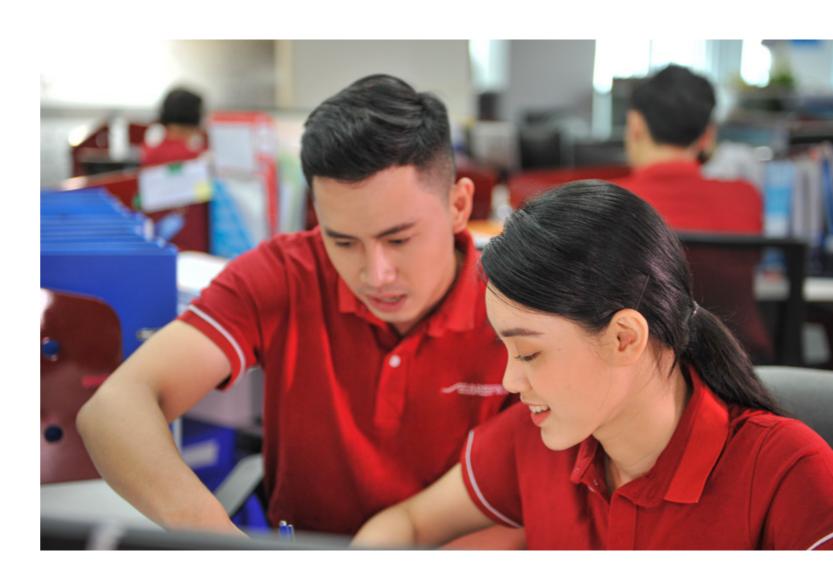
### BETTER WORKING ENVIRONMENT

Searefico is the development environment. The Company is proud to have a modern workplace with cutting-edge management tools, equipment and technology. In addition, non-physical factors such as employees' engagement and commitment are also a great target that the Company is aiming. Specifically, the Company is striving to be in the Top 100 Best Workplaces in Vietnam within the next 2 years.

#### INCREASE SOCIAL RESPONSIBILITY AND COMMUNITY ACTIVITIES

Last year, the Company continued to promote the good values of Searefico people, raise the awareness of the community contribution with many activities in the fields of health and charity, such as donating negative room pressure for treatment of COVID-19 patients, supporting people in areas affected by natural disasters and floods as well as many other charitable activities.

In 2021, the programs sponsored by Searefico Group will continue to be maintained and expanded. The BOD made decision to take 10% of the annual welfare fund of Searefico Group for these activities. Corporate Social Responsibility (CSR) is not a PR plan or a polished advertisement but must be promoted so that each employee of Searefico always considers the participation in these activities as a measure of their worth and professional ethics.



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#### **III - REPORT OF THE BOARD OF SUPERVISORS**



## MEMBERS STRUCTURE

The Board of Supervisors consists of three members including a full-time head and two independent members as follows:



Mr. **NGUYEN CHAU TRAN** 

HEAD OF THE BOARD

Date of appointment 25/4/2019 Amount of share held 4,000 Ownership rate 0,01%



#### Mr. BUI VAN QUYET

BOARD MEMBE

Date of appointment 25/4/2019 Amount of share held 0 Ownership rate 0



#### Ms. **DUONG THI KIM THOA**

BOARD MEMBER

Date of appointment 25/4/2019 Amount of share held 0 Ownership rate 0



## OPERATION OF THE BOARD OF SUPERVISORS

In 2020, the Board of Supervisors organized three (03) meetings with the specific contents as follows

No	Date of meeting	Description	Results
First time	25/2/2020	Inspecting the financial statements of 2019 Notice of financial plan for 2020	The members of Board of Supervisors agreed with the a financial statements
Second	17/6/2020	Approving the report of Board of Supervisors submitted to the General Meeting of Shareholders in fiscal year 2019. Inspection results of the financial statements of Quarter I/2020	The members of the Board of Supervisors agreed with the reports of the Board of Supervisors, BOD and BOM and other documents for submission to the General Meeting of Shareholders
Third time	22/12/2020	Evaluation results of financial statements of Quarter III/2020. Implementation of the Resolutions of the BOD. Notice of financial plan for 2021	The members of the Board of Supervisors agreed with the financial statements

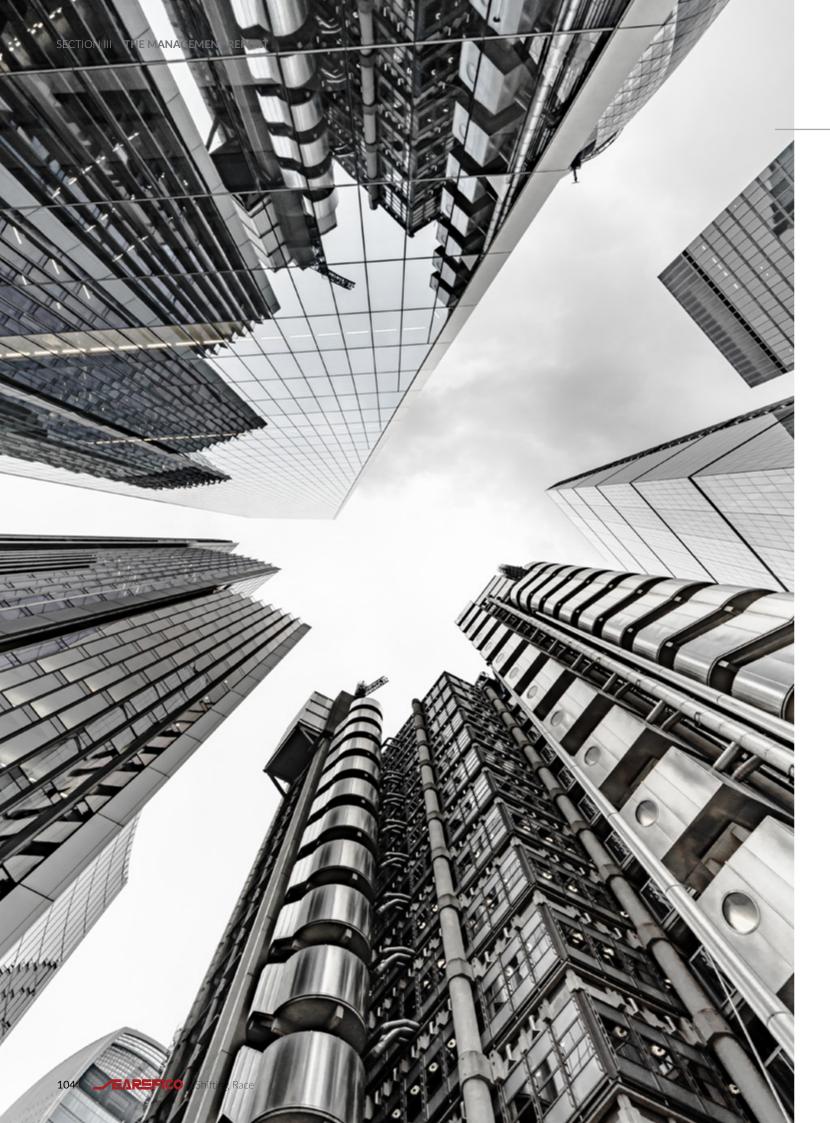
In addition, the Board of Supervisors has also exchanged work via email, telephone to regularly inform the operation of the Company, the continuity of production and business activities during the outbreak of COVID-19 pandemic.

The Board of Supervisors has also closely followed the approved contents at Annual General Meeting of Shareholders in the fiscal year 2019 dated on June 19th, 2020 with the clear task allocation for each member in the committee. In particular:

- ➤ Evaluate the BOM's management and implementation of business and production activities in accordance with the business strategy of the Holding Company as well as its implementation of the BOD' Resolutions for the BOM;
- ➤ Control the compliance with the regulations about disclosure of corporate information in accordance with the provisions of laws;
- ▶ Inspect the compliance with the provisions of laws, Charter and regulations of the Company and supervise the results of implementation of the resolutions issued by the General Meeting of Shareholders and the Resolutions made by the BOD;
- Fully participate in the BOD meetings including online meetings;

- Discuss with the independent auditor about the results of auditing the financial statements for appraising the annual and semi-annual consolidated financial statements of the whole Company;
- ➤ Attend the General Meeting of Shareholders organized at the associated company like HCC and Subsidiaries;
- ▶ In 2020, the Board of Supervisors cooperated with the Internal Board of Supervisors of the Company to conduct compliance control and quality control at the projects including Radisson Blu, Fusion, 5 Le Quy Don Office Tower and participate in compliance control at ARICO and GREENPAN.

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#### **EVALUATION ON THE OPERATIONAL RESULTS** OF THE COMPANY

#### **RESULTS OF IMPLEMENTING THE MAJOR INDICATORS**

Unit: billions VND

No.	Indicator	2019	2020	%2020/2019
1	Total assets	1,909.7	1,956.4	102.4%
2	Equity	505.0	536.7	106.3%
3	Net revenue	1,706.0	1,468	87.1%
4	Earnings before tax	81.6	47.0	57.6%
5	Earnings after tax	72.5	42.9	59.2%

### 1,486 BILLIONS VND

The consolidated revenue of the whole Company

Reaching **99.1%** 

of the plan

### 42.9 BILLIONS VND

The earnings after taxes

Reaching **85.9%** of the plan

#### On revenue, profit and other financial indicators

In 2020, the consolidated revenue of the whole Company was 1,486 billions VND, reaching 99.1% of the plan and equivalent to 87.1% as compared with 2019. The earnings after taxes were 42.9 billions VND, reaching 85.9% of the plan and equivalent to 59.2% of the earnings after taxes in 2019.

Other financial indicators: Although it is affected by COVID-19 in 2020, the solvency-related indicators stood at the level above 1 which means that the solvency was guaranteed. However, the profitability decreased as compared with the same period last year.

The BOM proposed flexible solutions to cope with COVID-19, so the operational capacity is maintained stably, which helps the production and business activities not be interrupted.

#### On payment of dividends

In January 2020, the Company provided the first advance of dividends for the financial year of 2019 at 7% of the par value. On June 11th, 2020, the Company made the final payment for dividends at 8% of the par value, raising the total dividend payment rate in this financial year to 15% of the par value.

According to the Resolution of the General Meeting of Shareholders, the plan to pay dividend for the fiscal year 2020 is 10% of the par value, which the Company has not implemented.

#### On remuneration of the BOD and the Board of Supervisors

The remuneration paid to the BOD and the Board of Supervisors in 2020 were 1,283 billions VND and 0.316 billions VND respectively. The total of the remuneration for the BOD and the Board of Supervisors in 2020 reached 1,599 billions VND, not exceeding the limit of 1.6 biilion VND set by the resolution made by the Annual General Meeting of Shareholders of the financial year of 2019.

#### RESULTS OF SUPERVISION FOR THE BOD AND THE BOM

SUPERVISION OF THE BOS FOR THE BOD AND BOM

The BOD consists of six (06) members which three (03) members are foreigners, so the BOD flexibly held offline and online meetings during the year to make timely decisions for the continuous business activities of the Company during the COVID period.

In 2020, the BOD issued the corporate governance and corporate management documents of the Group of companies of which Searefico Group is the Parent Company. Through regular meetings, the BOD also issued Resolutions and Decisions to well perform the duties of corporate governance.

The BOM fully complied with the provisions of the Law on management and administration, well performed the functions and assigned tasks according to the provisions of the Charter and Resolutions of the BOD. The BOM promptly issued the scripts to respond to COVID-19 in compliance with the provisions of the COVID-19 Prevention Action Committee. As a result, there were no employees and their families who infected with COVID-19, which helped the Group's business activities not be interrupted.

The internal control system works effectively, the control reports ensure independence, integrity and give many risk-oriented recommendations, helping the BOD and the BOM perform the work of management effectively, limit risks and comply with laws and the Company Charter.

The Chief Executive Officer implemented the Resolutions of the BOD fully and seriously, strictly observed the State's policies and regulations in operating production and business. However, the objective impacts such as the COVID-19 pandemic, delayed business, tourism and resorts activities and competition on prices of competitors, etc. created a great challenge for management and operation of the Chief Executive Officer.

The financial statements of the Company have been complied with the Vietnam Accounting Standards. The report truthfully and reasonably reflects all important aspects of the Company's financial situation. The information about the financial situation was published publicly and promptly to the Securities Commission and on mass media that met the requirements of the concerned agencies and investors. The Board of Supervisors agreed with the data in the after audited financial statements in 2020.

The Company has implemented the provisions of laws and the State policies and regimes well such as Corporate Law, Labor Law, policies and regimes for the employees and obligations of tax payment to the State,

ON COOPERATION BETWEEN THE BOS, BOD, AND BOM

The BOD and the BOM provided adequate information and documents related to the operation of the Company and facilitate the inspection and control as required by the Board of Supervisors.

The invitations to the meetings held by the BOD and relevant documents were sent to the Board of Supervisors fully and timely as regulated. The Board of Supervisors fully participated in the meetings of the BOD.

The Board of Supervisors timely reported their operational results and made necessary recommendations to the BOD and BOM as regulated. The reports made by the Board of Supervisors were endorsed by the BOD before submission to the General Meeting of Shareholders.

The Board of Supervisors cooperated with the independent auditor and the Company's internal control to conduct inspection effectively. Inspection reports ensured transparency and honesty as well as provided recommendations to support the BOD and the BOM to carry out the management activities effectively, mitigate the risks and comply with the provisions of laws and the Charter of the Company.



The internal control system works effectively, the control reports ensure independence and integrity and give many risk-oriented recommendations, helping the Board of Directors and the Board of Management to perform effective management, and limit the risk.

#### **SEVERAL SHORTCOMINGS IN OPERATION IN 2020**

Apart from the achievements, the company also faced several difficulties and shortcomings in 2020 as follows

The gross profits of the projects decreased as compared with 2019. The main reason is due to COVID-19 pandemic, investors in resorts had to prolong the schedule, which increased the cost of implementing the project. In addition, the real estate market declined and the competitive pressure on prices has been increasing, so the winning bid price has a low gross profits ratio.

The control and collection of debts have been faced several risks of overdue debts and bad ones, forcing to make provisions and consequently affecting the profit of the Company.



## **CONCLUSION AND** RECOMMENDATION

In the financial year of 2020, the Company basically accomplished the content of the Resolution approved by the General Meeting of Shareholders and maintained the strong financial situation. The Board of Supervisors, BOD and BOM have performed their functions and responsibilities well in accordance with the Corporate Law, the Company's Charter and the governance regulations.

In order to develop and well implement business plan for 2021, the Board of Supervisors has following recommendations:

The Company's core activities have been facing many difficulties due to great competition pressure, as well as the fact that the gross profit rate and the gross profit rate tends to reduce and remains at a low level (less than 10%). Therefore, it is recommended that the BOD and the BOM should seek investment opportunities for the industrial zones, M&A and expand cooperation towards sustainability and efficiency.

Improve the quality of human resources, especially project management personnel. Strengthen the implementation of project settlement timely, strictly control of receivables right from the beginning of project construction.

Implement a flexible salary-bonus policy to improve the employee's income through their performance.

Complete the necessary work to perform internal audit in accordance with the provisions of Decree 05/2019/ND-CP.

Implement the governance model without the Board of Supervisors. Instead, apply a 3 line of defense model in internal control and risk management to establish and maintain an internal audit function effectively.



## SECTION IV

## **CORPORATE GOVERNANCE**

We understand the importance of building the Searefier genome as the prerequisite for a sustainable corporate culture that is ready to take on challenges and reach out to greater success. In creating DNA for the entire Searefico Group, we revolve around three targets: Leading bravery; Build confidence; Elite warriors.





## THE BOARD OF DIRECTORS

#### 1.1 MEMBERS AND STRUCTURE OF THE BOD

No.	Full name	Title	Number of owning shares	Number of owning shares
1	Le Tan Phuoc	Chairman of BOD	858,908	2.64%
2	Nguyen Huu Thinh	BOD Member	1,377,508	4.24%
3	Le Quang Phuc	BOD Member	0	0%
4	Ryota Fukuda	BOD Member	0	0%
5	Nishi Masayuki	BOD Member	0	0%
6	Lee Men Leng	BOD Member	0	0%

#### 1.2 SUB-COMMITTEES OF THE BOD

At present, the BOD has not yet established Sub-committees of BOD.

#### 1.3 ACTIVITIES OF BOD

Periodically, the CEO reports on the Company's operations and upcoming plans for the BOD to monitor the results of the management and operation of the Company. In 2020, the BOD met directly as well as voted on the issues through opinion ballots and issued Resolutions/Decisions.

In 2020, the BOD held six (06) meetings. Specifically:

BOD Members	Title	Number of meetings BOD Members attended	Attendance Ratio	Reasons of absence
Le Tan Phuoc	Chairman	6/6	100%	
Nguyen Huu Thinh	Member	6/6	100%	
Le Quang Phuc	Member	3/6	50%	Appointed on June 19th, 2020
Ryota Fukuda	Member	6/6	100%	
Nishi Masayuki	Member	6/6	100%	
Lee Men Leng	Member	6/6	100%	

Resolutions and Decisions were issued as follows:

1			
	001/NQ/HDQT/20	03/02/2020	Appointed Mr. Luong Xuan Quy as Chief Financial Officer of Seaprodex Refrigeration Industry Corporation (SEAREFICO)
2	002/NQ/HDQT/20	26/02/2020	Approved the organization plan of AGM fiscal year 2019
3	003/NQ/HDQT/20	21/03/2020	Authorized capital representation of SEAREFICO at SEAREFICO E&C
4	004/NQ/HDQT/20	23/03/2020	Postponed the date of AGM fiscal year 2019
5	005/NQ/HDQT/20	28/04/2020	Advanced dividend for the 2nd term of 2019
6	006/NQ/HDQT/20	22/05/2020	Approved the organization plan of AGM fiscal year 2019
7	007/NQ/HDQT/20	18/06/2020	Appointed personnel in charge of corporate governance
8	008/NQ/HDQT/20	18/06/2020	Approved the plan to sell treasury shares and issue private shares
9	008a/NQ/HDQT/20	19/06/2020	Approved the remuneration of BOD Members and Board of Supervisors Members in 2020
10	009/NQ/HDQT/20	09/09/2020	Approved the Report of Capital Representative about the increase of capital of Greenpan
11	010/NQ/HDQT/20	06/11/2020	Nominated capital representative at Searefico E&C
12	011/NQ/HDQT/20	23/12/2020	Approved the business plan in 2021
13	012/NQ/HDQT/20	23/12/2020	Approved Greenpan share transfer
14	013/NQ/HDQT/20	23/12/2020	Approved the proposal to increase the Charter Capital of Searee
15	014/NQ/HDQT/20	23/12/2020	Approved the proposal to increase the Charter Capital of Arico
16	015/NQ/HDQT/20	23/12/2020	Approved the proposal to increase the Charter Capital of Searefico E&C

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No.	Decision No.	Date	Content
1	001/QD/HDQT/20	02/01/2020	The advance of bonus fund for the BOM from the bonus fund of the BOD and the BOM in 2019
2	001a/QD/HDQT/20	02/01/2020	Assigned BSC 2020 to the whole Company
3	001b/QD/HDQT/20	19/06/2020	Adjusted BSC 2020 to the whole Company
4	002/QD/HDQT/20	25/08/2020	Terminated the validity of decision regarding promulgation the tasks of Secretary of the Chairman of the BOD
5	003/QD/HDQT/20	16/10/2020	Resigned the CFO position for Mr. Luong Xuan Quy
6	004/QD/HDQT/20	27/10/2020	Issued the Corporate Governance Principles of Searefico Group
7	005/QD/HDQT/20	23/12/2020	Issued the Corporate Management Regulation of Searefico Group

#### 1.4 EVALUATION REPORT OF INDEPENDENT MEMBERS OF THE BOD:

In 2020, the BOD had 06 members. All BOD's members attended positively the BOD's activities. Independent members evaluate the BOD's activities as follows:

## GENERAL EVALUATION ON THE BOD'S ACTIVITIES

The activities of the BOD were implemented according to the operational plan of the BOD in 2020 in compliance with the Company's Charter and internal regulations on Corporate Governance.

Meetings were convened and implemented with specific schedules and well-prepared documents. The content of the meeting was discussed and evaluated by BOD members to make the right decisions for the Company.

All BOD members had a high sense of responsibility and caution in performing their roles, rights and responsibilities.

The BOD approved a number of rational and timely orientations and solutions to support the BOM in the process of operating the Company, well implemented the supervision and control the operation.

The BOD led and managed the Company to fulfill the revenue and profit targets adjusted for 2020, well performed obligations to the State regulations and had stable income for employees. The Chairman of the BOD actively participated in activities to build the culture, internal communication and organizational development of the Company.

## ASSESSMENT OF MONITORING THE CEO AND THE BOM

Generally, the BOD has well performed the supervision for the CEO, ensuring the monitoring for the operation of the Company.

The Chairman of the BOD and BOD members attended the CEO's meetings regularly. Decisions of the CEO were consulted and directed from the BOD to achieve optimal results for the Company.

The BOD also regularly reviewed the reports of the CEO and communicated with the BOM to understand the Company's operations as well as get the lasted business information.

The Chairman of the BOD and BOD members actively supported the CEO and the BOM in a number of fields and activities; especially risk management and networking/partnership expansion.

## 1.5. LIST OF BOARD MEMBERS WITH CERTIFICATES OF CORPORATE GOVERNANCE TRAINING AND MEMBERS PARTICIPATING IN CORPORATE GOVERNANCE PROGRAMS DURING THE YEAR

Some members of the BOD and the Board of Supervisors graduated with Master Business Administration. In addition, members regularly research and update knowledge of corporate governance through courses and update legal documents on corporate governance, specifically:

Mr. **Nguyen Huu Thinh** – BOD Member obtained certificate of BOD Member (DCP7) issued by VIOD.

Mrs. **Nguyen Thi Thanh Huong** – CEO obtained certificate of BOD Member (DCP7) issued by VIOD.

Mr. **Nguyen Chau Tran** - Head of the Board of Supervisors obtained certificate of Applied Internal Audit (AIA) issued by SmartTrain.



## TRANSACTIONS, COMPENSATIONS, AND BENEFITS OF THE BOD'S AND THE BOARD OF SUPERVISORS

#### 2.1 WAGES, BONUS, **REMUNERATION AND BENEFITS**

No.	Full name	In 2020 (VND/year)
ı	The BOD	1,283,440,000
1	Le Tan Phuoc	306,000,000
2	Nguyen Huu Thinh	204,000,000
3	Le Quang Phuc	101,440,000
4	Ryota Fukuda	204,000,000
5	Nishi Masayuki	204,000,000
6	Lee Men Leng	204,000,000
7	Koji Sakate	60,000,000
II	The Board of Supervisors	316,200,000
1	Nguyen Chau Tran	153,000,000
2	Bui Van Quyet	81,600,000
3	Duong Thi Kim Thoa	81,600,000
	TOTAL	1,599,640,000

#### **Number of owning Number of owning** No. People performing Relationship Reasons of shares at the beginning shares at the end of the transaction with internal increase/ of the period the period shareholder decrease **Amount** Ratio **Amount** Ratio 1.94% 1.29% Vo Khac Duc Husband of 631,276 420,786 Sell shares Ms. Duong Thi Kim Thoa - Member of the Board of Supervisors Head of the Board 100 0.0003% 4,000 0.01% Nguyen Chau Tran Buy shares of Supervisors

1,089,170

**BOD** Member

3.35%

1,377,508 4.24%

Buy shares

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Nguyen Huu Thinh

#### 2.3 CONTRACTS OR TRANSACTIONS WITH RELATED PARTIES

Organization/ Relationship with Individual Name the Company		Address/Head office	Transaction method	
Searee Refrigeration Electrical Engineering JSC	Subsidiary	Road No.10, Hoa Khanh Industrial Zone, Lien Chieu District, Da Nang City	Buy construction service Supply other services	
SEAREFICO Engineering and Construction JSC	Subsidiary	72-74 Nguyen Thi Minh Khai, Vo Thi Sau Ward, District 3, HCMC	Buy construction service Supply construction service Loan interest Capital contribution	
Asian Refrigeration Industrial JSC	Subsidiary	25 - 27 Trung Tam Street, Tan Tao Industrial Zone, Tan Tao A Ward, Binh Tan District, HCMC	Loan interest Buy goods Supply other services Receive share dividends	
Greenpan JSC	Subsidiary	25 - 27 Trung Tam Street, Tan Tao Industrial Zone, Tan Tao A Ward, Binh Tan District, HCMC	Supply other services Buy goods Withdraw capital contribution Capital contribution	
Thua Thien Hue Construction JSC	Affiliate	Lot 9, Pham Van Dong Street, Hue City, Thua Thien Hue Province	Receive share dividends Buy construction service	
Phoenix Energy & Automation JSC	Affiliate	72-74 Nguyen Thi Minh Khai, Ward 6, District 3, HCMC	Sell goods	
Formtek Engineering JSC	Related party	Room 802, 8th floor, Zone B, Waseco Building, 10 Pho Quang, Ward 2, Tan Binh District, HCMC	Buy goods Buy construction service	
Seareal Real Estate JSC	Subsidiary	72-74 Nguyen Thi Minh Khai, Ward 6, District 3, HCMC	Capital contribution	

#### **Detail of transactions**

Related parties	Relationship	<b>Business Content</b>	2020 (VND)
Sales of goods and service provision			
Searee Refrigeration Electrical Engineering JSC	Subsidiary	Construction service	5,327,185,547
SEAREFICO Engineering and Construction JSC	Subsidiary	Construction service	193,489,242,725
Asian Refrigeration Industrial JSC	Subsidiary	Other services	3,803,903,710
Phoenix Energy & Automation JSC	Affiliate	Goods	22,688,758,771

#### Buy service

	Thua Thien Hue Construction JSC	Affiliate	Construction service	23,150,062,311
	Searee Refrigeration Electrical Engineering JSC	Subsidiary	Construction service	60,044,072,357
	GREENPAN JSC	Subsidiary	Buy goods and construction service	2,877,279,193
	Asian Refrigeration Industrial JSC	Subsidiary	Goods	144,144,480
	Formtek Engineering JSC	Related party	Construction service	4,999,447,375
	SEAREFICO Engineering and Construction JSC	Related party	Construction service	102,548,772,437
Oth	er transactions			
	Thua Thien Hue Construction JSC	Affiliate	Dividends profits	8.232.840.000
	Searee Refrigeration Electrical	Subsidiary	Dividends profits	16.495.230.990
	Engineering JSC		Borrowings	19.476.909.134
			Interest expenses	1.724.872.527
	Seareal Real Estate JSC	Subsidiary	Capital contribution	63.000.000.000
	Asian Refrigeration Industrial JSC	Subsidiary	Dividends profits	10.080.000.000
			Borrowings	9.000.000.000
			Repayments	23.500.000.000
			Interest expenses	259.497.223
	Searee Refrigeration Electrical	Subsidiary	Capital contribution	69.300.000.000
	Engineering JSC		Loán	18.700.000.000
			Interests	1.060.668.896
	Greenpan JSC	Subsidiary	Withdraw capital contribution	31.500.000.000
			Capital contribution	10.500.000.000
	Investment and International Water Technology JSC	Related party	Withdraw capital contribution	3.639.282.638

#### 2.4 IMPLEMENT THE CORPORATE GOVERNANCE REGULATIONS

Having participated in the stock market since 2009, the Company has always maintained updated operations of the regulations issued by the State and applied to the internal corporate governance. Governance reports of the Company have been sent to the State Securities and Ho Chi Minh City Stock Exchange and posted on the Company's website in accordance to regulations.

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The world is increasingly dependent on companies making sustainable development options.

We aware that the right responsibility of adding value to stakeholders - customers, partners, the environment, the community, the country and the world in general, as well as the development of each person of the Company in particular.





## COMMIT TO EMPLOYEES WITH A HEALTHY AND POSITIVE DEVELOPMENT ENVIRONMENT

To The Searefiers, the cohesion come from the harmony between vision, mission, core values and beliefs, emotions, thus motivating and stimulate creativity, contributing to the creation of a strong team with organizational structure focusing on right person with right job at the right time is the key to create strength, unlock the potential for each person to develop more comprehensively, making Searefico Group a continuous development environment in the journey of sustainable development.





## COMMIT TO THE SHAREHOLDERS WITH MAXIMUM AND SUSTAINABLE BENEFITS

The first priority of the Company is to maximize the value of the business in a sustainable way. Along with the culture of transparency, which is always focused on preserving, the interests of shareholders are always fulfilled by the Company as committed by maintaining a stable dividend payout ratio.

FOR EXISTING SHAREHOLDERS

Not only complying with the regulations on information disclosure of a listed public company, the Company also listens and responds as quickly as possible to all comments and requests of shareholders.

FOR STRATEGIC SHAREHOLDERS

With the strategic cooperation with Taisei Oncho and Sanyo Engineering & Construction - 02 leading mechanical & electrical Japanese contractors which are reputable in domestic and foreign markets, the Company has increased the energy in core business activities of the Company, especially training a team of quality engineers to meet the increasing requirements of the market, improve competitiveness, increase chances of winning bids for bidding packages for EPC, D&B in construction and M&E.

At the same time, the signing of strategic cooperation with engineering companies and large corporations such as Schneider (2019) and Amaccao (2020) is also a launch pad to expand influence and relationship. In addition, the investment in GREENPAN factory with the main product, PIR's new material panel, has helped enhance the position of Searefico Holding's industrial refrigeration industry.

 **EXCHANGE ACTIVITIES.** 

DIRECT AND INDIRECT

AND SHAREHOLDERS

PROMOTE COMPANY'S

**NEWS AND** 

INFORMATION

**CONTACT WITH INVESTORS** 

Information transparency is always the top criteria of the Company. The information about audited financial statements, business plans, winning information, share issuance plans, etc. is always quickly and accurately communicated to shareholders and investors through communication channels and mass media:

Through the website of the Company, State Securities Commission, and Ho Chi Minh City Stock Exchange.

In addition, the Company regularly meets with investors wishing to learn about Company activities and seek investment cooperation opportunities.

Website and social network channels are a part of our commnunication network. For important information, the Company will publish on national newspapers as well as deliver directly to our shareholders. For important information, the Company posts on newspapers with nationwide distribution scope and sends directly to shareholders.

ĐẠI HÓI ĐỐNG CỔ ĐÔNG THƯỜNG NIÊN

COMMIT TO THE OWNERS WITH HIGH QUALITY AND PRESTIGE

All processes of management, design, fabrication, installation, M&E execution, T&C and associated services are standardized through a comprehensive Total Quality Management (TQM) with the right Quality policy", HSE policy published.

"Prestige" has always been a guideline in business activities of the Company. Each project or each product, process, progress and quality are always focused on ensuring and performing in the best way, bringing value to customers is how the Company enhancing the position in the industry.



## COMMIT TO SUBCONTRACTORS, SUPPLIERS AND CONSTRUCTION TEAMS TO SHARE COMMON VALUES

Win - Win strategy always accompanies Searefico Group in long term cooperation with subcontractors, suppliers and construction team. The company always commits with:

- > The repertorial and transparent process of evaluation and selection of subcontractors and suppliers.
- Training for subcontractors and construction team personnel.
- Developing roadmap for cooperation, share opportunities and reap success.
- Cooperation under a spirit of joy, respect and understanding for a common goal.
- Sharing technology to ensure quality.





## COMMIT TO CONTRIBUTE TO THE COMMUNITY AND THE ENVIRONMENT

The Company aims to the sustainability in which the responsibility to the community, the living environment, and the increase of the positive social influence of Searefico Group become a great mission the Company has implemented sustainably.

#### SUSTAINABLE **DEVELOPMENT**

Over the past years, the BOD of Searefico Group has always focused on sustainable development, complied with state regulations, and promoted systemic environmental changes for faster implementation. Based on the characteristics of the business lines in the field of panel manufacturing, mechanical product manufacturing, mechanical and electrical (M&E) construction, machine installation and construction, the assurance of occupational safety and health (OSH) and social responsibility has always been a focal point besides the medium and long-term development strategy by the Company.

Although there were lots of negative fluctuations in the domestic and global economy caused by the COVID-19 pandemic, accompanied by challenges for construction enterprises in 2020, the Company has continued to invest resources, built a successful re-certification system for management systems at the Company, and expanded the scope of certification to become a professional EPC general contractor certified by BSI international organization. In particular, 02 member companies, SEAREFICO E&C and GREENPAN, were certified for the first time with 02 Management Systems ISO 9001: 2015 (Quality Management System) and ISO 45001: 2018 (Occupational Health and Safety Management System).

Along with systematic environmental control to meet ISO 45001: 2018, 5S-Kaizen practice was widely deployed and maintained. In 2021, Searefico Group develops a protocol to prepare for the certification of ISO 14001: 2015 (Environmental Management System) and SA 8000: 2014 (International Standard of Social Responsibility) to reinforce and commit to comply with the law on environmental protection, social responsibility and community together with the sustainable development of the Company.







#### FOR THE NEXT **GENERATION**

The habitat is of utmost important for the present and for the future generation. Mission of this positive legacy is embedded in all production and business activities of the Company. Searefico Group is shifting to use renewable energy in manufacturing activities to ensure safety criterias, achieve green emissions to minimize environmental and the ozone layer impacts through bravely applying environmental friendly technologies with high efficiency.

At each project sites, the Company has been following the local authorities and owners' campaign on prevention, management, and control of diseases: fever, measles, flu, etc.

With the right directions from the BOM, Searefico Group is proudly classified as a Company that:

- Strictly comply with the environmental protection laws and regulations.
- Fully implement the environmental protection measures listed in the registration of environmental standards.
- Regularly propagate, educate and raise awareness of environmental protection for employees.
- Implement the reporting regime on the environment in accordance with the law on environmental protection.
- Comply with the regime of inspection and examination of environmental protection.
- Pay full environmental tax and fee.

By putting all our efforts, we hope that the next generation can enjoy a better, more civilized and modern life with many benefits from what have been created today.



126 Shifting Race

BECOME A TYPICAL BUSINESS ON THE ENVIRONMENT PROTECTION Over the past years, the Company has always complied and controlled the criteria related to environmental activities such as: environmental impaction assessment, monitoring assessment, waste source registration, waste collection and classification, domestic wastewater discharge in accordance with the standard requirements: implementing preventive measures, identifying hazards and assessing environmental risks in accordance with state regulations. The Company has always taken specific actions to improve the ability to respond to emergency situations, handle incidents, ensure a green, clean, beautiful workplace environment, a friendly working environment, and eliminate factors harmful to workers, communities and society through environmental activities along with preventive measures and labor protective equipment.

"

Searefico Group is proud to be the leader in investing in depth in the safety and environmental management and monitoring systems amongs the M&E, Construction and Production industry.

Searefico Group has not recorded any special environmental incidents and was not penalized by any authorities or organizations as well. Especially at the ARICO's, GREENPAN's, SEAREE's factories, and lots of SEAREFICO E&C's projects have applied LEED (international standard system of green architecture) in the construction, typically the Tetra Pak Binh Duong Factory (2018-2019), the Smart Cold Storage Saigon Milk (2018-2019), the Automatic Cold Storage and Smart Dry Warehouse - Tien Son Diary Factory (2019-2020) of Vinamilk, aiming for the universal application of the same construction standards for many projects and factories in the future.

Searefico Group is proud to be the leader in investing in depth in the safety and environmental management and monitoring systems amongs the M&E, Construction and Production industry. The safety and environmental hygiene control apparatus is professionally organized from the Parent Company to the Subsidiaries. In each company, there are functional departments specialized in managing and monitoring Health - Safety - Environment (HSE). The force of occupational and health safety is standardized according to Decree 39/2016/ND-CP with an instruction from the Chairman of the BOD and the BOM to have safe production and construction at anytime, anywhere.

Searefico Group has many domestic and foreign partners, enables great trade opportunities when the country integrates into the global economy. Therefore, the parent company and subsidiaries have to proactively comply with the law on environmental protection, the law on occupational safety and health, the labor law, etc. in order to adjust healthy business behavior, ceffectively control the environmental aspects, associate with the community and social responsibilities, increasing the Company's position, reputation, and competitiveness.



#### ENSURE THE HEALTH, SAFETY AND WELFARE OF EMPLOYEES

Searefico Group has built up the reputation of an intergrous, responsible, strongly committed and people-oriented business through specific actions:

Labor law policy: Ensuring law enforcement and willingness to have better labor policies to ensure the rights and benefits of employees.

Insurance: Participating in and ensuring the compliance with compulsory insurance policies (Social Insurance, Health Insurance, Unemployment Insurance). In addition, the Company has been extending health insurance programs, 24/7 accident insurance, and COVID-19 risk prevention insurance.

Labor protection: Formerly as an electromechanical contractor, the Company has always committed to provide adequate protective equipment, ensure labor safety. Searefico Group is one of the pioneering companies in planning of risk prevention, COVID-19 response, putting the safety of workers as priority, implementing hygiene, safety and health for employees from simple but practical actions such as periodically disinfecting, providing masks, hand sanitizer, disinfectant spray, flexible working shift, etc. so that employees can feel secure in their work even if the pandemic breaks out.



#### **BUILD AND** IMPROVE LIFE

Searefico Group has a huge number of employees nationwide. Therefore, the Company believes that taking good care of the workforce is also contributing to stabilizing social security.

With the goal of becoming one of the 100 best workplaces in Vietnam, the Company is proud to be an attractive enterprise in the labor market from its comprehensive welfare policies, the care of the lives of its employees as well as regular internal activities to increase employee cohesion. In the challenging year 2020, the Company has strived to provide employees with a safe and healthy working environment by proactively preventing COVID-19, cleaning and disinfecting workplaces, arranging reasonable labor, changing working hours, changing policies to ensure the health of the whole Company.

#### PROMOTE INITIATIVES IN THE ADVERSITY

In the midst of the fight against the widespread of COVID-19, Searefico Group engineers have successfully created the negative room pressure to treat COVID-19 patients. The rooms were then donated to the HCMC Health Sector and put into use only two weeks after the April 2020 outbreak. All employees of the Company also voluntarily contributed 01 day of salary to join hand with the community. In addition, the Company donated 3,000 m2 of insulation, soundproof, fireproof, and antibacterial panels to build the field hospital with medical equipment, gloves, specialized masks, and protective clothing for doctors.

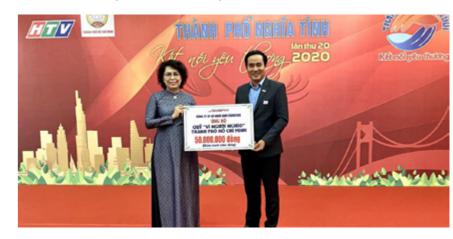


#### ACT OUT OF LOVE

In addition to the COVID-19 pandemic, in 2020, the great flood in the Central area was considered as a historic flood. Despite facing many challenges, the Company still show compassion to the people of the Central Vietnam by sending 50 tons of rice to the people in Quang Binh - Quang Tri - Quang Nam - Thua Thien Hue during the storm. The Company also share condolence and care for the employees in the heavily affected area.

The company strengthens its participation in volunteer activities, supports both material and encouragement for the handicapped, helps children enjoy Tet holidays through many programs, such as "City of gratitude" and "Loved Tet", contributes to the Fund "For the Poor in Ho Chi Minh City", "Donated negative room pressure to treat COVID-19 patients".

To do all that, the Company is proud to inherit the precious qualities of the Searefico people through generations. The company not only wants to become a powerful corporation with a multi-industry ecosystem, but also aims to be a corporation with sustainable development and humanity.

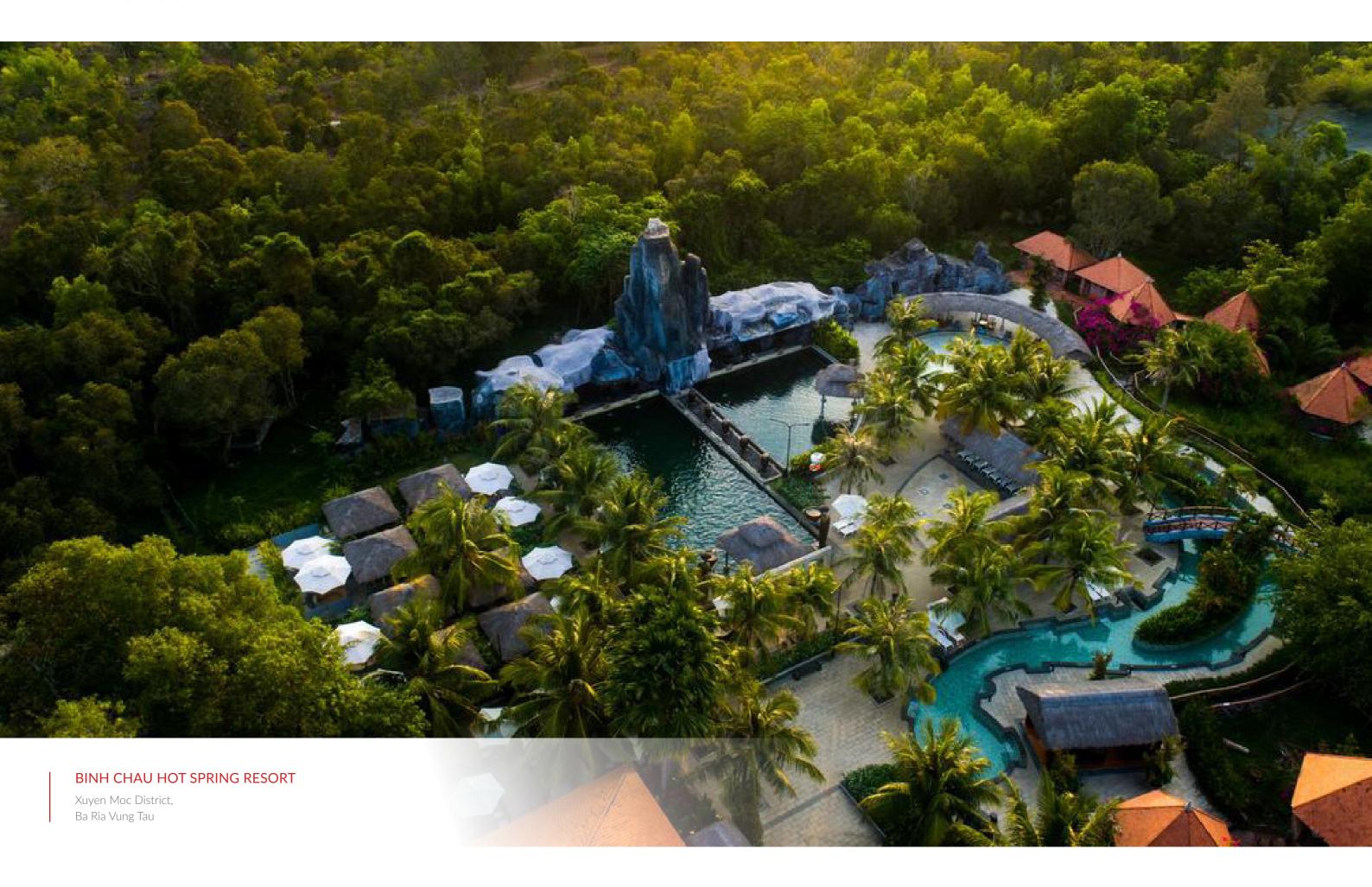


130 EAREFICO Shifting Race

TYPICAL PROJECTS

The most solid cerfiticate for our ability and technology are the construction that we built. With confidence, we are proud to leave a mark as one of the world's best products and services "made in Vietnam".

In many cultures, the jaguar is a symbol of the courageous and resilient warrior spirit. Historical records show that, Jaguar Warrior is an elite military rank in the Aztec army from ancient times. Leopard and Panther were used to name many types of weapons, especially tanks.





**AUTOMATIC COLD STORAGE - TIEN SON DAIRY FACTORY** 

Tien Du District, Bac Ninh



#### LIBERTY CENTRAL QUY NHON

Quy Nhon City, Binh Dinh

136 Shifting Race



BINH DINH DAIRY FACTORY'S SMART DRY WAREHOUSE - VINAMILK

Quy Nhon City, Binh Dinh



#### SEA MINH HAI SOLAR POWER ROOFTOP FACTORY

Bac Lieu City, Bac Liêu



#### THE ANAM RESORT

Phan Thiet City, Bình Thuan



#### IML CONTAINER VN FACTORY

Thu Thua District, Bac Lieu



140 LAREFICO Shifting Race www.searefico.com | 141



NEW WORLD HOTEL

District 1, Ho Chi Minh City



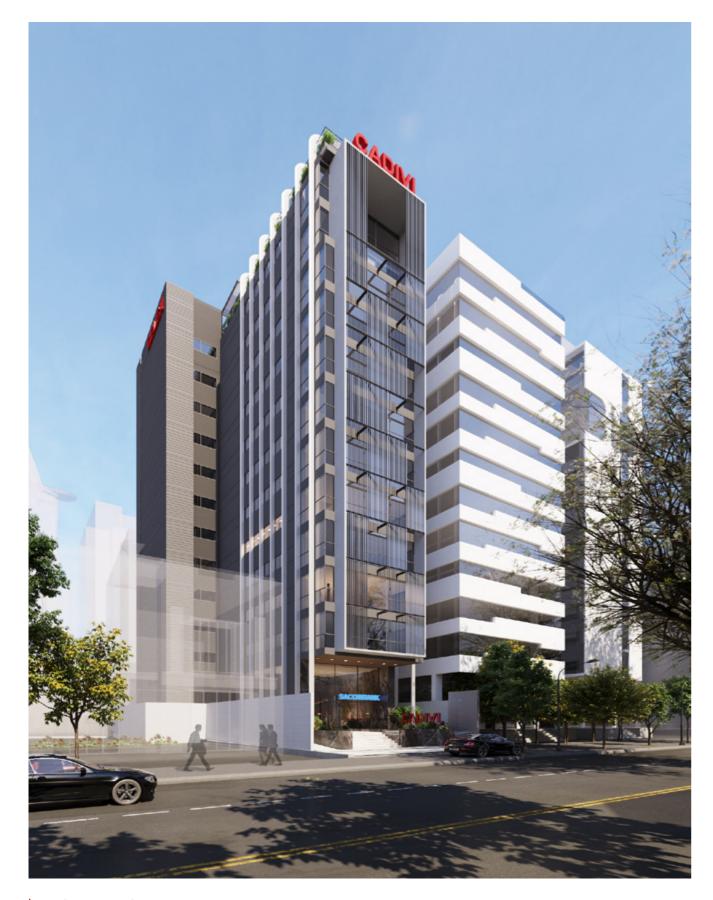
#### SUN PREMIER VILLAGE HA LONG BAY QUANG NINH

Ha Long City, Quang Ninh



#### 5 LE QUY DON OFFICE TOWER

District 3, Ho Chi Minh City



#### **CADIVI TOWER**

District 1, Ho Chi Minh City





#### R.E.P BIOTECH PRODUCTION FACTORY

Nhon Trach District, Dong Nai

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#### ARC BINH DUONG'S SMART DRY WAREHOUSE

Di An District, Binh Duong



#### AN HAI FACTORY

An Hai District, Binh Dinh



#### **KIRIN**

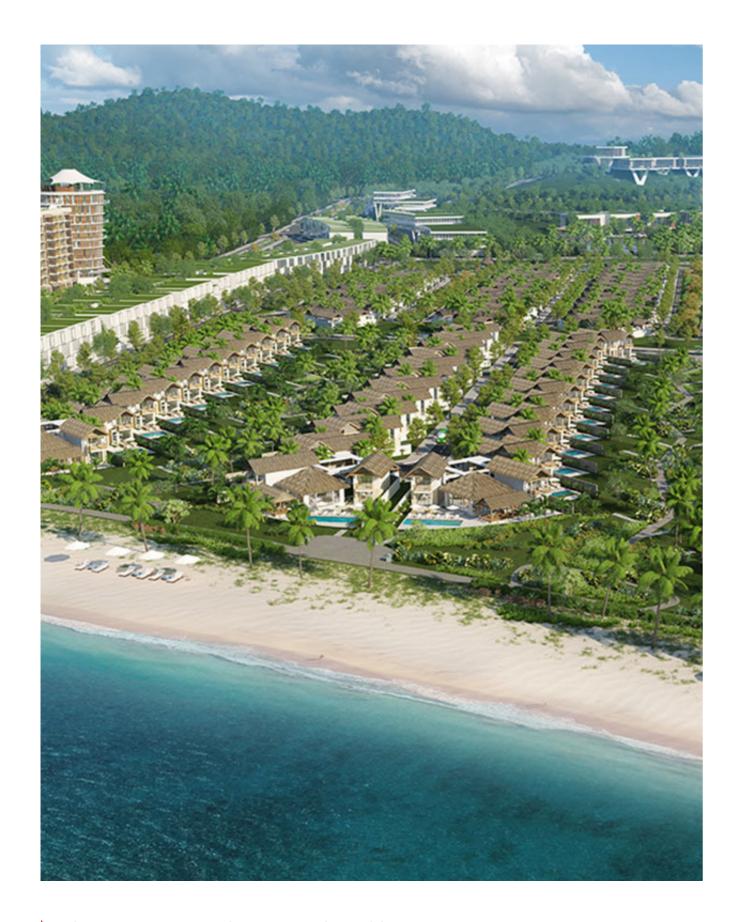
Bien Hoa City, Dong Nai



#### GO BEN TRE SUPERMARKET

Son Dong District, Ben Tre

146 LAREFICO Shifting Race



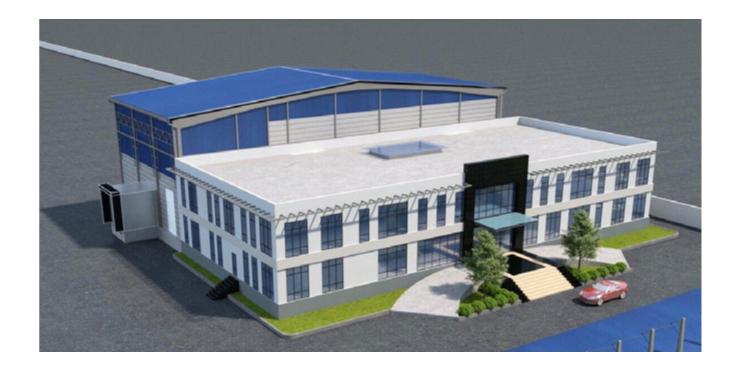
SUN PREMIER VILLAGE KEM BEACH RESORT

Phu Quoc City, Kien Giang



PANEL - LONG AN DELTECH

Ben Luc District, Long An



#### HAI PHONG DKP

Hai An District, Hai Phong

148 LAREFICO Shifting Race www.searefico.com | 149



THE ZEI

My Dinh District,
Ha Noi



PETIT FAIRMONT
Hoan Kiem District,

Ha Noi



COLD STORAGE - THAI HOA FOOD JSC

Vinh Thinh District, Soc Trang



Duc Hoa District Long An



SUN WORLD

Phu Quoc City,
Kien Giang

150 LAREFICO Shifting Race

# Despite being an apex predator, the cheetahs always minimise contention to reduce unnecessary injuries. They understand their natural instincts, and focus only on what is necessary for survival.

## CHAPTER VII **FINANCIAL STATEMENTS**

We turn what we deploy into aspirational performance. Pride is not only limited to the accomplishment of our goals, but also the happiness of surpassing our limits.





## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS AND BOARD OF DIRECTORS OF SEAPRODEX REFRIGERATION INDUSTRY CORPORATION

We have audited the accompanying consolidated financial statements of Seaprodex Refrigeration Industry Corporation ("the Company") and its subsidiaries (together, "the Group") which were prepared on 31 December 2020 and approved by the Board of Management on 26 March 2021. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement and the consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements including significant accounting policies, as set out on pages 5 to 46.

#### The Board of Management's Responsibility

The Board of Management of the Company is responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of consolidated financial statements and for such internal control which the Board of Management determines as necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with Vietnamese Standards on Auditing. Those standards require that we comply with ethical standards and requirements and plan and perform the audit in order to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Auditor's Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance and consolidated cash flows for the year then ended in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on preparation and presentation of consolidated financial statements.

#### For and on behalf of PwC (Vietnam) Limited



whome

#### **Quach Thanh Chau**

Audit Practising Licence No:
0875-2018-006-1
Authorised signatory
Report reference number: HCM 10499 Ho Chi Minh
City, 26 March 2021

Tran Thi Cam Tu

Audit Practising Licence No: 2713-2018-006-1

154 VENTER Shifting Race

Form B 01 - DN/HN ecember

CONSOLIDATED BALANCE SHEET As at 31 Dec		Form B 01 - D
	CONSOLIDATED BALANCE SHEET	As at 31 Dec

Code	ASSETS	Note	2020 VND	2019 VND
100	CURRENT ASSETS		1,442,693,668,585	1,490,020,034,672
110	Cash and cash equivalents	3	63,100,216,101	51,399,276,846
111	Cash		48,600,216,101	51,399,276,846
112	Cash equivalents		14,500,000,000	-
120	Short-term investment		178,250,000,000	151,703,107,647
123	Investment held-to-maturity	4(a)	178,250,000.000	151,703,107,647
130	Short-term receivables		881,517,658,909	954,831,832,420
131	Short-term trade accounts receivable	5	868,149,262,839	886,809,557,243
132	Short-term prepayments to suppliers	6	31,438,431,267	81,412,591,338
136	Other short-term receivables	7(a)	37,948,303,119	30,800,914,997
137	Provision for doubtful debts – short term	8	(56,018,338,316)	(44.191,231,158)
140	Inventories	9	282,877,169,953	316,932,706,468
141	Inventories		283,880,853,961	321,930,811,344
149	Provision for decline in value of inventories		(1,003,684,008)	(4,998,104,876)
150	Other current assets		36,948,623,622	15,153,111,291
151	Short-term prepaid expenses	10(a)	2,253,591,300	1,732,745,378
152	Value added tax ("VAT") to be reclaimed	15(a)	34,695,032,322	13,420,365,913
200	LONG-TERM ASSETS	240	513,662,283,969	419,692,116,091
210	Long-term receivable		1,720,901,840	1,775,901,840
216	Other long-term receivables	7(b)	1,720,901,840	1,775,901,840
220	Fixed assets		270,436,976,642	96,602,131,290
221	Tangible fixed assets	11(a)	268,712,710,154	96,240,709,360
222	Historical cost		372,541,060,227	191,504,152,884
223	Accumulated depreciation		(103,828,350,073)	(95,263,443,524)
227	Intangible fixed assets	11(b)	1,724,266,488	361,421,930
228	Historical cost		4,082,980,563	2,535,276,660
229	Accumulated amortisation		(2,358,714,075)	(2,173,854,730)
240	Long-term asset in progress		35,697,071,058	131,997,849,896
242	Construction in progress	12	35,697,071,058	131,997,849,896
250	Long-term investments		158,888,384,841	148,605,394,114
252	Investments in associates	4(b)	152,331,667,479	140,509,394,114
	Investments in other entities	4(c)	6,556,717,362	8,096,000,000
253				
253 <b>260</b>	Other long-term assets		46,918,949,588	40,710,838,951
	Other long-term assets  Long-term prepaid expenses	10(b)	<b>46,918,949,588</b> 34,316,048,081	<b>40,710,838,951</b> 34,931,636,875
260		10(b) 21		

#### **CONSOLIDATED BALANCE SHEET (continued)**

Code	RESOURCES	Note	2020 VND	2019 VND
300	LIABILITIES		1,419,608,518,042	1,404,714,495,361
310	Short-term liabilities		1.332,354,037,038	1,309,076,194,822
311	Short-term trade accounts payable	13	276,790,632,369	319,054,831,374
312	Short-term advances from customers	14	51,661,736,949	111,830,494,979
313	Tax and other payables to the State	15(b)	16,764,953,557	21,931,424,989
314	Payables to employees		12,276,594,991	25,528,408,690
315	Short-term accrued expenses	16	229,497,091,326	141,789,497,859
319	Other short-term payables	17(a)	16,645,015,341	40,786,059,960
320	Short-term borrowings	18(a)	710,891,757,538	632,323,530,020
321	Provision for short-term liabilities	19(a)	2,011,567,497	3,021,765,657
322	Bonus and welfare funds	20	15,814.687,470	12,810,181,294
330	Long-term liability		87,254,481,004	95,638,300,539
337	Other long-term payables	17(b)	-	1,150,000,000
338	Long-term borrowings	18(b)	80,682,148,002	86,990,890,453
342	Provision for long-term liabilities	19(b)	6,572,333,002	7,497,410,086
400	OWNERS' EQUITY		536,747,434,512	504,997,655,402
410	Capital and reserves		536,747,434,512	504,997,655,402
411	Owners' capital	22, 23	324,953,970,000	324,953,970,000
411a	- Ordinary shares with voting rights		324,953,970,000	324,953,970,000
412	Share premium	23	284,019,059	284,019,059
414	Owners' other capital	23	4,415,811,246	4,415,811,246
415	Treasury shares	23	(29,238,407,099)	(29,238,407,099)
418	Investment and development funds	23	8,308,963,938	5,427,578,589
421	Undistributed earnings	23	151,993,358,462	153,721,140,856
421a	- Undistributed post-tax profits of previous year	ars	112,114,243,417	109,465,409,756
421b	- Post-tax profits of current year		39,879,115,045	44,255,731,100
429	Non-controlling interests	24	76,029,718,906	45,433,542,751
440	TOTAL RESOURCES		1,956,355,952,554	1,909,712,150,763

Nguyen Thi

Preparer

**Vuong Tran Quoc Thanh** Chief Accountant



Nguyen Thi Thanh Huong Chief Executive Officer 26 March 2021

Year ended 31 December Form B 02 - DN/HN

#### CONSOLIDATED INCOME STATEMENT

	Note	2020 VND	2019 VND
•		1,486,296,551,053	1,706,087,144,816
		-	(84,286,380)
_	28	1,486,296,551,053	1,706,002,858,436
and services rendered	29	(1,364,223,503,248)	(1,538,576,238,387)
_		122,073,047,805	167,426,620,049
	30	13,776,557,999	13,421,068,307
	31	(49,422,761,071)	(37,905,690,513)
penses	31	(44,762,801,785)	(37,590,046,025)
sociates		22,305,113,365	22,262,823,009
		(1,703,306,932)	(740,663,081)
ation expenses	32	(61,546,759,674)	(85,204,268,780)
t		45,481,891,492	79,259,888,991
	33	2,102,893,807	2,927,400,057
		(607,709,922)	(597,383,493)
		1,495,183,885	2,330,016,564
fit before tax		46,977,075,377	81,589,905,555
x ("BIT") - current	34	(10,877,135,022)	(8,542,214,353)
	34	6,823,699,431	(582,099,372)
		42,923,639,786	72,465,591,830
npany		39,879,115,045	65,756,509,000
erests		3,044.524,741	6,709,082,830
share	26(a)	1,298	1,675
er share	26(b)	1,298	1,675
	npany rerests share	sales of goods 28 ervices and services rendered 29 sales of goods and es  30 31 penses 31 sociates  ation expenses 32 at  at  at  at  at  at  at  at  at  at	les of goods and ses      1,486,296,551,053

**Vuong Tran Quoc Thanh** Chief Accountant



Nguyen Thi Thanh Huong Chief Executive Officer

#### **CONSOLIDATED CASH FLOW STATEMENT**

(Indirect method)

Code

Year ended 31 December Form B 03 - DN/HN

2019 VND

2020 VND

Note

Cou	е	Note	2020 VIND	2017 VIND
CAS	SH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax		46,977,075,377	81,589,905,555
02	Adjustments for: Depreciation and amortisation	11	12,448,511,269	9,577,541,677
03	Provisions	11	6,822,488,130	15,540,564,548
04	Unrealised foreign exchange losses	30, 31	1,337,094,999	55,410,088
05	Profits from investing activities	30, 31	(32,779,435,170)	(35,417,956,571)
06	_	31	44,762,801,785	37,590,046,025
08	Interest expense  Operating profit before changes in working capital		79,568,536,390	108,935,511,322
09	Decrease/(increase) in receivables		45,155,580,757	(143,358,378,651)
10	Decrease/(increase) in inventories		27,218,068,704	(38,605,275,399)
11	(Decrease)/increase in payables		(81,713,325,070)	123,223,325,663
12	Decrease in prepaid expenses		94,742,872	668,909,602
14	Interest paid		(45,224,001,647)	(37,358,975,819)
15	BIT paid	15(b)	(5,679,817,145)	(16,443,034,879)
17	Other payments on operating activities		(13,039,404,985)	(17,886,913,712)
20	Net cash inflows/(outflows) from operating activities		6,380,379,876	(20,824,831,873)
CAS	SH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets		(42,542,573,038)	(136,991,266,806)
22	Proceeds from disposals of fixed assets		863,636,364	-
23	Term deposits at banks		(58,476,160,000)	(90,965,000,000)
24	Collection of term deposits at banks		31,929,267,647	102,965,000,000
25	Investments in other entities		(2,100,000,000)	(4,150,000,000)
26 27	Proceeds from divestment in other entities  Dividends and interest received		3,639,282,638 20,814,654,311	11,800,000,000
				21,399,066,548
30	Net cash outflows from investing activities		(45,871,892,078)	(95,942,200,258)
CAS	SH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from issue of shares		30,788,260,000	15,757,100,000
32	Payments for share repurchases		(377,300,000)	(450,400,000)
33	Proceeds from borrowings	18	1,693,162,597,310	1,678,674,225,611
34	Repayments of borrowings	18	(1,620,903,112,243)	(1,533,702,652,087)
36	Dividends paid	25	(51,506,656,250)	(47,053,196,500)
40	Net cash inflows from financing activities		51,163,788,817	113,225,077,024
50	Net decrease in cash and cash equivalents		11,672,276,615	(3,541,955,107)
60	Cash and cash equivalents at beginning of year	3	51,399,276,846	54,943,544,508
61	Effect of foreign exchange differences		28,662,640	(2,312,555)
70	Cash and cash equivalents at end of year	3	63,100,216,101	51,399,276,846

Nguyen Thi Preparer

**Vuong Tran Quoc Thanh** Chief Accountant



Nguyen Thi Thanh Huong Chief Executive Officer 26 March 2021

Nguyen Thi

Preparer

Dear Shareholders, Customers, Partners and all employees,

You joined us in reviewing business performance in 2020 and towards Searefico Group's vision to 2021.

2020 is an unprecedented year for the world. Experiencing the most unpredictable moments, The Searefier has become tireless warriors, overcome strong difficulties with our head up to keep moving forward.

We have side by side, adapting to any obstacle. In the most proud way, the Searefier warrior spirit has helped us to stand firm, focus on the long-term vision and take initiative in all situations.

#### How to dream a bigger dream?

Through the message of this symbol, we want to convey our hope that the Searefier's true qualities and potential inner energy will continue to breakthrough, fuel our desires to conquer engaging heights in the future.

To dream anything that you want to dream, that's the beauty of the human mind.

To do anything that you want to do, that is the strength of the human will.

To trust yourself to test your limits, that is the courage to succeed.





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