

SEAREFICO

DRIVING *Excellence*

ANNUAL
REPORT | **2019**



SEAREFICO

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Stock code : SRF



SEAREFICO

CONTENT OF THE COVER
PAGE ABOUT COVID-19

This annual report is made in a relatively special
context of **COVID-19** epidemic.

All of us cannot predict all impacts of this epidemic on us and the world's economy. When you are reading these lines, the epidemic may be not over, and we have to brace ourselves to bear the consequences and deal with them.

It is actually a good publication for conveying a beautiful message about SEAREFICO's breakthrough in the new phase through the careful presentation and full content. Regarding form, we believe that the true beauty is not in a page or a beautiful image but in its meaning.

With the spirit of working alongside with the Government and the populace to combat the epidemic, SEAREFICO wishes to make this annual report in the most economical and significant manner in the current context. Therefore, we made a decision to use the entire budget which would have been used for firming and photographing into funding to buy medical gloves, specialized masks and protective clothing to donate Cho Ray Hospital and HCMC Hospital for Tropical Diseases - frontline hospitals, where all doctors and nurses are trying their bests to combat the epidemic. We believe that our Shareholders and Partners will support this decision of the Company.

SEAREFICO

COURAGEOUS before challenge

STRONG when facing difficulties

LOVE and **SHARE** with the community



SEAREFICO

DRIVING

Excellence

When comparing with the power of wind, it is necessary to mention Formular One (F1) - the racing empire. It is not surprising that F1 possesses all the fastest car in the world with its million worth of dollars. The F1 empire has attracted any individuals with the strong spirit who want to train their tough mind and courage. The racing journey has witnessed many drivers to conquer the championship, however after each race, the new amplitude is set for spectacular achievements without end.

Over the past four decades, SEAREFICO has already made great efforts to design its own F1 car to run in the fiercely competitive market. When facing each difficult race-track, SEAREFICO has made decisions to assertively push the pedal, quickly switch to brake at the right time and accelerate to overcome the turning point. The F1 car bearing the SEAREFICO trademark is manufactured with the comprehensive convergence of systematic and personnel factors while eliminate out-dated standards and regulations in order to make room for innovative ideas with the new design criteria of SPEED and EFFECTIVENESS.

Chairman's MESSAGE

Dear valuable Shareholders, Customers, Partners and Employees.

Last year, we have clearly observed how a real estate business has affected the construction- mechanical electrical refrigeration industry. Many enterprises “derailed” their workplans. Some has lost their financial balance. Others fail to keep their values during unsuccessful transfer of generation.

One year had passed, and what do we have?

Our company has accomplished the targets of the 2019 business plan to become a bright star in the gloomy picture of the industry.

However, the most significant milestone for SEAREFICO last year was not the business results but a successful restructuring and transferring of generation with the spirit of cordiality and solidarity, thus creating an harmonious environment for SEAREFICO to continue moving forward robustly.

The year of 2019 is a very special milestone for the Company when completing the transfer of its current operational model into the Holding Company. The Company has expanded its supply chain and developed a business ecosystem with the satellites that can support and add values to each others like ARICO, SEAREE, SEAREFICO E&C, GREENPAN, SEAREAL, PHOENIX and HCC.

When this report is posted, our country is moving to a new stage in combating against the COVID-19 epidemic while the virus is spreading quickly in our community. When many people said that the event is an “unprecedented difficulty”, we have encouraged ourselves to look for opportunities. The entire Company is facing a triadic challenge including [1] Prioritize to protect the health of the employees and their loved ones, [2] Refine the structural apparatus to prevent the risks and protect the profit and [3] Seek the opportunities to make a breakthrough with the spirit “the opportunities always exist in difficult circumstances”. An adversity will

reveal weaknesses in the human and system, hence we have an opportunity to reflect and motivate ourselves for the transformation. What cannot knock us down, will make us stronger. From this sense of inspiration, I believe that SEAREFICO with the tradition of prevailing the difficulties will transform itself strongly.

In order to turn the challenge into the opportunity, we have many works to do.

Ladies and Gentlemen,

A milestone of 1,000 billion VND of the turnover was conquered by our company 5 years ago. Since then, the employees’ average income has doubled. For three consecutive years, we have been honored as one of 50 Best listed companies among 500 largest enterprises in Vietnam [VNR500].

However, we wonder when SEAREFICO is able to reach the profit of 1,000 billion VND with the current steady growth rate. Is it still a dream or a feasible target?

These concerns urged us to constantly seek appropriate individuals with the adequate talent, vision, ethic, aspiration, enthusiasm and responsibility to enter a new development stage. We, the BOD, call the shareholders to support us with the strong belief in the future of our successive generation.

Ladies and Gentlements! Finally, it is time for us to step out of our comfort zone to make a breakthrough at the F1-racing speed. It is also time for us to awake the fire of desire. Dream bigger! Act stronger! Strive more! Learn more! All should base on the spirit of consensus, sympathy and solidarity to work under the common house “ONE SEAREFICO” by the excellent team of employees for the shareholders, community and society.

Thank you very much for your long-term support and companion.

“An adversity will reveal weaknesses in the human and system, hence we have an opportunity to reflect and motivate ourselves for the transformation. What cannot knock us down, will make us stronger. From this sense of inspiration, I believe that SEAREFICO with the tradition of prevailing the difficulties will transform itself strongly. ”



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 service





CORE VALUES

SINCERITY

- S** Openness, sincerity, straightforwardness and integrity are our mantras to select “right People” and develop them at SEAREFICO.

EXCELLENCE

- E** Product are always improved. The following work has to be better than a previous one. Today must be better than yesterday. Speed and efficiency.

ACCOUNTABILITY

- A** SEAREFICO values personal responsibility, encourages employees to pro-actively working with the mind set of a right people for a right job and dare to think- dare to do.

RESPECT

- R** SEAREFICO respects all differences with no discrimination regarding to views, skin colors, genders, nationalities, and religions.

EDUCATION

- E** SEAREFICO is a developing environment that we promote a spirit of “the learning corporate”. People of SEAREFICO constantly learn to improve themselves and develop for growth.

FAIRNESS

- F** SEAREFICO is committed to treat employees fairly and transparently. We recruit the best people but proactively filter off inappropriate ones.

INNOVATION

- I** We build a working environment that promotes creativity, opens mind, enlightens thoughts, and encourages the application of all technological advances and management methods to create a difference.

COOPERATION

- C** Actively communicate, pro-actively help, share difficulties and effectively cooperate in the spirit of ONE SEAREFICO.

OBJECTIVE

- O** Manage according to targets. The objective of the units must aim at fulfilling the overall goal of the whole Company. The result is the final measure



ABBREVIATION

BOD- Board of Directors
BOM- Board of Management
HCMC- Ho Chi Minh City
JSC- Joint Stock Company
Co.,Ltd-Company Limited

SEAREFICO- Seaprodex Refrigeration Industry Corporation
ARICO- Asian Refrigeration Industrial JSC
SEAREFICO E&C- SEAREFICO Engineering and Construction JSC
SEAREE- Searee Refrigeration Electrical Engineering JSC
HCC- Thua Thien Hue Construction JSC
GREENPAN- Greenpan JSC
SEAREAL- Seareal Real Estate JSC
PHOENIX- Phoenix Energy & Automation JSC
FORMTEK- Formtek Engineering JSC
INWATEK- International Water Technology and Investment JSC

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PAGE I OVERALL

From the speed of the feet, the whole world has now turned to the speed of a breakout engine. Those who know how to connect their engine with both perfect strategic and tactical thinking with quick and sagacious execution will win.

With a desire to make a difference, SEAREFICO sets a determined transition with a sustainable vision and development strategy, creating its ecosystem based on the Holding Company basis. The new direction as a launching pad brings the courageous SEAREFICO vehicle forward with its own identity, at the same time always creates, searches for new things, moves out of the safe areas and opens up the promised lands ahead.





SEAREFICO



1. OVERALL INFORMATION

SEAPRODEX REFRIGERATION INDUSTRY CORPORATION (SEAREFICO)

Certificate of business no.

0301825452 by the HCMC Department of Planning and Investment issued for the first time on September 18th, 1999 and registered for the eighteenth time on May 15th, 2019.

CHARTER CAPITAL

324,953,970,000
VND

PAID-IN CAPITAL

324,953,970,000
VND

CONTACT INFORMATION

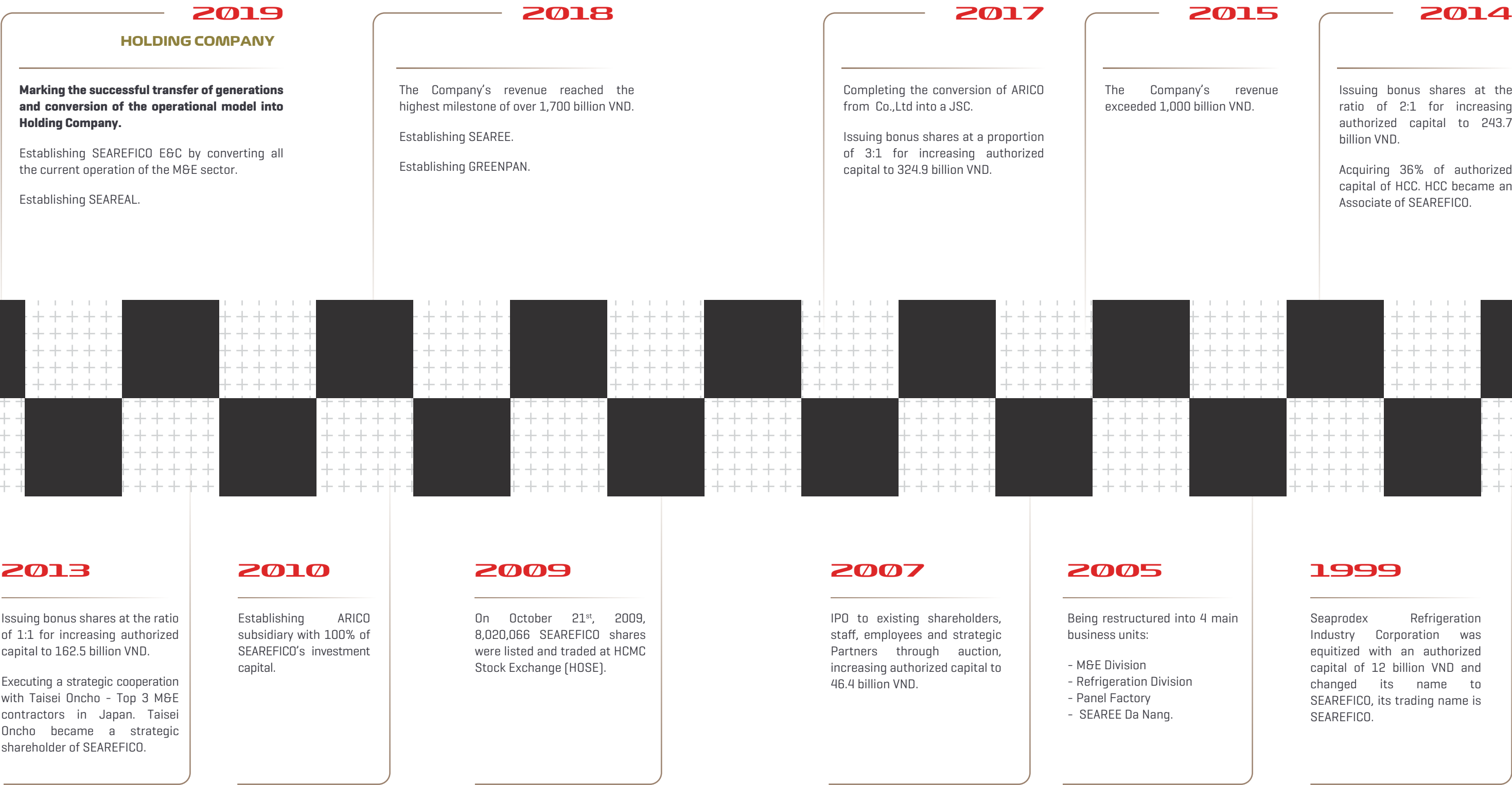
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Website: www.searefico.com - **Stock code:** SRF

2. ESTABLISHMENT AND DEVELOPMENT HISTORY

Key
EVENTS





TOP 500

Top 500 Best Profit Enterprises in Vietnam in 2019



TOP 50

Top 50 Vietnamese Well-known Brands in 2019



TOP 10

Top 10 Most Prestigious Mechanical and Electrical Contractors in Vietnam in 2019



European Occupational Health and Safety system Certificate ISO 45001



TOP 50

Top 50 Vietnam The Best" in the fourth consecutive year



TOP 5

Top 5 Best Annual Reports in 2019



TOP 500

Top 500 Largest Private Enterprises in Vietnam" in the fifth consecutive year



BUSINESS COVERAGE:

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

INDONESIA

| PHILIPPINES

| CAMBODIA

| INDIA

| SOUTH PACIFIC
REGION
(SOLOMON ISLANDS)

LINES OF BUSINESS

From one of the leading Vietnam's contractors in the sectors 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 and 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, breeding and frying lines and other post-harvest processing equipment used for vegetables and agro-forestry products.

Development of new construction materials: PIR insulated panels and Rockwool panels with the outstanding features of thermal insulation, sound-proofing, fire-proofing and mechanics and very good moisture insulation and high aesthetics gradually replace other types of construction materials that recently used for the projects.

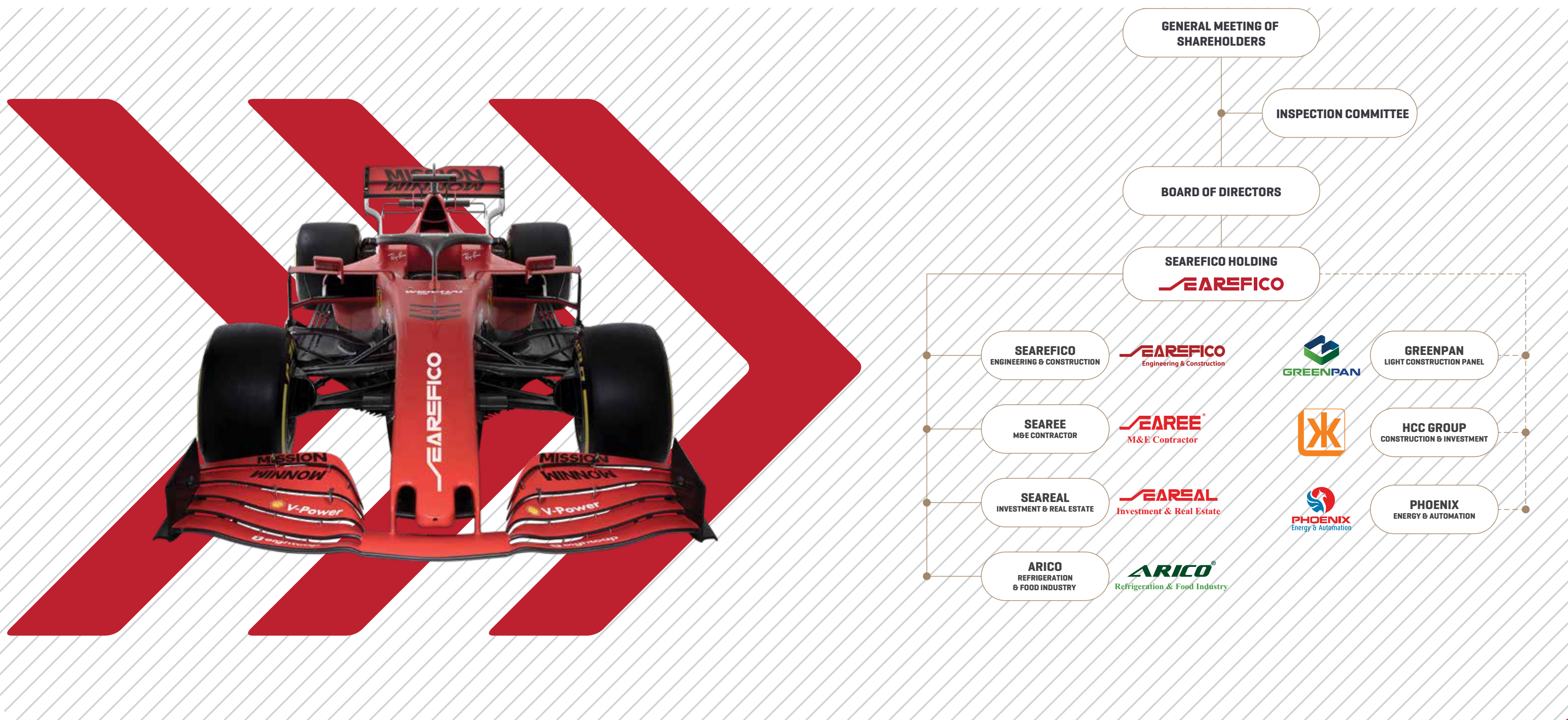
Industrial construction and provision of various products and services in the role of EPC contractor for the industrial factory projects

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 Investors and Main Contractors.



3. GOVERNANCE MODEL, ORGANIZATION OF BUSINESS AND MANAGEMENT APPARATUS

3.1 GOVERNANCE MODEL





3.2 SUBSIDIARIES AND AFFILIATES



SEAREFICO ENGINEERING AND CONSTRUCTION JSC (SEAREFICO E&C)

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

Tel: +84 28 3822 7260

Fax: +84 28 3822 6001

Website: www.srfec.com

Email: info@srfec.com

Charter capital: **70,000,000,000**
VND

Ownership rate of SRF: 99%

Business sector: Design, supply, construction, warranty and maintenance of mechanical, electrical and refrigeration items of works; construction of automated chains, smart warehouses and technology systems; implementation of the civil and industrial projects and supply of other services in the role of general contractor for industrial and civil [Turn-key, EPC and D&B] projects.



SEAREAL REAL ESTATE JSC (SEAREAL)

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

Tel: +84 28 3822 7260

Fax: +84 28 3822 6001

Charter capital: **100,000,000,000**
VND

Ownership rate of SRF: 98.4%

Business sector: Management and exploitation of real estates; cooperation with the Investors for project development; Monitoring and assessment of the real estate projects, particularly industrial zones.



ASIA REFRIGERATION INDUSTRIAL JSC (ARICO)

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

Tel: +84 28 3754 5678

Fax: +84 28 3754 5679

Website: www.arico.com.vn

Email: info@arico.com.vn

Charter capital: **100,000,000,000**
VND

Ownership rate of SRF: 84%

Business sector: Installation of industrial refrigeration works, production and export of processed and manufactured electric refrigeration equipment, machineries and accessories; consultancy, design, provision and installation of construction equipment, maintenance and repairing of industrial and civil mechanical, thermal and electric refrigeration equipment and systems nationally and internationally.



SEAREE REFRIGERATION ELECTRICAL ENGINEERING JSC (SEAREE)

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

Tel: +84 236 373 6251

Fax: +84 236 373 6253

Website: www.searee.com

Email: info@searee.com

Charter capital: **50,000,000,000**
VND

Ownership rate of SRF: 73.3%

Business sector: 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].



3.2. SUBSIDIARIES AND AFFILIATES



GREENPAN JSC (GREENPAN)

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

Tel: +84 28 3754 5680

Fax: +84 28 3754 5681

Website: www.greenpan.com.vn

Email: info@greenpan.com.vn

Charter capital: **70,000,000,000** VND

Ownership rate of SRF: **30%**

Business sector: Production of light unbaked materials, panels and insulation boards, insulation doors and insulation materials for industry, civil construction, and refrigerated warehouses; consultancy, design, provision and installation of construction equipment; maintenance and repairing of industrial and civil mechanical, thermal and electrically-refrigerated systems and equipment domestically and abroad.



THUA THIEN HUE CONSTRUCTION JSC (HCC)

Stock code: HUB

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

Tel: +84 234 382 1510

Fax: +84 234 382 5152

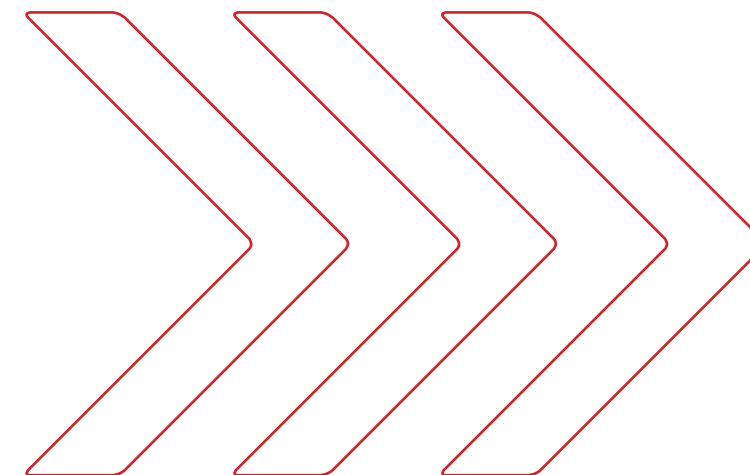
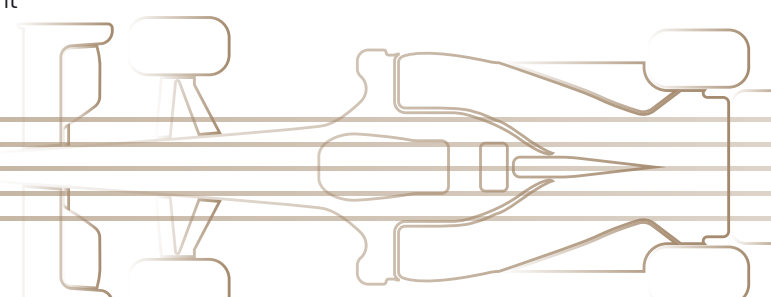
Website: www.xaylaphue.com.vn

Email: info@xaylaphue.com.vn

Charter capital: **152,460,000,000** VND

Ownership rate of SRF: **36%**

Business sector: Consultancy, survey, design and construction of civil and industrial, transportation and irrigation, water and electricity installation and internal decoration projects; processing of work foundations; production and trading of construction materials; investment and trading of infrastructure at the industrial zones, residential areas, newly-operated urban areas, trading of real estates, export and import etc.



PHOENIX ENERGY AND AUTOMATION JSC (PHOENIX)

Address: 772-74 Nguyen Thi Minh Khai, Ward 6, District 3, Ho Chi Minh City

Tel: +84 28 3822 7260

Fax: +84 28 3822 6001

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

Ownership rate of SRF: **37.8%**

Business sector: Consultancy, survey, design and installation of rooftop photovoltaic projects for industrial zones and households; development of automation measures for various fields as aquatics, agriculture and smart automatic refrigerated warehouses.



4. DEVELOPMENT ORIENTATIONS

4.1 MAJOR OBJECTIVES

“

Develop sustainably; build to be perpetual; maintain the “HEARTINESS” with the employees and the “TRUST” with the customers and maximize the benefits of the shareholders. The Company is a common house where each employee should be overwhelmed with an objective of turning it into a place where they always want to go to work after waking up and is a place with the culture of transparency, sincerity and responsibility, which are values making the Shareholders and Investors secure to accompany permanently with the Company.

”

Specific objectives

→ Continue to implement the roadmap to be named in the Top 100 best companies to work for in Vietnam by 2022. Generating an environment of competition and development and give more the ownership and opportunities for career development and improvement of deserving incomes to any HEARTED, VISIONARY and TALENTED individuals who share the same cultural characteristics and core values with SEAREFICO.

→ Continue to improve the Holding Company model, in which mechanical and electrical (M&E), industrial refrigeration, construction engineering and materials remain core business activities of the Company and continue to promote its scientific and technological strengths and maintain its position in the Top companies in mechanical and electrical engineering in Vietnam.

→ Increase the investments into production activities and raise the proportion of production to 50% of revenue by 2023 in order to increase the profit margin, improve the supply chain and expand the business ecosystem of SEAREFICO in which member companies may resonate the values to each other.

→ 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 and a leading reliable “One Stop Service” supplier for both customers and Investors.

→ Maintain its position as a leading company in the industrial refrigeration sector in Vietnam through the added-value services supplied to the customers such as design and build the highly-automated food processing technology lines and smart refrigerated warehouses.

4.2 MEDIUM AND LONG-TERM DEVELOPMENT STRATEGY

→ A continuous objective targeted by SEAREFICO is 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 follows” is a factor which the Company is giving a top priority. Over the last years, the Company has highlighted the role of training, practising, recruitment and selection of the potential individuals for planning and training the successive leadership team. A focus is made on improving effectiveness and efficiency of the core activities of the

Company, seeking the opportunities of investment, making the joint-ventures or associations with the foreign partners, expanding cooperation into many fields, prioritizing the development of such industries as clean energy, environment-friendly products and added-value generating technological equipment in the post-harvest food processing industry. 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.

4.3 OBJECTIVES OF SUSTAINABLE DEVELOPMENT

→ To our customers: With the business philosophy “The quality of products and services is a focus and the benefits of customers is a key”, the Company commits to provide the services and products for the high-quality segment at the reasonable prices and the preeminent customer-care policy

→ To our employees: The objective of becoming the TOP 100 Best companies to work for in Vietnam by 2022 expresses determination of SEAREFICO’s BOM for creating the people-centered workplace and creating the platform for sustainable development. To SEAREFICO: The BOM always focuses on increasing the labour productivity, raising the incomes for the employees and generating the opportunities of promotion to the employees.

→ To our shareholders: We maintain and develop the capitals to optimize the benefits of the shareholders sustainably and ensure the policy of stable dividends;

→ To our environment, society and community: We commit to fulfill the responsibilities and obligations with the community and society. For the sustainable development, the Company continues to research and invest into green, clean and environment-friendly technology; particularly the SEAREFICO-implemented projects must make contributions to promoting social advancements and encouraging the employees to actively participate in the community-supporting activities.



5. RISK FACTORS



5.1 ECONOMIC

In such a challenging year like 2019, Vietnam was relatively successful to keep the economy stable with the GDP rate of over 7%. Inflation and exchange rates were well-controlled partly because of very great contributions from the Foreign Development Investment (FDI) inflows in line with the shift of global trade

However, Vietnam's economic growth rate as forecasted by many organizations may not reach the target of 6.8% in 2020, even before the world faces a crisis caused by the coronavirus epidemic (COVID-19).

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. The epidemic has spreaded into two of the largest trading partner of Vietnam, China and Korea, causing their exports plummet in January and this situation may prolong if the epidemic is not constrained.

Meanwhile, the main driving force for Vietnam's economic growth has signaled a slowdown in recent years. In accordance with the Department of Foreign Investment (Ministry of Planning and Investment), the amount of registered and disbursed FDI capitals in two first months of 2020 witnessed an reduction of 23.6% and 5% respectively over the same period of last year due to the impacts of the COVID-19 epidemic.

Over the 30-year development history through which SEAREFICO has surmounted many vicissitudes and economic crises, the Company's BOM has understood challenges and difficulties in each period. SEAREFICO has chosen the appropriate directions, enhanced the risk management and controlled their resources well in order to seek "the opportunities" in "difficulties" and turn the challenges into the opportunities.

→ Interest

With the major business sector of working as a contractor for the mechanical 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 to limit the impacts of the interests and ensure the performance of the Company.

→ Exchange rate

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 with the banks, apart from close monitoring of exchange rate fluctuation, to make an appropriate business plan.

“OVER THE 30-YEAR DEVELOPMENT HISTORY THROUGH WHICH SEAREFICO HAS SURMOUNTED MANY VICISSITUDES AND ECONOMIC CRISES, THE COMPANY'S BOM HAS UNDERSTOOD CHALLENGES AND DIFFICULTIES IN EACH PERIOD. SEAREFICO HAS CHOSEN THE APPROPRIATE DIRECTIONS, ENHANCED THE RISK MANAGEMENT AND CONTROLLED THEIR RESOURCES WELL IN ORDER TO SEEK “THE OPPORTUNITIES” IN “DIFFICULTIES” AND TURN THE CHALLENGES INTO THE OPPORTUNITIES.”

5.2 LEGAL

As a Joint Stock Company being listed at the Ho Chi Minh Stock Exchange (HOSE), SEAREFICO is governed by such legal documents 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, SEAREFICO 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.

5.3 WORKING ENVIRONMENT

For the operational nature of SEAREFICO, 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 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 SEAREFICO-implemented projects.

5.4 COVID-19

Since 2020, COVID-19 epidemic 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 combat the COVID-19 epidemic. However, the priority measures against the epidemic have been affecting the operation of almost all business sectors, increasing operational risks, and can weaken cash flow of businesses.

For SEAREFICO, being aware of the COVID-19 epidemic risk, the Company has established the Action Committee that issued specific directives, preventive guidelines in order to make sure all the employees are complied, and ensure safety. 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 epidemic including:

Prioritize safety for all employees

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

Applying the application of information

technology to daily tasks, maximizing the availability of existing systems for online meetings, minimizing travel costs, ensuring work operates smoothly but still maintains safety for employees.

Quick shift to Industrial Refrigeration

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 (E&C) will decline dramatically, many projects will be halted, suspended construction, especially real estate projects, resorts,

and office buildings. These are business activities directly affected by the COVID-19 epidemic.

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 M&E and E&C units to grab this opportunities, and promote the operation of two segments: Industrial refrigeration and Cold storage.

Strengthening financial capacity

Significantly reduce costs, control,

reduce administrative and office costs and arrange efficient use of personnel during the COVID-19 epidemic season.

Concentrating on the settlement and debt collection, negotiating 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.

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

5.5 OTHERS

Several other risks may occur in the force majeure events such as natural disasters, flooding, fires and other epidemics etc. Despite a fact that the force majeure-caused risks are less likely to occur, it is very difficult to predict them. For this reason, SEAREFICO takes a proactive measure to take out non-mandatory insurance for the employees and all-risks insurance for the Company's works and properties.

In addition to the aforementioned risks, there are also other types of risks such as main Investors or Contractors' financial imbalance, thus affecting the business of the Company. In order to restrict these risks, apart from good control of project cash-flow, the Company has focused on selecting the prestigious Employers since the tender stage and controlling the debts since contract negotiation and conclusion and in the construction process.

FOR SEAREFICO, BEING AWARE OF THE COVID-19 EPIDEMIC RISK, THE COMPANY HAS ESTABLISHED THE ACTION COMMITTEE THAT ISSUED SPECIFIC DIRECTIVES, 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.

SEAREFICO

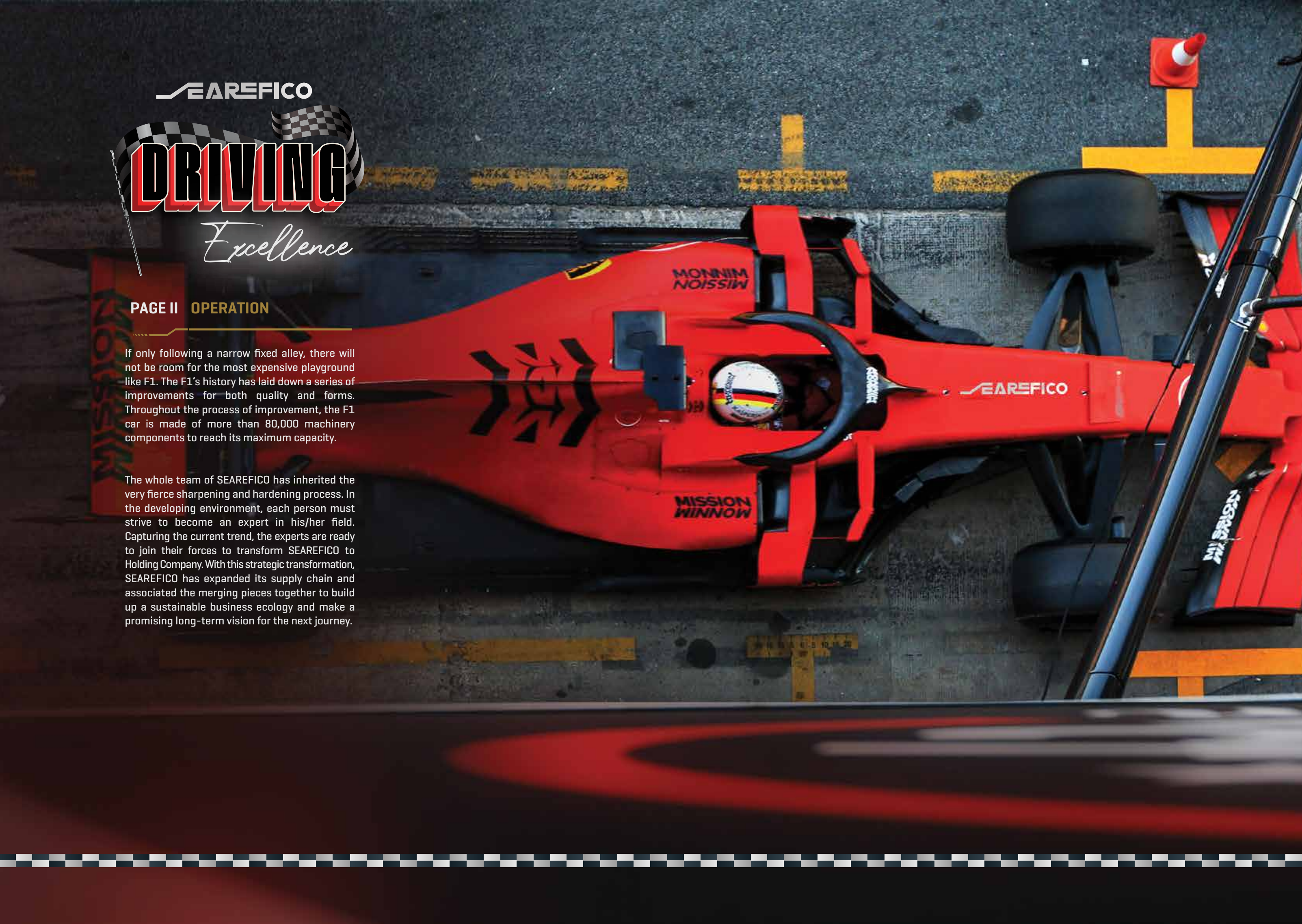
DRIVING

Excellence

PAGE II OPERATION

If only following a narrow fixed alley, there will not be room for the most expensive playground like F1. The F1's history has laid down a series of improvements for both quality and forms. Throughout the process of improvement, the F1 car is made of more than 80,000 machinery components to reach its maximum capacity.

The whole team of SEAREFICO has inherited the very fierce sharpening and hardening process. In the developing environment, each person must strive to become an expert in his/her field. Capturing the current trend, the experts are ready to join their forces to transform SEAREFICO to Holding Company. With this strategic transformation, SEAREFICO has expanded its supply chain and associated the merging pieces together to build up a sustainable business ecology and make a promising long-term vision for the next journey.



1. BUSINESS OVERVIEW

By the end of 2019, SEAREFICO had achieved the business results as follows:

Unit: billion VND

Indicator	2019 plan	2019		2018	
		Billion	%/2019 plan	Billion	% 2019/2018
Signed Contract Value	2,100.0	2,412.4	114.9%	1,295.7	186.2%
Revenue	1,700.0	1,706.0	100.4%	1,732.4	98.5%
Earnings Before Taxes	80.0	81.6	102.0%	97.5	83.7%
Earnings After Taxes	70.0	72.5	103.5%	83.5	86.8%

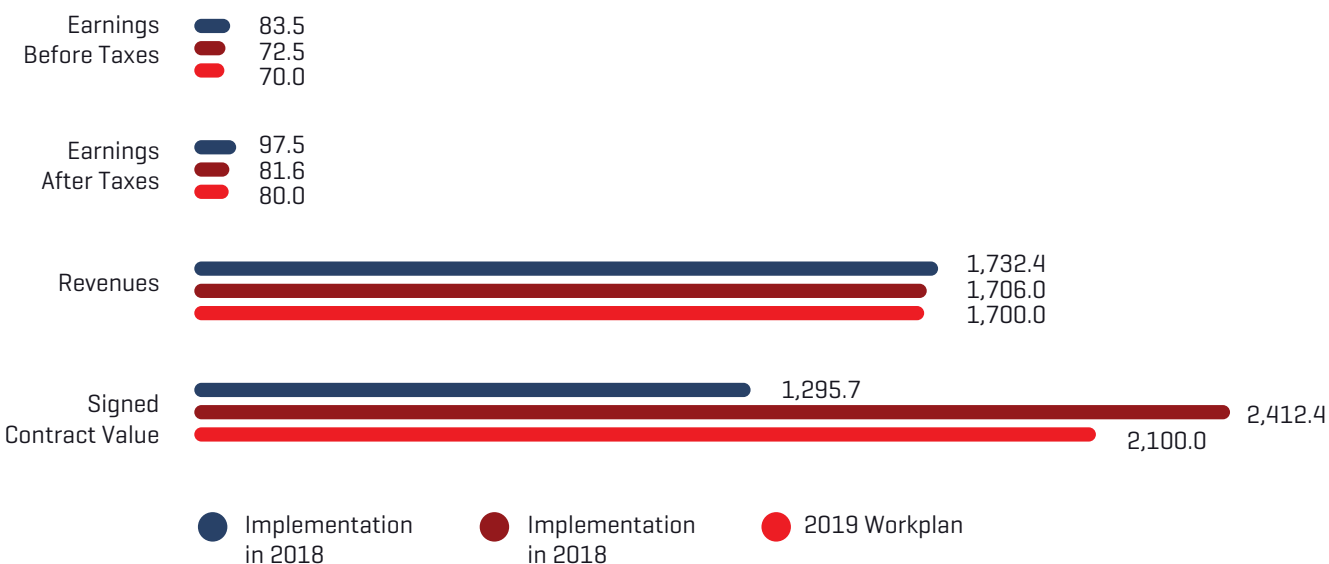
By the end of 2019, the whole company had signed more than 2,400 billion VND for the Signed Contract Value, increasing by 15% as compared with the plan and 86% as compared with 2018.

The net revenues was more than 1,700 billion VND, achieving 100.4% of the plan and equivalent to the same period of 2018. The Earnings Before Taxes stood at 81.6 billion VND, slightly exceeding the plan and equivalent to 83.7 % as compared with 2018. The Earnings After Taxes gained 72.5 billion VND or 3.5% more than the workplan and equivalent to 86.8% as compared with 2018.

In reality, the Company's profit in 2019 is equivalent to the same period of last year if we eliminate the extraordinary incomes from the transfer of the long-term investments shares in 2018 and 2019.

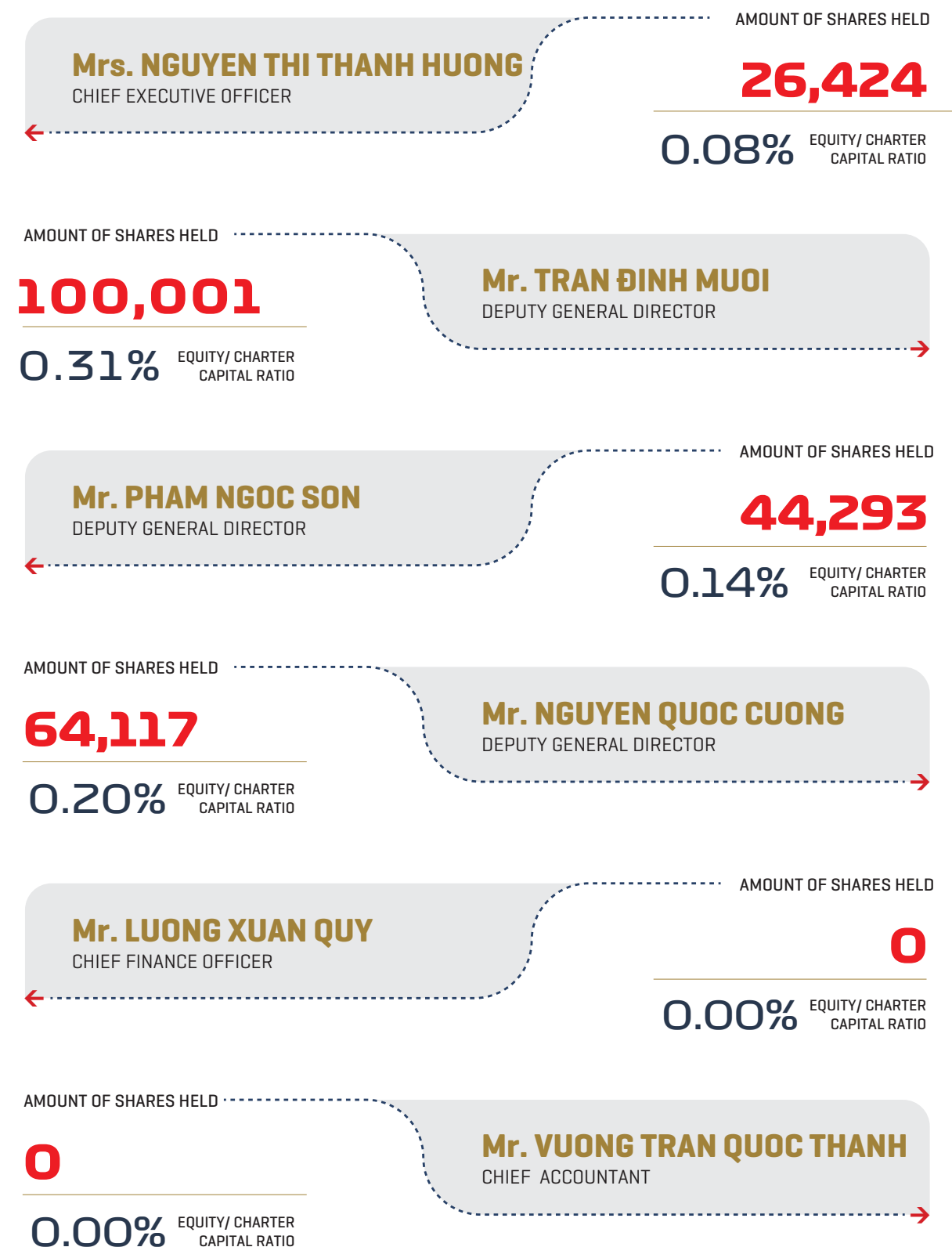
Additionally, the year of 2019 is also a year when SAEFREFICO has shifted to other fields with the potentials for strong development in future like production of green and energy-saving materials and smart refrigerated warehouses and this shift promises to make great contributions to the profit structure of the Company in future.

BUSINESS AND PRODUCTION SITUATION



2. ORGANIZATION AND PERSONNEL

2.1 LIST OF MEMBERS IN THE BOM





CURRICULUM VITAE

Mrs. NGUYEN THI THANH HUONG

CHIEF EXECUTIVE OFFICER

- **Year of appointment:** 2019
- **Year of birth:** 1973
- **Education level:**
M.A of Accounting and Finance
- **Position held in other organizations:**
 - Member of the BOD of ARICO
 - Member of the BOD of SEAREE
 - Member of the BOD of HCC
 - Member of the BOD of Frit Hue JSC
 - Member of the BOD of Thua Thien Hue Wood
 - Processing JSC Corporation
 - Member of the BOD of Industrial Zone Infrastructure Development and Investment Ltd., Co
 - Head of the Inspection Committee at the Investment and International Water Technology JSC



Mr. TRAN DINH MUOI
DEPUTY GENERAL DIRECTOR

- **Year of appointment:** 2017
- **Year of birth:** 1971
- **Education level:**
Thermal Engineer and Refrigeration
- **Position held in other organizations**
 - Chief Executive Officer of SEAREFICO E&C



Mr. PHAM NGOC SON
DEPUTY GENERAL DIRECTOR

- **Year of appointment:** 2017
- **Year of birth:** 1976
- **Education level:**
 - Master of Business Administration,
 - Engineer of Thermoelectric Refrigeration Technology
- **Position held in other organizations**
 - Chairman of the BOD of GREENPAN
 - Chairman of the BOD of SEAREAL
 - Member of the BOD of PHOENIX



Mr. NGUYEN QUOC CUONG
DEPUTY GENERAL DIRECTOR

- **Year of appointment:** 2018
- **Year of birth:** 1965
- **Education level:**
 - Mechanical Engineer
- **Position held in other organizations:**
 - Director of SEAREE
 - Director of Da Nang Refrigeration Electrical Mechanical Company



Mr. LUONG XUAN QUY
CHIEF FINANCE OFFICER

- **Year of appointment:** 2020
- **Year of birth:** 1977
- **Education level:**
 - Master of Business Administration
- **Position held in other organizations:** None



Mr. VUONG TRAN QUOC THANH
CHIEF ACCOUNTANT

- **Year of appointment:** 2019
- **Year of birth:** 1984
- **Education level:**
 - Bachelor of Economics
- **Position held in other organizations:**
 - Head of the Inspection Committee in SEAREE
 - Head of the Inspection Committee in ARICO

2.2 CHANGES IN THE BOM

The BOM experienced several changes of positions as follows:

- Dismissed Mr. Nguyen Chau Tran from the position of Chief Accountant of SEAREFICO from April 23rd, 2019 under the Decision no. 039/QĐ/HĐQT/19 dated April 23rd, 2019 by the BOD;
- Appointed Mr. Vuong Tran Quoc Thanh as Chief Accountant of SEAREFICO from April 23rd, 2019 under the Decision no. 040/QĐ/HĐQT/19 dated April 23rd, 2019 by the BOD;
- Appointed Mrs. Nguyen Thi Thanh Huong as the Chief Executive Officer of SEAREFICO for a period of 2019- 2023 from April 25th, 2019 under the Decision no. 041/QĐ/HĐQT/19 dated April 25th, 2019 by the BOD;
- Appointed Mr. Luong Xuan Quy as the Chief Finance Officer of SEAREFICO from February 3rd, 2020 under the Resolution no. 001/NQ/HĐQT/20 dated February 3rd, 2020 by the BOD;



2.3 NUMBER OF EMPLOYEES; SUMMARY ON THE POLICIES APPLICABLE TO THE EMPLOYEES AND CHANGES OF THESE POLICIES

Until December 31st, 2019, the total number of employees in the Company is 829 people with the specific structure as follows:

No.	Criteria	Amount (people)	Proportion (%)
I	Educational level	829	100%
1	University graduate and Post-graduate	531	64.05%
2	3-year college level and professional two-year college level	140	16.89%
3	Elementary level and Technical worker	49	5.91%
4	Manual workers	109	13.15%
II	Labour contract	829	100%
1	Full-time	829	100%
2	Part-time	0	0%
III	Gender	829	100%
1	Male	713	86.01%
2	Female	116	13.99%

Human resources are always the pride of SEAREFICO. During the process of sustainable development, we always pay an attention to develop a strong team of employees in both quantity and quality. SEAREFICO’s personnels are highly qualified and mainly graduated from the prestigious technical universities and colleges but more importantly, they have positive thinking, good attitude, sense of enthusiasm, passion and responsibility.

Current labor policy summary:

Working environment

SEAREFICO aims to become the best workplace which each employee always desires to associate with. We work together to develop a culture “Living kindly and working properly”, preserve the core values and create the dynamic, effective and professional working environment.

Besides the Company’s thorough care, interesting opportunities and challenges in the jobs always motivate each employee to constantly train themselves and strive to make progresses on their journey to make personal successes and contribute to the overall development of the Company.

Recruitment

As a **prestigious recruiter** on the market, SEAREFICO always becomes a workplace which each candidate desires to apply for.

With the attractive recruitment policies, we have opportunities to recruit the talented, creative and ready-to-engage individuals into our team for attractive positions which will become available in accordance with the development of the Company.





Salary

Salary policy is always strategic to attract and retain the talented. Applying the principle of 3P [Person, Position and Performance] for salary payment, SEAREFICO offers the interesting and fair levels of salary for right people, right position and right capability. SEAREFICO's employees always have more competitive pay rate than other companies in the same industry in the market. Annually, the pay rates are adjusted for increase depending on the performance and capability.

Training and development

With the motto *"Today must be better than yesterday and tomorrow must be better than today"*, SEAREFICO always considers training and development as a key to improve the quality of human resources. Training programs are regularly organized in various forms.

Because of the characteristics of the industry, SEAREFICO prioritizes the "on-the-job training" right at the projects as the highest effectiveness can be merely achieved through actual working. Moreover, with the team of experts available at the Company, it is also dedicated to internal training by organizing the workshops and experience-exchanging meetings among the generations of engineers in SEAREFICO.

Key people are always provided with the conditions for improving their expertise and leadership capacity by the Company as a step of preparation to become a talented successive generation capable of satisfying the objective of sustainable development in future.

Benefit

The incentive and benefit policy at SEAREFICO is always a point to attract the candidates and make the employees engage with the Company and feel secured when working.

We maintain and improve the policies more perfectly like provision of comprehensive health insurance, organization of annual domestic or foreign team-building trips, offer of more annual leave days, provision of training and development opportunities to the employees, improvement of general working conditions and provision of attractive project-related allowances etc.

Additionally, the Company regularly cooperates with the Labor Union to develop many programs for the employees like giving gifts on the occasion such as traditional Tet holiday, difficult family circumstances, retirement, and organize the significant activities on special occasions such as International Woman's Day, International Children's Day, Mid-Autumn Festival, Vietnamese Woman's Day, etc.

Labor incentive

The benefit regimes for the employees, particularly labor safety and insurance regimes have been seriously complied and implemented in accordance with the provisions of laws.

SEAREFICO is proud when it comes to workplace safety since construction and occupational safety and health are always ensured and controlled.

Evaluation on the employees' achievements and reward

Monthly, quarterly and annual performance assessments are conducted by SEAREFICO based on the working results, skills, attitudes and compliance to ensure the performance and motivate and foster the employees. Specific evaluation criteria are identified together with a clear scoring-scale. Thanks to that, the Company has made substantial achievements in the business activities in 2019.

Each individual who makes achievements will receive deserving, attractive and timely awards in various forms. In 2019, the average income of SEAREFICO's employees is 14 months of salary and the highest level of income is 21 months of salary for exceptionally individuals.

In addition, the Company also offers special awards from CEO incentives for individuals who propose initiatives or improvements, bring benefits to and make outstanding contributions to the Company's overall achievements beyond their planned targets.

SEAREFICO also offers the company-specific awards, each of which acknowledges the striving process of the team. They include:

- Project with the fastest progress
- Best-quality project
- Best customer relation-creating project
- Project with the most sustainable development factor
- Project with the earliest mass matrix
- Best cash-flow project
- Best budget-controlling project

All have brought the pride and a sense of determination to the employees in SEAREFICO and urged them to stand shoulder to shoulder and join their hands to make relentless efforts to surmount the difficulties for jointly benefiting from the achievements.

Career Development Plan

With the strong growth under the Holding Company model, SEAREFICO has opened up more and more great opportunities for their talented employees to make their breakthroughs, move out of their comfort zones and "set up their own business" inside the Company.

Each individual's Career Development Plan is always paid an attention in tandem with the overall development. In 2019, SEAREFICO appointed many senior leadership positions from its internal human resources. In particular, a smooth transition between the generations is attributed to the thorough preparation process over many years.



3. PROJECT IMPLEMENTATION AND INVESTMENT

3.1 MAJOR INVESTMENTS

The polyisocyanurate (PIR) panel factory

The project was completely invested and will be officially put into operation in April 2020 (one month later than the schedule due to the effects of COVID-19 epidemic). It is a factory for producing the insulated PIR panels, mainly used for industrial construction and refrigeration with the capacity of 10,000 m² panels per day.

Starting from the improvements from design to manufacturing procedures, GREENPAN has been trying its best to bring the best products and services satisfying four criteria including Effectiveness – Durability – Convenience – Safety to their customers.

GREENPAN PIR panels are manufactured from the most advanced continuous production line under the Italian technology in Vietnam and region. GREENPAN's 2bGP™ technology produces the PIR panels as a type of lightweight construction material with many outstanding properties such as very good thermal insulation, sound-proofing, fire-proofing and moisture insulation and environment-friendliness. Therefore, they can replace other types of currently-used construction materials at the construction works and help the construction works to save energy during the operational process and be safe from the risk of firing and explosion.

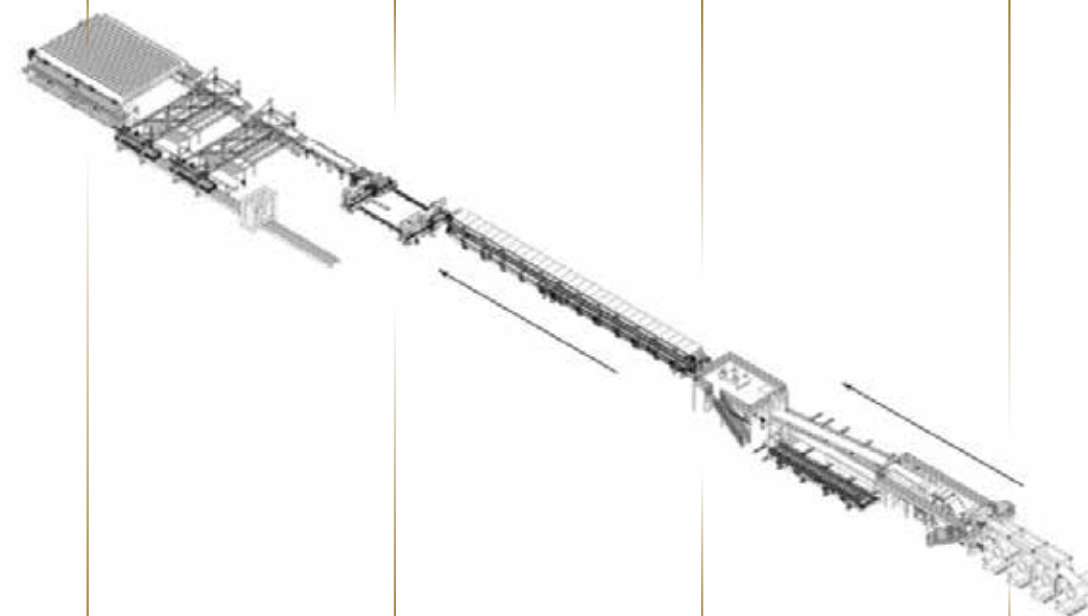


Capability of thermal insulation, sound-proofing and moisture insulation.

Outstanding capability of fire-resistance that reaches the B1 level according to the EU DIN4102 Standards.

The PIR B1 panels may obtain the FM certificate, the highest fire prevention and fighting standard, for protecting the workshops and reducing the insurance premium.

Stable stiffness and dimensions to be appropriate with all weather conditions at the construction works.



HCFC-free technology for not destroying the ozone layer and environment-friendly material.

Lightweight material helps to save 20-25% of the cost of construction structure.

Saving the energy used for the construction works.

The modular type helps to save the time of construction up to 50% as compared with normal ones.

With the above outstanding properties, the GREENPAN PIR panels ensure highly-effective insulation, quick installation, high adaptability with the lightweight structural systems, large coverage and higher stiffness for construction of walls, ceilings and roofs, labor-saving and saving of the workshop-structuring costs. Additionally, the PIR panels have a high compression ratio, good endurance capacity and aesthetic design and these features enable them to satisfy various applications through horizontal or vertical coupling/merging, corrugation and diverse colors of the iron coating.

Major product lines of GREENPAN

The world always changes quickly and the customers’ demand also changes. By timely grasping the new tendencies in the national process of modernization and industrialization, GREENPAN has made future products of construction materials industry.

The product lines of PIR panels include:



Advanced fireproof thermal insulation wall panels used for the clean rooms, walls and ceilings, factories required the clean.



Screw-type external wall panels used for the factories and buildings.



5-wave corrugated and 3-wave corrugated roof panels for the industrial and civil works.



Deeply-grooved and thick panels for refrigerated warehouses.

Apart from the PIR [Polyisocyanurate] panels, GREENPAN also provides rockwool ones. The special products of GREENPAN are being used to make the walls, ceilings and roofs in the construction of steel-reinforced building structures, factories, refrigerated warehouses, highrise buildings, civil works, architectural facades and modular buildings, etc. The PIR panels are considered as the most perfect choice and the optimal solution for green construction projects at present and in future.

GREENPAN has the up-to-date cutting-edge technological chain in the world, taken a leading position in the market in terms of Quality, Services and Price and targeted the investors of the projects in the high-value segment as well as national and international contractors with the medium and high capability. In addition, GREENPAN also provides solutions of created design and the best warranty policies to their customers.



3.2 SUBSIDIARIES & AFFILIATES FINANCIAL OVERVIEW

ARICO®

ASIA REFRIGERATION INDUSTRY JOINT STOCK COMPANY

Indicator	Unit	2019	2018	% 2019 / 2018
Total asset	Billion VND	403.1	313.3	128.7%
Total revenue	Billion VND	402.0	294.1	136.7%
Earnings After Taxes	Billion VND	25.7	10.0	256.5%
Earnings After Taxes margin ratio	%	6.4%	3.4%	187.6%



SEAREE REFRIGERATION ELECTRICAL ENGINEERING CORPORATION

Indicator	Unit	2019	2018	% 2019 / 2018
Total asset	BILLION DONG	130.0	50.0	259.9%
Total revenue	BILLION DONG	243.4	63.7	381.9%
Earnings After Taxes	BILLION DONG	9.3	0.2	4,849.2%
Earnings After Taxes margin	%	3.8%	0.3%	1,269.8%



THUA THIEN HUE CONSTRUCTION JOINT STOCK CORPORATION

Indicator	Unit	2019	2018	% 2019 / 2018
Total asset	BILLION DONG	731.8	707.1	103.5%
Total revenue	BILLION DONG	470.2	453.0	103.8%
Earnings After Taxes	BILLION DONG	71.6	71.6	100.0%
In which: Earnings After Taxes of the shareholders of the Parent Company	BILLION DONG	66.7	66.1	101.0%
Earnings After Taxes margin	%	15.2%	15.8%	96.4%

4. FINANCE

4.1 FINANCIAL OVERVIEW

Unit: BILLION DONG

Indicator	2019	2018	% 2019 / 2018
Total asset	1,909.7	1,633.8	116.9%
Net revenue	1,706.0	1,732.4	98.5%
Operation Income	79.3	97.0	81.7%
Other Income	2.3	0.5	499.8%
Earnings Before Taxes	81.6	97.5	83.7%
Earnings After Taxes	72.5	83.5	86.8%
Dividend payout/charter capital rate [%]	15.0%	15.0%	100.0%

4.2 MAJOR INDICATORS

Indicators	Unit	2019	2018
Solvency indicators			
Liquidity ratio	Time	1.1	1.2
Quick ratio	Time	0.9	1.0
Capital structure indicators			
Debt-to-capital ratio	Time	0.7	0.7
Debt-to- equity ratio	Time	2.8	2.2
Operational capacity indicators			
Receivables turnover	Turnover	1.9	2.1
Inventory turnover	Turnover	5.2	5.9
Asset turnover	Turnover	1.0	1.0
Profitability indicators			
Earnings After Taxes/Net revenue	%	4.2%	4.8%
Earnings After Taxes/ Average equity	%	14.3%	16.9%
Earnings After Taxes/Total average asset	%	4.1%	5.6%
Operating Income/Net revenue	%	4.6%	5.6%

SOLVENCY

- Liquidity ratio
- Quick ratio



2018

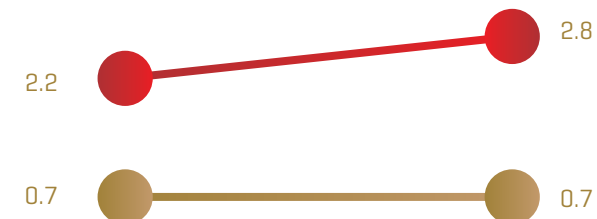
2019

Regarding to the short-term solvency:

The liquidity ratio and quick ratio were 1.1 times and 0.9 times respectively in 2019, slightly down from 2018. Maintenance of the reasonable amount of cash and good control of the receivables and inventories helped the Company to ensure their short-term solvency.

CAPITAL STRUCTURE

- Debt-to-equity ratio
- Debt-to-capital ratio



2018

2019

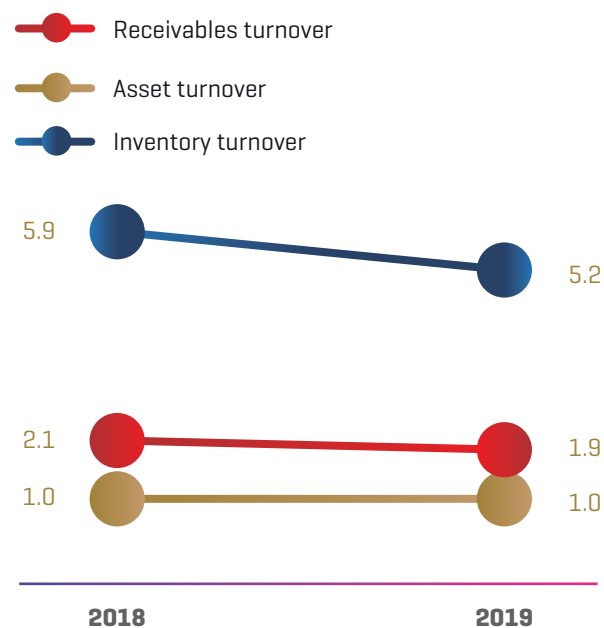
Regarding to the capital structure:

The debt-to-capital ratio and debt-to-equity ratio were respectively 0.7 times and 2.8 times in 2019, an increase as compared with 2018. In 2019, the Company continued to use the funding resources from loans with the preferential interest rates to replenish its working capital for production and business activities and take an advantage of the financial leverage effectively.





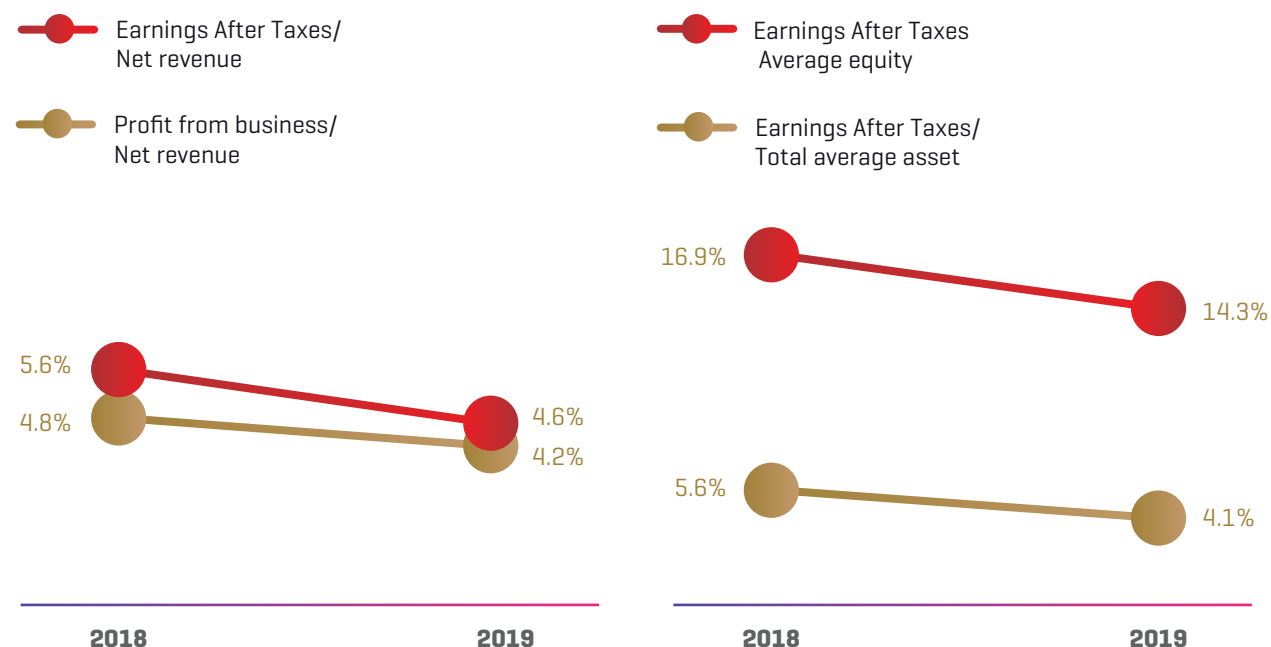
OPERATIONAL CAPITAL



Regarding to the operational capacity:

The indicators showing the performance of the enterprise such as receivables turnover, inventory turnover and asset turnover were 1.9 times, 5.2 times and 1.0 times respectively. These indicators experienced insignificant fluctuations as compared with 2018. With the more and more stabilized and developed business activities, the indicators of operational capacity over the last years showed the sustainable development of the Company.

PROFITABILITY



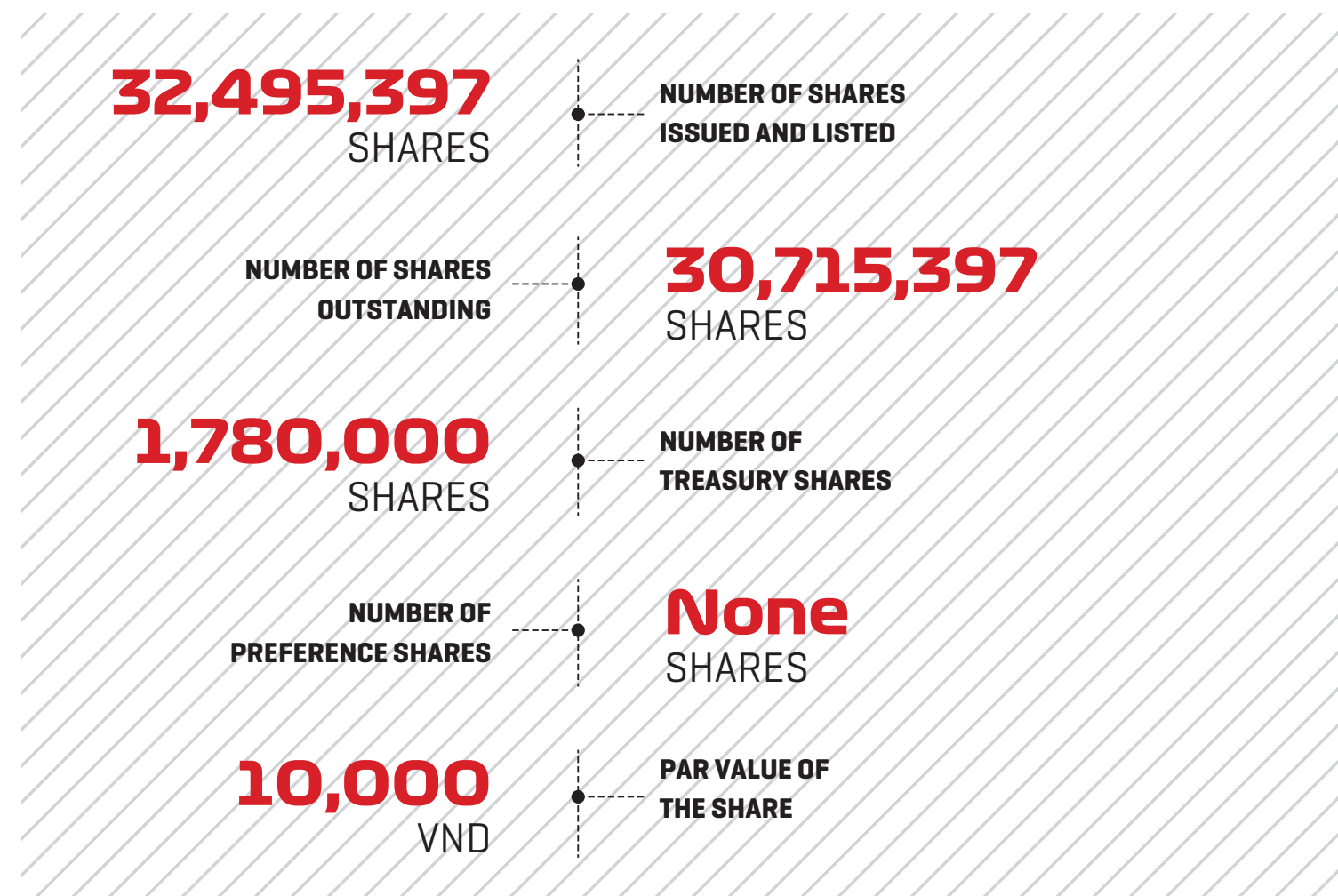
Regarding to the performance:

the profit from the business/net revenue in 2019 was 4.6%, a decline of nearly 1% as compared with 2018. The Earnings After Taxes/net revenue in 2019 stood at 4.2%, down 0.6% as compared with 2018. The Earnings After Taxes/equity was 14.3%, declining by 2.6% as compared with 2018. The Earnings After Taxes/total

average asset reached 4.1%, down 1.5% as compared with 2018. A main reason is that the Company no longer recognized any extraordinary incomes from the transfer of shares from the long-term investments in 2019. If this source of extraordinary incomes is excluded, the profit in 2019 fluctuates insignificantly as compared with 2018.

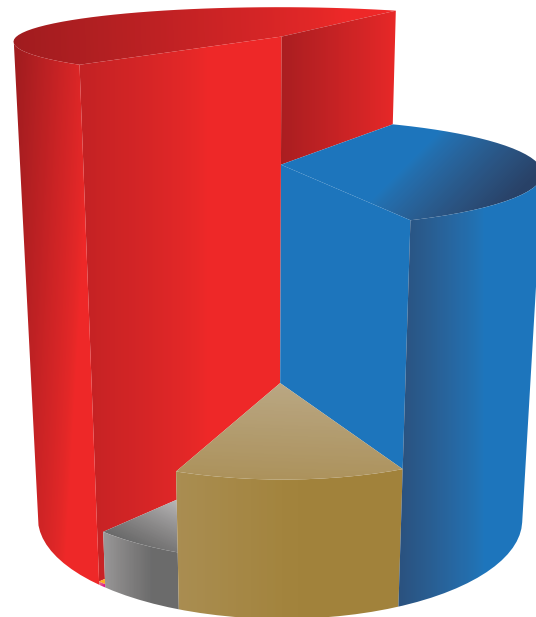
5. SHAREHOLDER STRUCTURE AND EQUITY CHANGES

On December 31st, 2019, the number of shares in the Company was as follows:

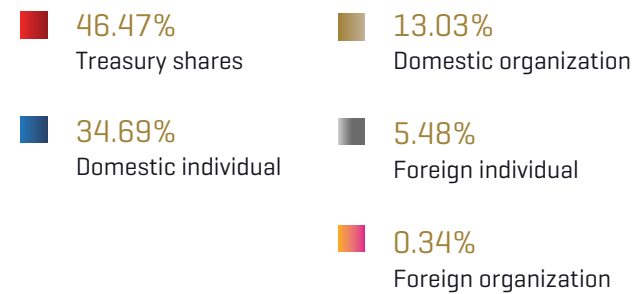


A summary of shareholders [in accordance with the list of shareholders confirmed on March 18th, 2020]

Category	Domestic shareholders		Foreign shareholders		Total	
	No. of shares	% of charter capital	No. of shares	% of charter capital	No. 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	6,195,864	19.07%	-	0.00%	6,195,864	19.07%
Shareholders owning below 1% shares	5,158,285	15.87%	609,742	1.88%	5,768,027	17.75%
Treasury shares	1,780,000	5.48%	-	0.00%	1,780,000	5.48%
Total	17,286,149	53.20%	15,209,248	46.80%	32,495,397	100%



SHAREHOLDER STRUCTURE BY OWNERSHIP

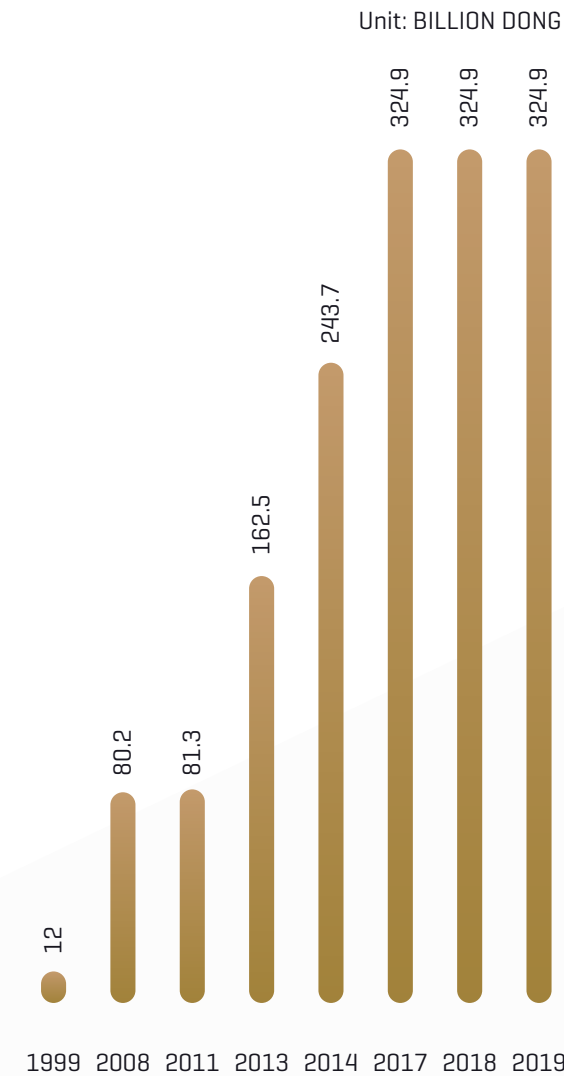


LIST OF MAJOR SHAREHOLDERS

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	Room 1101 a, 11 th floor, Giang Vo Lake Building, D10, Giang Vo Street, Giang Vo Ward, Ba Dinh District, Hanoi	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%

EQUITY CHANGES

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



THE CHARTER CAPITAL

The charter capital of the Company was 324.9 billion VND in 2019, increasing 27 times as compared with the end of 1999.

TREASURY SHARE TRANSACTIONS:

In 2019, the Company did not issue any treasury shares to pay the dividends to the shareholders or mobilize any capitals. It also did not buy or sell any treasury shares.

1,780,000 Shares

Number of treasury shares on
January 01st, 2019

1,780,000 Shares

Number of treasury shares on
December 31st, 2019

OTHER SECURITIES:

None

SEAREFICO



PAGE III **REPORT
OF THE BOM**

One of the secrets to confront with the difficulties and challenges is the spirits of a driver, engineer and logistic personnel. Any F1 operator has a capability of handling the high speed to resist the natural forces intentionally and boldly. A courageous leader needs to possess the pioneer mindset who dares to eliminate the old paths and set out bigger objectives to make a breakthrough each day. In the rear, a team of engineers and logistic personnel must ensure a smooth mount to replace the wheels in a matter of seconds. The F1 team rushes into the wind in the same way the BOM rushes into the market. SEAREFICO's leaders and its subsidiaries are ready to evolve various measures to reach the destination optimally even when facing mistaken direction or rail of the track. They should make calculations to ensure high accuracy up to millimetres for each dangerous turning corner to mitigate the risks when maintaining the speed.





I. THE BOARD OF MANAGEMENT

1. BUSINESS RESULT EVALUATION

Since 2018, the real estate sector has grown well but there were waning signals about a difficult period after a previous of significant growth. At the start of 2019, the government's interventions for macroeconomic stabilization have started to deeply penetrated into the market.

In HCMC market, the restriction of new licensing and inclusion of a series of projects into legal review have caused very great impacts on the construction progress and the finance of the projects, consequently increasing the risk of liquidity for the Contractors.

Under the new context, the Contractors were forced to make appropriate response policies to maintain the volume of employment and ensure the smooth cash flow. Increasing competitiveness caused a decline in profit margins of the enterprises in the industry.

The positive point in 2019 was that a huge amount of foreign capital was strongly disbursed into Vietnam, particularly since the outbreak of the United State-China Trade War. In 2019, FDI disbursement continued to experience a growth rate of 6.7% as compared with 2018 and reached more than 20 billion USD, which stimulated the strong development for the market for construction of factory and industrial zones.

In addition, a number of notable trends like green design and construction, real estates at the industrial zones, 4.0 apartments and energy-saving have caught more and more attention. It is a favorable factor for SEAREFICO's development strategy of new business sectors.



Mechanical & Electrical (M&E)

SEAREFICO
Signed Contract Value

2,400
billion VND

↑ 86%
compared with
2018

Predicting the market scenario, SEAREFICO made a decision to take all human resources out of HCMC market to implement its projects in other provinces such as Phan Thiet, Nha Trang, Quy Nhon, Thanh Hoa, Hanoi and Bac Ninh, etc. in early 2019.

At the same time, the Company has already increased the proportion of revenue in the field of industry and construction of factory and smart refrigerated warehouse so as to gradually reduce the proportion of revenue from the projects of highrise buildings, hotels and resorts because this market has entered into a period of decline.

Thanks to the timely and decisive strategy, the relatively satisfactory revenue and profit were retained by the Company as compared to other enterprises in the same industry. In 2019, the Signed Contract Value of the Company reached 2,400 billion VND, an increase of 86% as compared with 2018.

The year of 2019 is the first year for SEAREFICO to mark the transformation of its operational model into the Holding Company. In this year, SEAREFICO E&C with 99% ownership of SEAREFICO was established through transformation of all current operations of M&E sector from the Parent Company.



Industrial refrigeration

ARICO'S
Signed Contract Value

600 billion
VND

Revenue

400 billion
VND

↑ 60%
compared with
2018

Industrial refrigeration accounted for 50-70% of the revenue structure 10 years ago. When the market of real estates has experienced a strong growth in recent years, M&E has become a key business sector, accounting for 70% of the revenue structure and the industrial refrigeration accounted only remaining 30%.

However, the industrial refrigeration of SEAREFICO has grown strongly in 2019. Especially, ARICO obtained the ever-highest Signed Contract Value of 600 billion VND and the revenue of 400 billion VND, an increase of 60% as compared with 2018.

In 2019, the market of aquatic products faced many difficulties, the Company shifted its focus on developing the automation solutions for other processing industries such as cattle, poultry and other agricultural products, soft drinks and other high-tech industries such as clean rooms, smart refrigerated warehouse as well as boosting the export.

At the end of 2019, SEAREFICO conducted a groundbreaking ceremony for the project "Smart dry warehouse - Hanoi Logistics and Warehouse Enterprise" in Tien Son Industrial Zone, Bac Ninh Province invested by Vinamilk. It is the third smart warehouse constructed by SEAREFICO for Vinamilk and also the largest one in the Northern Region with the high automation rate and capacity of 15,000 pallets and the input and output capacity of 221 pallets per hour. The warehouse was designed with the height of 32 meters, FSSG: 2000 Standard earthquake-resistant structure and 60 meter-long smart pipe conveyor system (the longest belt in Vietnam).

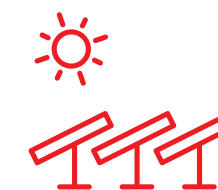


Energy-saving and Green materials

Understanding the increasing demand for green materials for environment protection, 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, environment-friendly and preeminently-featured production line

It is expected that GREENPAN JSC, one of the two key companies in this field, with the specialization of manufacturing the lightweight and unbaked materials, panels, insulation boards and PIR insulation materials for industrial and civil construction, will release their first products in this year.

In 2019, SEAREFICO also established PHOENIX, specializing in designing and installing the rooftop solar energy projects for industrial zones. Its solar panels and solar energy products are capable of providing sufficient electricity to SEAREFICO's subsidiaries. According to the customers' and partners' initial assessment, it will be a highly-potential product line in next years, helping the Investors to find the opportunities for saving the energy and improving the systems to increase the thermoelectric effectiveness as well as contributing to clean energy and environment protection.



PHOENIX solar panels and solar energy products are capable of providing sufficient electricity to SEAREFICO's subsidiaries.

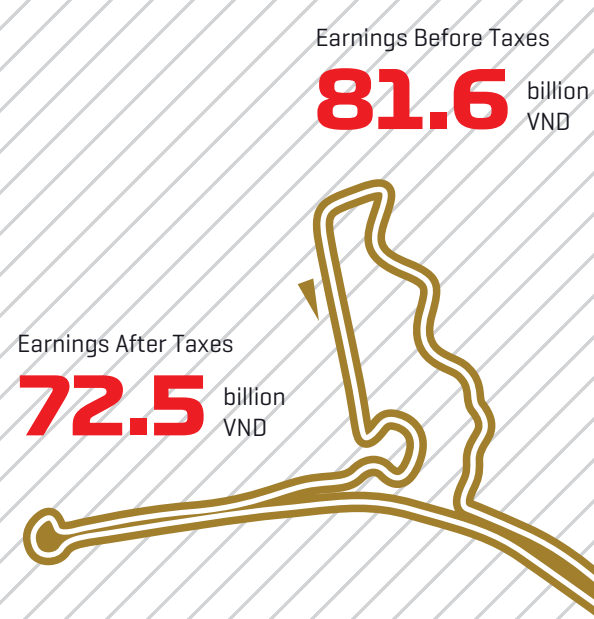


2. BUSINESS PLAN EXECUTION

2.1 EXECUTION

Unit: billion VND

Indicator	2019 plan	2019		2018	
		Billion VND	%/2019 plan	Billion VND	% 2019/2018
Signed Contract Value	2,100.0	2,412.4	114.9%	1,295.7	186.2%
Revenue	1,700.0	1,706.0	100.4%	1,732.4	98.5%
Earnings Before Taxes	80.0	81.6	102.0%	97.5	83.7%
Earnings After Taxes	70.0	72.5	103.5%	83.5	86.8%



In 2019, the whole Company obtained 2,400 billion VND for the Signed Contract Value, an increase of nearly 15% as compared with the plan and 86% as compared with 2018. The revenue in 2019 was 1,700 billion VND, reaching 100% of the plan. There is a slight reduction in the revenue in 2019 as compared with 2018 as the Company has selected the projects and customers with the good financial potentials to ensure the performance and capital safety instead of the “hot” development for revenue maximization.

Regarding to the profitability, the Earnings Before Taxes was 81.6 billion VND in 2019, slightly exceeding the plan and 83.7% equivalent to 2018 and the Earnings After Taxes reached an amount of 72.5 billion VND, exceeding 3.5% of the plan and 86.8% equivalent to the previous year.

In reality, the Company’s profit in 2019 is equivalent to the same period of last year if the extraordinary incomes from the transfer of Inwatek’s shares in 2018 is excluded. In 2019, no extraordinary incomes were generated for the Company.

2.2 BUSINESS INDICATORS 2019 VS 2018

Unit: billion VND

Indicator	2019	2018	% 2019/2018
Net revenue	1,706.0	1,732.4	98.5%
Cost of goods sold	1,538.6	1,584.8	97.1%
Gross profit	167.4	147.6	113.4%
Financial Income	13.4	34.1	39.4%
Financial Expense	37.9	39.2	96.6%
Selling expenses	0.7	0.8	94.3%
General and administration expenses	85.2	66.7	127.7%
Profit (loss) of the associates	22.3	22.1	100.9%
Net profit from business	79.3	97.0	81.7%
Other profits	2.3	0.5	499.8%
Earnings Before Taxes	81.6	97.5	83.7%
Earnings After Taxes	72.5	83.5	86.8%

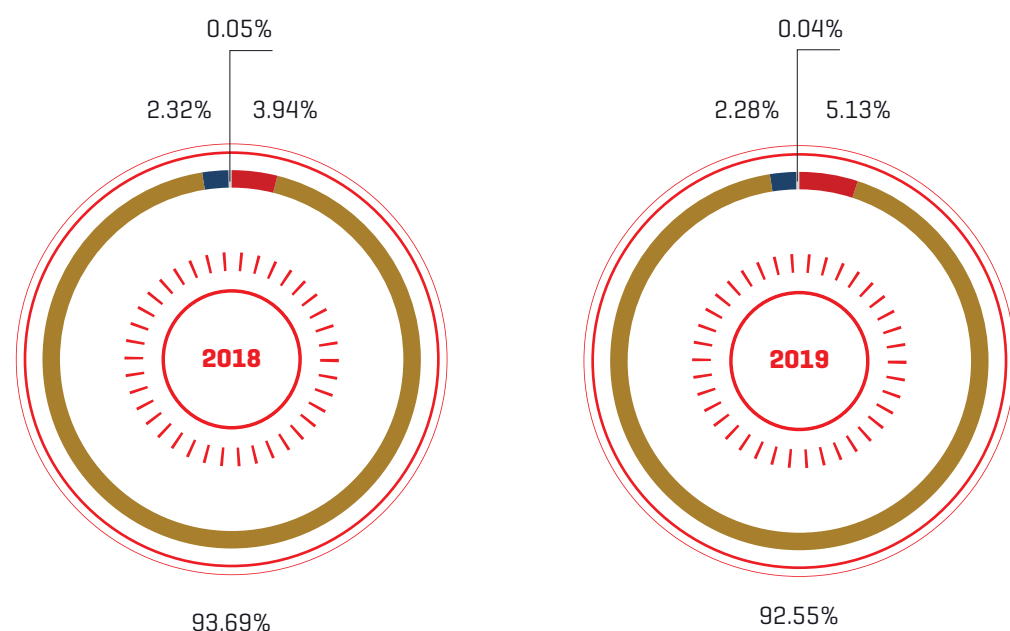
Net revenue structure

Unit: billion VND

Indicator	2019		2018		% 2019/2018
	Value	Proportion	Value	Proportion	
Revenues from M&E, Industrial Refrigeration, Construction and installation	1,668.0	97.77%	1,696.7	97.94%	98.31%
Rent revenue	1.7	0.10%	1.2	0.07%	146.00%
Sales revenue	36.3	2.13%	33.6	1.94%	107.98%
Others	-	0.00%	0.9	0.05%	0.00%
Total	1,706.0	100.00%	1,732.4	100.00%	98.48%

In 2019, the revenue from M&E, industrial refrigeration and construction still accounted for the highest proportion of about 97.8% of the total revenue and was equivalent to 98.3% as compared with 2018. There is a slight reduction in the revenue in 2019 in comparison with 2018 as the Company has screened and selected the projects and customers with the good financial capacity to ensure the performance and

capital safety instead of the “hot” development for revenue maximization. Concurrently, the year of 2019 is also the year when the Company restructured its project management apparatus in accordance with the Holding Company model and changed its revenue structure to improve the performance at the projects for improving the gross profits in the next years.



OPERATIONAL COST STRUCTURE

General and administration expense Cost of goods sold Expenses for financial activities Selling expenses

Operational cost structure

The cost of goods sold always accounts for the highest proportion in the Company's structure of operational costs. In 2019, that proportion was 92.55%, a slight decrease as compared with 2018. The proportion of financial expenses, selling expenses and general and administration expenses were respectively 2.28%, 0.04% and 5.13%.

Profitability

In 2019, the construction and installation activities were under strong price competition. However, the Company has screened and selected the projects and taken new management measures for cost-saving, the gross profits of sales of goods and services increased as compared with 2018. There was a reduction in the Earnings Before Taxes in 2019 as compared with 2018 mainly because the Company did not recognize any extraordinary incomes from the transfer of shares from the long-term investments anymore in 2019.

Debt collections

In 2019, the BOM made many great efforts to radically collect the debts but the outstanding debts have not been fully settled due to various subjective and objective reasons. The BOM cooperated with the financial companies, lawyers and other organizations to seek more effective 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.

In the beginning of 2020, the debt collection from several debtors has made some more progresses. Some units agreed to negotiate to settle their debts through their real estates to the Company.

2.3 IMPROVEMENTS

In the context that the competitiveness is increasing in the industry and the market of real estates and construction is facing many difficulties, the Company still gained relatively positive business results in comparison with the overall situation thanks to the proper orientations in management and operation as well as the continuous efforts of the entire team of employees and close cooperation from both old and new customers.

Especially, SEAREFICO has initially made a success in the transfer of generation in 2019. In the same year, the Company has basically completed the transformation of operational model into the Holding Company. As a result, the year of 2020 is the first year for SEAREFICO to officially come into operation under the model of Holding Company and to become a center of connection, providing the support to the subsidiaries for stronger development in the following years.

Business activities

With the understanding about the trend of the market and clear identification of the key task in 2019 which was transforming the operational model into the Holding Company, the BOM of SEAREFICO did not emphasize the objective of growth in this year. Instead, the Company focused on restructuring the management apparatus, setting up and developing the subsidiaries, enhancing the collection of debts and selecting the projects with the high gross profit rate and the Investors with the good financial situation in order to protect the profit and minimize the arising of bad debts.

The business results of 2019 reflected the expectations of the BOM when the Company achieved all the targets of business set for this year.

Branding & Communication:

Thanks to the enhancement of communication, promotion and recognition of the brand, the Company was received awards such as "Top 5 Best Annual Reports in 2019", "Top 50 Vietnamese's Well-known Brands in 2019", "Top 500 Largest Private Enterprises in Vietnam" in the fifth consecutive year, "Top 50 Vietnam The Best" in the fourth consecutive year, "Top 10 Most Prestigious M&E Contractors in Vietnam in 2019", "Top 500 Best Profit Enterprises in Vietnam in 2019", "European Occupational Health and Safety system Certificate ISO 45001".

Management policy

Continuing the strategic direction of transforming SEAREFICO into the Holding 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.

In 2019, the Company established SEAREFICO E&C with the ownership rate of 99% to transfer the M&E units from the Parent Company into this Joint Stock Company in order to increase the activeness and enhance the role and responsibility of the BOM at the units and help them to work with the customers more directly and then handle with customers' requirements more quickly.

In 2019, the Company also established PHOENIX which specializes in designing and installing the rooftop solar energy projects for industrial zones and developing the automation measures for various fields as aquatics, agriculture and smart automatic refrigerated warehouse.

In addition, SEAREAL with the mission of supporting the core activities of SEAREFICO, partners and customers was set up in 2019. SEAREAL will cooperate with the investors to generate affordable and quality products for the customers; conduct the merger and acquisition with other units in the field of industrial zones; take and promote the advantages of constructing the factories for the customers and provide effective supports to the core activities of the Company in the sectors of E&C, energy and automation.

SEAREFICO has gradually transformed itself into a Holding Company with other companies in the system including the subsidiaries such as ARICO, SEAREE, SEAREFICO E&C, GREENPAN and SEAREAL and associated companies such as PHOENIX and HCC. It continues the M&A with other companies in the same industry in the upcoming time to expand the value chain of SEAREFICO.

In general, the Company has already settled the managerial shortcomings in 2019 and continues to complete this process in 2020. In 2019, the SEAREFICO's cutback of procedures and selection of the qualified sub-contractors to accompany with the Company on the spirit "back to back" have already shown safety and effectiveness in the M&E activities.

The Company had made adjustments to mitigate the risks of late payment from the customers. The Company will sign contracts with the Investor directly and restrict the conclusion of contract with the General Contractors, except when the General Contractors undertake to make payments to SEAREFICO in the feasible forms. In 2020, the Company will consistently continue this orientation.

The Company has also taken measures for controlling the debts since the stage of bidding and has not accepted to take any risks related to the pursuit of turnover. In fact, if the Company had not taken this measure, the Company should have obtained the Signed Contract Value up to 4,000 billion VND in 2019.

Concerning to the policies for the sub-contractors, the Company made a decision to reduce the number of sub-contractors to 3-5 for one project instead of 20 - 30 in the past. The selected sub-contractors must have sufficient financial capacity; have a good reputation and offer "back to back" support to SEAREFICO and Investors.

With the role of the Holding Company, SEAREFICO will continue to make direct investments into the factories or make indirect investments through the M&A activities to improve the supply chain and improve the competitiveness for ensuring the operational safety and expanding the profit zone for increasing the benefits of the shareholders and generating the jobs for the employees.

3. FINANCE

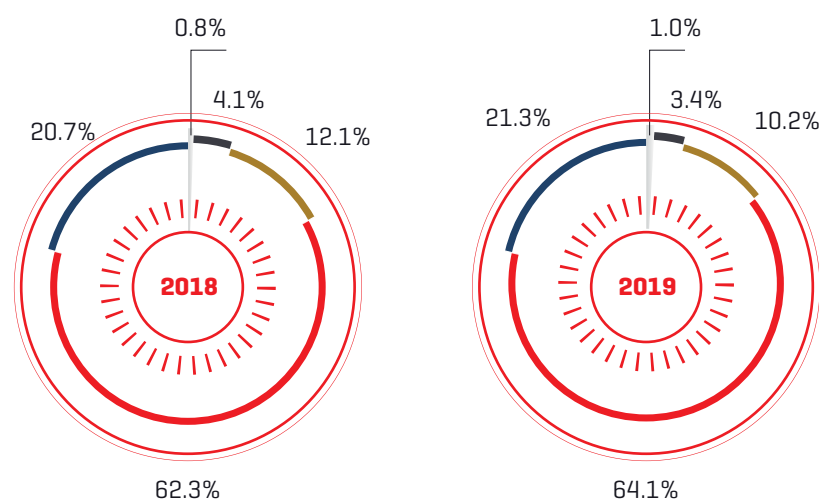
3.1 ASSETS

Unit: billion dong

Indicator	2019	2018	% 2019/2018
Short-term assets	1,490.0	1,349.1	110.4%
Long-term assets	419.7	284.8	147.4%
Total assets	1,909.7	1,633.8	116.9%

Until December 31st, 2019, the total asset reached the value of 1,909.7 billion VND, increasing more 16.9% than 2018. In particular, the short-term assets and long-term ones

remained at 78% and 22% of the total asset structure respectively. This structure remained stably and did not experience any significant changes as compared with the previous year.

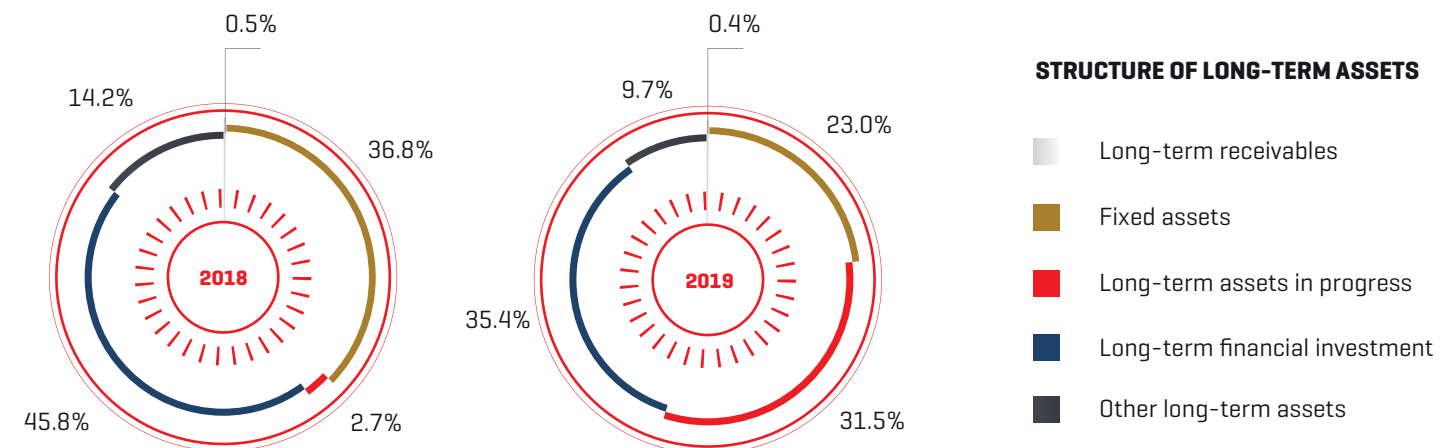


STRUCTURE OF SHORT-TERM ASSETS

- Cash and equivalents
- Short-term financial investments
- Receivables
- Inventories
- Other short-term assets

In the short-term assets, the short-term receivables accounted for 64.1%, followed by the total value of inventory, short-term financial investments and cash and equivalents at 21.3%, 10.2% and 3.4% respectively. The receivables increased contemporarily as the Company focused on identifying their amount at the end of the year. In addition,

the Investors' delay in financial settlement for temporary appropriation of the capital from the Contractors is an especial common issue in the construction and installation industry. When the competition is increasing with more and more competitors, this situation also puts pressures on the procurement and debt collection team.



STRUCTURE OF LONG-TERM ASSETS

- Long-term receivables
- Fixed assets
- Long-term assets in progress
- Long-term financial investment
- Other long-term assets

Concerning to the long-term assets, the long-term financial investments, long-term assets in progress and fixed assets accounted for 35.4%, 31.5% and 23.0% respectively. The rest belongs to other items. In 2019, with the transformation to

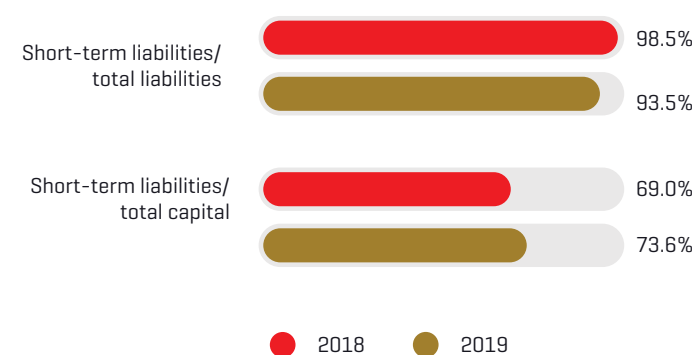
the Holding Company model, SEAREFICO continued to expand and search the M&A opportunities to improve the value chain of the Company and increase the items of investment.

3.2 CAPITALS

Unit: billion dong

Indicator	2019	2018	% 2019/2018
Payables	1,404.7	1,127.1	124.6%
Short-term liabilities	1,313.1	1,110.7	118.2%
Long-term liabilities	91.6	16.4	55.7%
Equity	505.0	506.7	99.7%
Total	1,909.7	1,633.8	116.9%

CAPITAL STRUCTURE



As of December 31st, 2019, the Company's total liabilities was 1,404.7 billion VND, accounting for 73.6% of the total capital. In 2019, the Company continued to use short-term loans with preferential interest rates to replenish the working capital for production and business activities, maximizing the benefits from financial leverage. In the structure of liabilities, the short-term liabilities and long-term ones accounted for 93.5% and 6.5% respectively.

Loans and Interest

Indicator	Unit	2019	2018
Short-term loans	Billion dong	632.3	562.8
Long-term loans	Billion dong	87.0	11.5
Interest expense	Billion dong	37.6	36.9
Interest coverage ratio	Time	3.2	3.6

In 2019, the Company's interest expenses were 37.6 billion VND, a slight increase as compared with 2018. The interest expense-net revenue ratio stood at 2.2%, a slight increase as compared with 2017 [2.1%]. The healthy financial situation together with the position and prestige having been formed over the long development history are advantages for the Company

to access to flexible and preferential loan products from the banks. The interest coverage ratio [Earnings before interest and taxes/interest expenses] in 2019 remained at a good ratio of 3.2 times. Nevertheless, the BOM still put the collection of debts and reduction of interest as a top priority to ensure the smooth cash flow for operation.

4. ORGANIZATIONAL STRUCTURE, POLICIES AND MANAGEMENT IMPROVEMENTS



With the prominent advantages of the Holding Company model such as empowering the subsidiary companies to make more autonomous and broader decisions, the Parent Company only supports and monitors them to improve the performance. SEAREFICO has gradually transformed into the Holding Company model by transferring ARICO Co., Ltd into ARICO JSC; establishing SEAREE, GREENPAN, SEAREAL and SEAREFICO E&C through reception of the M&E sector from the Parent Company. The Company has gradually transformed into the defined structure.

The Company continues to promote and implement the multidisciplinary expansion with the focus on MECHANICAL-ELECTRICAL-REFRIGERATION in the upcoming time. Together with the restructuring process is the establishment of subsidiary companies or the merger and

acquisition of target companies in order to expand the value chain of the Company, increase the profit zone, maximize the profit for the shareholders and generate the jobs for the employees.

In the next strategy, SEAREFICO continues to pursue two objectives:

1. 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;
2. Increase the performance and profit margins for each activity and expand the profit zone of the whole Company in future;



5. FUTURE DEVELOPMENT PLAN

Objectives and orientations 2020

→ Improve the governance, develop and improve the Holding Company model in order to enhance the value of supply chain. The Company will continue to seek opportunities of cooperation with other partners who are working in the field of design and construction of the wastewater supply system, environmental treatment system and air-conditioning system, etc. for forming a closed supply chain.

→ The Company will organize a marketing conference across the entire group in order to improve the sale capacity. The ultimate goal of SEAREFICO is to support and meet the demand of the customers as quickly as possible and become the leading reliable “One Stop Service” destination for the customers.

→ Improve and upgrade the sector of M&E services by focusing on the quality and taking a lead in technology; continue to arrange and restructure the M&E sector in accordance with the orientations implemented in 2019 in order to promote efficiency in 2020.

→ Focus on the intelligent technology, automation and target the segment where there are customers with the high technical requirements; implement the projects for production of environment-friendly green construction materials effectively.

→ Concentrate the resources for developing and expanding the production of two newly-established companies, namely GREENPAN and PHOENIX to raise the proportion of production to 40-50% of the total revenue in 2020-2021.

→ Conduct the issuance of shares to the strategic partners to increase their capital for more investment into the sector of energy, automation and construction materials with the estimated investment of around 15 billion USD.

→ Continue to deal with the outstanding issues in the collection of debts.

→ Implement the motto “People go first” by organizing the training for, practicing and challenging the team of successors in preparation for the development phase of the Company in future.

2020 Targets

Indicator	Unit	2020 plan
Signed Contract Value	Billion VND	2,500
Revenue	Billion VND	2,000
Earnings Before Taxes	Billion VND	100
Earnings After Taxes	Billion VND	86
% Dividend/expected par value	%	15

[*] The plan of 2020 has not accounted for the impact of COVID-19

In 2020, it is expected that the M&E and real estates markets shall have not recovered. In face of the market difficulties, the Company focuses on restructuring its management apparatus, improving the quality of project management and selecting the projects with the clear financial resources to ensure the capital safety. The Company should not focus on the pursuit of revenue rather than profitability.

The 2020 plan is to increase 17% for the revenue and 18% for the Earnings After Taxes as compared with 2019. A greater profit growth than the revenue growth, equivalent to the higher profit margin is

attributed to production activities with the high content of high-technology conducted in accordance with the orientations prepared by the Company over the previous years for diversifying the revenue structure and expanding the operational field and profit zone.

Once GREENPAN’s sector of green materials comes into operation, it promises to become one of the major driving forces for the Company’s growth since 2020 onwards. The sector of solar energy from PHOENIX also promises to make a contribution to the growth of the Company.

6. BOM’S EXPLANATIONS ABOUT THE AUDITING OPINIONS

None.

1. BUSINESS ASSESSMENT OVERALL

The year of 2019 is the first year for SEAREFICO to mark the transformation of operational model into the Holding Company. Despite many difficulties in the transfer of generation and initial organization of operation under the new model, the Company kept stability in the business results in 2019 and gained many very encouraging results in the context that the market of construction and real estates face the plunge thanks to the determination of the BOD and the BOM.

The 2019 Consolidated results:

Unit: billion dong

Indicator	2019 plan	2019 Implementation	Implementation/ plan
Signed Contract Value	2,100.0	2,412.4	114.9%
Revenue	1,700.0	1,706.0	100.4%
Earnings Before Taxes	80.0	81.6	102.0%
Earnings After Taxes	70.0	72.5	103.5%

In 2019, the Company’s Signed Contract Value were more than 2,400 billion VND and exceeded the plan. It is also the highest-ever amount of contracted values during the development progress of SEAREFICO. The revenue, Earnings Before Taxes and Earnings After Taxes were 1,706 billion VND, 81.6 billion VND and 72.5 billion VND respectively and all three indicators completed the planned targets.

The above achievements come from the creation and nurture of core values throughout the 30-year operational history. SEAREFICO’s competitive advantages are attributed to

- 1

A system of factories in HCMC and Da Nang which help the Company to assume the all-in-one package from design, construction and installation to operation of equipment and systems;
- 2

Construction capacity in the sector of M&E, industrial refrigeration with more than 30 years of experiences;
- 3

Healthy, stable and transparent financial situation for ensuring the business, operation and investment activities, good compensation and benefit regime for the employees;
- 4

Pioneer in investment into and application of modern technologies into production and management and regular improvement for enhancing the quality of services and products.

Investment:

The PIR [Polyisocyanurate] Pannel Factory



The Company completed the implementation of the investment project for producing the green and environment-friendly construction materials characterized with thermal insulation, sound-proofing, moisture insulation and especially fire-resistance. This unbaked material gradually replaces the traditional baked materials, helping to reduce the greenhouse gas emissions and environmental pollution as well as save the construction time and costs for industrial and civil works.

The project shall have been completed and come into official operation by April 2020. It promises to help SEAREFICO to expand its profit zone and profit margin and enhance the competitive advantages in the sector of manufacturing and construction.

2. BOD’S EVALUATIONS OF THE BOM

Remarkable points

Facing with the difficulties of the market in 2019, the Company’s BOM has adjusted their business activities timely to adapt to the market fluctuations. The spirit of solidarity and determination to surmount the difficulties helped the Company to fulfill the targets of sales, revenue and profit and ensure the dividend rate of 15% of the par value set by the shareholders and the BOD.

The production and business results in 2019 made a contribution to bringing the prestigious prices to SEAREFICO such as:	Top 50 Vietnam The Best	Top 5 Annual in 2019 Best Report	Achieving the European Occupational Health and Safety Standard Certificate - ISO 45001
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The above achievements show that the BOM’s efforts deserve recognition in the context that market faces many difficulties. The BOM has already made timely and proper decisions to help the Company to stabilize its transparent and healthy financial situation and ensure stable production and business activities in order to generate the job and ensure the deserving benefit and compensation regime for the employees.

The year of 2019 is the first year for SEAREFICO to operate under the Holding Company model. In spite of many new things in the management of this model, the BOM has already made changes to strengthen the management apparatus and the Company has initially promoted its role as a center to connect the satellites in the system of SEAREFICO HOLDING.

The Company has organized many activities for the subsidiaries to enhance increase the understanding and sharing of experiences and positive thinking and provide mutual supports to build up the developed culture.

With the strong determination to become the No. 1 company in applying the modern technologies into management and production to make a contribution to bring “Made in Vietnam” products into the world’s top products, the Company has made an investment into the most advanced continuous production line with 100% synchronous Italian equipment without hesitation to produce the lightweight unbaked construction materials. It promises to become one of the core sectors of SEAREFICO and makes an important contribution to the revenue and profit of the whole Company in the period 2020 – 2030.

Points of improvements

Despite many great attempts and strong determination for collection of debts, the outstanding debts have not been able to settle radically. The BOM should take more effective measures like controlling the debt since the stage of contract negotiation and conclusion and during the process of construction to control the debt more timely and protect the benefits of the Company.

The Company made an initial success in ensuring inheritance on the spirit of consensus and unity. However, there are many works ahead for the Company to do in order to ensure that the goals are on track. An important mission is to build up the capacity of the team in par with the new duty with the higher and more challenging objectives. It is important to focus on opening the career development opportunities and adequate incomes for the “HEARTED, VISIONARY AND TALENTED” individuals, eradicate the “easy to appear” departmentally, regionally and occupationally-localized thinking and ensure that the entire system and the employees of the Company aim to the common benefit of “ONE SEAREFICO”.

As the Company has officially operated under the Holding Company model, each decision made by the BOM could affect hundreds of people in the past and now may impact thousands of people. Learning with the humble attitude and on the progressive spirit to improve their leadership capacity, expand the vision and improve the adaptability to the changes

is not only an instruction from the heart but also the most essential requirement for the highest leadership positions in the Company.

It is actually a daily concern that the speed has not been fast and the performance has not been high. The BOM of the Company needs to boldly step out of the “comfort zone” to take more courageous and radical actions to make and lead the change as well as seek new opportunities for SEAREFICO in the next journey.

So far, the Company has been given the highest level of credit-ranking. However, it is an important moment of transformation that the Company must increase the capital to speed up when facing the pressure of increasing the revenue and profit, many opportunities for investment into the fields where the Company either has potentials or advantages and the demand for M&A to improve the supply chain. Therefore, the BOM of the Company should develop an optimal capital mobilization plan to take advantage of the Company's strengths and market opportunities to maximize benefits for Shareholders.

3. ORIENTATIONS AND BOD’S PLANS

Short-term plan

- Achieve 2,500 billion VND for the sales, 2,000 billion VND for the revenue and 100 billion VND for the Earnings Before Taxes in 2020 (the plan of 2020 has not accounted for the impact of COVID-19);
- Continue to improve the management and organization structure of the Company under the Holding Company model;
- Seek the appropriate strategic partner, issue the shares for increasing the charter capital and meeting the demand for investment to raise the proportion of production and improve the supply chain.

Long-term orientations

- Develop the modern and professional working environment and continue the orientation of bringing the Company into TOP 100 Best workplace in Vietnam by 2022;
- Continue to improve the contemporary management system, improve the qualifications and leadership capacity to speed up the development process. All the activities of the Company target 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;
- Expand and diversify the production of green and environment-friendly materials, make the technological and technical breakthroughs and continue to complete and improve the value chain for the Company’s business and production activities;
- Optimize the Company’s resources, give autonomy to the subsidiaries and increase the benefits of the shareholders through expansion of the profit zone and profit margins for the core activities of the Company;
- Continue to train and develop the succession team in accordance with the multilayer system to prevent the Company from any personnel risks and ensure the availability of human resources to succeed and complete the more challenging missions in future.



III – THE INSPECTION COMMITTEE REPORT

1. MEMBERS STRUCTURE



NGUYEN CHAU TRAN
Head of the Committee

Date of appointment: 25/4/2019
Amount of share held: 100
Ownership rate: 0.0003%



BUI VAN QUYET
Member

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



DUONG THI KIM THOA
Member

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



2. OPERATION OF THE INSPECTION COMMITTEE IN 2019

In 2019, the Inspection Committee organized six (06) meetings with the specific contents as follows:

No.	Date of meeting	Description	Results
First time	28/03/2019	Inspecting the audited financial statements of 2018	The members of Inspection Committee agreed with the audited financial statements
Second time	18/04/2019	Evaluating the operational results of the Inspection Committee, BOD and BOM in 2018 and endorsing the documents to be submitted to the General Meeting of Shareholders	The members of the Inspection Committee agreed with the reports of the Inspection Committee, BOD and BOM and other documents for submission to the General Meeting of Shareholders
Third time	25/04/2019	Electing the Head of the Inspection Committee for the period 2019-2023	It is agreed to elect Mr. Nguyen Chau Tran as the Head of the Inspection Committee for a period 2019-2023
Fourth time	07/05/2019	Assigning the tasks in the Inspection Committee for the period 2019-2023	The members of the Inspection Committee clearly understood and agreed with the table of assignments
Fifth time	27/08/2019	Inspecting the financial statements of Quarter II/2019 and evaluating the operation of the Inspection Committee, BOD and BOM for the first half of 2019 and evaluating the implementation of the contents and indicators endorsed by the General Meeting of Shareholders	The members of the Inspection Committee agreed with the financial statements of Quarter II/2019 (of the Parent Company and the consolidated financial statements)
Sixth time	27/11/2019	Inspecting the financial statements of Quarter III/2019 and evaluating the operation of the Inspection Committee, BOD and BOM for the first nine months of 2019	The members of the Inspection Committee agreed with the financial statements of Quarter III/2019 (of the Parent Company and the consolidated financial statements)

The Inspection Committee developed the plan for 2019 and for the period 2019-2023 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's decisions for the Company's operations;

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 or/and decision made by the BOD;

The representatives of the Inspection Committee fully participated in the BOD meetings, provided comments for the issues raised at

the meetings and considered appropriateness of the resolutions and decisions for management made by the BOD and the BOM;

Work with the auditing company and 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 or subsidiaries like SEAREE and ARICO;

In 2019, the Inspection Committee cooperated with the Internal Inspection Committee of the Company to conduct compliance control and quality control at the projects including Riviera Point, Van Lang University, Oncology Hospital and Vinagame.

3. THE EVALUATION OF BUSINESS RESULTS & EXECUTION OF THE 2018 AGM RESOLUTIONS

3.1 THE MAJOR INDICATORS' RESULT

No	Indicator	Unit	2019	2018	% 2019/2018
1	Total assets	Billion dong	1,909.7	1,633.8	116.9%
2	Equity	Billion dong	505.0	506.7	99.7%
3	Net revenue	Billion dong	1,706.0	1,732.4	98.5%
4	Earnings Before Taxes	Billion dong	81.6	97.5	83.7%
5	Earnings After Taxes	Billion dong	72.5	83.5	86.8%

Evaluation

Revenue, profit and other financial indicators:

In 2019, the consolidated revenue of the whole Company was 1,706 billion VND, reaching 100.4% of the plan and equivalent to 98.5% as compared with 2018. The Earnings Before Taxes was 81.6 billion VND, exceeding 2% as compared with the plan and equivalent to 83.7% of the Earnings Before Taxes in 2018.

Other financial indicators: The solvency-related indicators stood at the level above 1 which means that the solvency was guaranteed. The profitability and operational capacity remained high and stable with the insignificant fluctuations as compared with the previous year.

Dividend payment:

In May 2019, the Company made the final payment for dividends for the financial year of 2018 at 8% of the par value in accordance with the resolution of the General Meeting of Shareholders, raising the total dividend payment rate in this financial year to 15% of the par value.

In January 2020, the Company provided the first advance of dividends for the financial year of 2019 at 7% of the par value.

Remuneration of BOD and the Inspection Committee

The remuneration paid to the BOD and the Inspection Committee in 2019 were 1.56 billion VND and 0.37 billion VND respectively. The total of the remuneration for the BOD and the Inspection Committee reached 1.93 billion VND, not exceeding the limit of 2 billion VND set by the resolution made by the Annual General Meeting of Shareholders of the financial year of 2018.





3.2 RESULTS OF INSPECTION REPORTS OF BOD AND BOM

The BOD and BOM organized meetings and issued the resolutions and decisions timely to serve the business of the Company and fully complied with the provisions of law in management and operation. The members of the BOD and the Board of General Director performed their functions and mandates well in accordance with the Charter and Resolution of the General Meeting of Shareholders.

The internal control system has operated effectively and the inspection reports ensured transparency and honesty as well as provided many recommendations for the BOD and the BOM to conduct their management effectively, mitigate the risks and comply with the provisions of law and Charter of the Company.

The Chief Executive Officer has fully and seriously implemented the Resolutions of the BOD as well as strictly complied with the state regulations and policies in management of business and production

The Chief Executive Officer has sufficient experiences for management and operation of the Holding Company. However, such objective impacts from changes in the macroeconomic policies, increasing interests, price competition among the competitors, etc. caused significant challenges for her management and operation.

The financial statements of the Company have been complied with the auditing standards and regimes of Vietnam. The accounting books have been organized, recorded and kept and the financial statements have been prepared timely and adequately in according with the regulations. Disclosed information about the financial situation has been published transparently that met the requirements of the concerned agencies and investors timely. The Inspection Committee agreed with the data in the audited financial statements.

3.3 OPERATION SHORTCOMINGS:

Apart from the achievements, the company also faced several difficulties and shortcomings in 2019 as follows:

- The gross profits of the projects have tended to decrease because there was an increasing pressure of competition and the large projects were forced to offer competitively low prices to win the bidding and accept late payments.

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 and other provisions of the laws.

Cooperation between the Inspection Committee, 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 Inspection Committee.

The invitations to the meetings held by the BOD and relevant documents were sent to the Inspection Committee fully and timely as regulated. The Inspection Committee fully participated in the meetings of the BOD and discussed and commented the issues raised and endorsed at these meetings.

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

The Inspection Committee 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 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.

4. CONCLUSION AND RECOMMENDATION

In the financial year of 2019, the Company basically accomplished the content of the Resolution approved by the General Meeting of Shareholders and maintained the strong financial situation. The Inspection Committee, BOD and BOM have performed their functions and responsibilities well in accordance with the Corporate Law, the company's Charter and the governance regulations.

Several recommendations are made by the Inspection Committee in order to develop and perform the Resolutions of the General Meeting of Shareholders in the financial year of 2020 as follows:

The Company's core activities have been facing many difficulties because there is great pressure of competition and the gross profit rate tends to reduce and remains at a low level. Therefore, it is recommended that the BOD and the BOM should promote the transformation of operational model into the Holding Company model, seek the opportunities for investment and expansion of cooperation as well as promote the expansion of the business sectors and scope in the sustainable and effective manner.

In tender activities, it is necessary to select the projects with the sufficient legal procedures, reputable Investors and clear funding sources to mitigate the legal and financial risks; control both bid prices and cost prices to ensure the appropriate gross profit rate and restrict the competition of prices which are offered to win the bid but it has a low gross profit rate; promote the timely project settlement and strictly control the accounts receivable since the stage of bidding and construction process.

On January 7th, 2020, Mr. Koji Sakate submitted a letter of resignation from the position of independent BOD' member, resulting in a shortfall of independent BOD' members as compared with the regulations. It is recommended that the BOM should submit a proposal to the General Meeting of Shareholders to elect another member in the annual General Meeting of Shareholders for the financial year of 2019.





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PAGE IV CORPORATE GOVERNANCE

In accordance with the F1 rules, each automobile engine must be designed properly based on the F1's principles and standards. Any races have their own rules to standardize all the phases seriously in accordance with the appropriate sequence. If the Company wants the corporate governance to operated smoothly, quickly and accurately, it needs to have a solid system of policies, regulations and principles of overall governance and a soft system that is a team of unanimous, sympathetic and conscientious employees who are ready to implement and comply with these policies, regulations and principles. The corporate governance will reach a higher level when SEAREFICO's employees cooperate and coordinate with each other smoothly and eliminate the internal obstacles to target the finish line ahead

1. CORPORATE GOVERNANCE

1.1 MEMBERSHIP AND STRUCTURE

Full name	Position	Amount of shares held	Equity/ Charter capital rate
Le Tan Phuoc	Chairman of the BOD	858,908	2.64%
Nguyen Huu Thinh	Member of BOD	1,089,170	3.35%
Ryota Fukuda	Member of BOD	0	0%
Koji Sakate	Member of BOD	0	0%
Nishi Masayuki	Member of BOD	0	0%
Lee Men Leng	Member of BOD	0	0%

1.2 SUB-COMMITTEES UNDER THE MANAGEMENT OF THE BOD

At present, the BOD has not established any sub-committees under the Board.

1.3 OPERATION OF THE BOD

The Chief Executive Officer makes periodical reports on the Company's operation and upcoming plans for the BOD to monitor and supervise the Company management results. In 2019, the BOD met directly and voted on the issues through opinion cards for issuing the Resolution and Decision.

In 2019, the BOD organized 9 meetings as follows:

BOD's member	Position	Number of meetings BOD attended	Rate of attendance	Reason for absence
Le Tan Phuoc	Chairman	9/9	100%	
Nguyen Huu Thinh	Member	9/9	100%	
Ryota Fukuda	Member	9/9	100%	
Koji Sakate	Independent member	5/9	56%	Being appointed since April 25 th , 2019. Submitting the letter of resignation on January 7 th , 2020
Nishi Masayuki	Independent member	5/9	56%	Being appointed since April 25 th , 2019
Lee Men Leng	Member	4/9	44%	Being appointed since April 25 th , 2019
Yoshinobu Tamura	Member	3/9	33%	Resigning from the position since April 25 th , 2019
Nguyen Thanh Son	Member	4/9	44%	Resigning from the position since April 24 th , 2019
Nguyen Diep Bich Huong	Independent member	4/9	44%	Resigning from the position since April 24 th , 2019

and issued the Resolutions and Decisions as follows:

No.	Reference No. of Resolutions	Date	Description
01	001/NQ/HDQT/19	11/02/2019	Approval for the workplan for the financial year of 2019
02	002/NQ/HDQT/19	12/02/2019	First advance of dividends of 2018 in cash
03	003/NQ/HDQT/19	06/03/2019	Approval for the plan for organizing the annual General Meeting of Shareholders for the financial year of 2018
04	004/NQ/HDQT/19	25/04/2019	Election of Mr. Le Tan Phuoc to the Chairman of the BOD for the period 2019-2023
05	005/NQ/HDQT/19	07/05/2019	Payment of the dividends at the end of 2018 in cash
06	006/NQ/HDQT/19	24/06/2019	Selection of an independent auditor for the financial years of 2019, 2020 and 2021
07	007/NQ/HDQT/19	22/07/2019	Adjustment and updating of the registered business sectors and authorization for the Chief Executive Officer to conduct the relevant activities related to the increase of foreign investors' ownership rate to 100%
08	007A/NQ/HDQT/19	29/08/2019	Approval for decentralization for approval of the investment limits
09	007B/NQ/HDQT/19	29/08/2019	Clearance of debts with the real estates
10	008/NQ/HDQT/19	30/09/2019	Approval for the collection of written opinions from the shareholders
11	008A/NQ/HDQT/19	28/11/2019	Appointment of the capital representative at SEAREFICO E&C
12	009/NQ/HDQT/19	29/11/2019	Advance of the dividends at the beginning of 2019
13	010/NQ/HDQT/19	29/11/2019	Approval for the workplan for the financial year of 2020
14	011/NQ/HDQT/19	29/11/2019	Updating the budget for implementation of the PIR project in phase 1 and approval for the investment policy for the Rockwool project
15	012/NQ/HDQT/19	29/11/2019	Appointment of the capital representative at the HCC
16	013/NQ/HDQT/19	29/11/2019	Appointment of the capital representative at the SEAREAL
17	014/NQ/HDQT/19	29/11/2019	Approval for the plan of selling the treasury sharest



No.	Reference No. of the Decisions	Date	Description
01	01 -> 20/QD/HDQT/19	25/01/2019	Decisions for rewards for the first period
02	21/QD/HDQT/19	25/01/2019	Dismissal of Mr. Tran Bao from the position of the Director of International Business Unit
03	22/QD/HDQT/19	25/01/2019	Appointment of Mr. Ho Si Thang to the position of the Director of International Business Unit
04	22A/QD/HDQT/19	11/02/2019	Assignment of the tasks in the workplan of 2019
05	23/QD/HDQT/19	18/02/2019	Dismissal of Mr. Phan Ha Binh from the position of the Director of Construction Support Unit
06	24/QD/HDQT/19	18/02/2019	Appointment of Mr. Tran Minh Tan to the position of the Director of Construction Support Unit in SEAREFICO
07	25/QD/HDQT/19	29/03/2019	Transferation of 100% profit in 2018 to the parent company
08	26 -> 38/QD/HDQT/19	08/04/2019	Decisions for rewards for the final period
09	39/QD/HDQT/19	23/04/2019	Dismissal of Mr. Nguyen Chau Tran from the position of the Chief Accountant at SEAREFICO
10	40/QD/HDQT/19	23/04/2019	Appointment of Mr. Vuong Tran Quoc Thanh to the position of the Chief Accountant at SEAREFICO
11	41/QD/HDQT/19	25/04/2019	Appointment of Ms. Nguyen Thi Thanh Huong to the position of the Chief Executive Officer for the period 2019 - 2023
12	42/QD/HDQT/19	26/04/2019	Appointment of Mr. Nguyen Chau Tran to the position of the Head of Internal Inspection Committee at SEAREFICO
13	42A/QD/HDQT/19	29/04/2019	Change of the legal representative from Mr. Le Tan Phuoc to Ms. Nguyen Thi Thanh Huong
14	43/QD/HDQT/19	02/05/2019	Appointment Ms. Do Thi Thanh Thao to the position of the Secretary for the BOD at SEAREFICO
15	44/QD/HDQT/19	15/05/2019	Relation of the transactions of the Company, Company branches and Subsidiaries
16	46/QD/HDQT/19	16/07/2019	Proposal for buying the land/factory at the Industrial Zone in the North or M&A with the companies having the ownership at the land/factory in the North
17	47/QD/HDQT/19	31/07/2019	Issuance of the code of conduct for SEAREFICO
18	47A/QD/HDQT/19	09/08/2019	Decision of Ms. Nguyen Thi Thanh Huong for business trip in Italy

No.	Reference No. of the Decisions	Date	Description
19	48/QD/HDQT/19	14/08/2019	Approval for the purchase of shares for the insufficient portion of contribution capital at SEAREE
20	49/QD/HDQT/19	29/08/2019	Appointment of the capital representative at GREENPAN
21	50/QD/HDQT/19	05/09/2019	Establishment of E&C
22	51/QD/HDQT/19	05/09/2019	The contributing capital for establishing SEAREFICO E&C
23	52/QD/HDQT/19	05/09/2019	Appointment the capital representative at SEAREFICO E&C
24	53/QD/HDQT/19	05/09/2019	Establishment of SEAREAL
25	54/QD/HDQT/19	05/09/2019	The contributing capital for the establishment of SEAREAL
26	55/QD/HDQT/19	05/09/2019	Appointment of the capital representative at SEAREAL
27	56/QD/HDQT/19	11/11/2019	Establishment of Vote-counting Committee responsible for collecting the written opinions from the shareholders
28	57/QD/HDQT/19	28/11/2019	Relation of the transactions of the Company, Company Branches and Subsidiaries
29	58/QD/HDQT/19	16/12/2019	Transferration of the profit of 6 months of 2019 from SEAREE to the parent company
30	59/QD/HDQT/19	18/12/2019	Reduction for the debt of the Investment and Construction Development JSC (Investco)



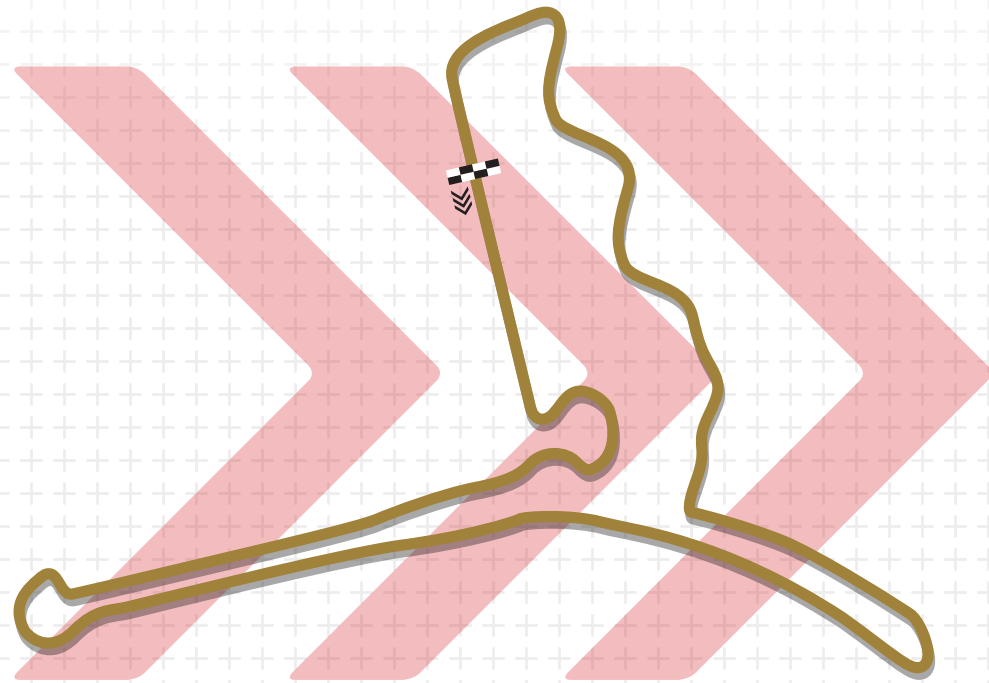
Operation of Independent members of the BOD

Independent members of the BOD participates in the BOD activities by attending the BOD meetings or voting the issues via the opinion cards.



1.4 LIST OF MEMBERS OF THE BOD HOLDING THE CORPORATE GOVERNANCE CERTIFICATE AND LIST OF MEMBERS PARTICIPATING THE CORPORATE GOVERNANCE PROGRAMS IN THE YEAR

- Some members of the BOD and the Inspection Committee graduated the MBA program.
- Additionally, members regularly study and enhance the corporate governance knowledge via updating legal documents of corporate governance.



2. TRANSACTIONS, COMPENSATIONS AND BENEFITS OF THE BOD AND THE INSPECTION COMMITTEE

2.1 SALARY, BONUS, COMPENSATIONS AND BENEFITS

No.	Full name	In 2019 (VND/year)
I	Board of Directors	1,560,000,000
1	Le Tan Phuoc	320,000,000
2	Nguyen Huu Thinh	280,000,000
3	Ryota Fukuda	240,000,000
4	Koji Sakate	160,000,000
5	Nishi Masayuki	160,000,000
6	Lee Men Leng	160,000,000
7	Yoshinobu Tamura	80,000,000
8	Nguyen Thanh Son	80,000,000
9	Nguyen Diep Bich Huong	80,000,000
II	Inspection Committee	372,000,000
1	Nguyen Chau Tran	120,000,000
2	Bui Van Quyet	124,000,000
3	Duong Thi Kim Thoa	64,000,000
4	Lam Hoang Vu Nguyen	32,000,000
5	Do Trong Hiep	32,000,000
Total		1,932,000,000

2.2 SHARES TRANSACTIONS OF THE INTERNAL SHAREHOLDERS

Transactor	Relationship with the internal shareholders	Amount of shares held at the beginning of the period		Amount of shares held at the end of the period		Reason for increase and decrease
		Amount	Rate	Amount	Rate	
Nguyen Thanh Son	BOD member	7,836,300	24.11%	1,336,300	4.11%	Selling shares



2.3 CONTRACTS OR TRANSACTIONS WITH THE STAKEHOLDERS

Name of individual / Organization	Relationship with the company	Address / Headquarter	Means of transaction
SEAREE	Subsidiary	Road no. 10, Hoa Khanh Industrial Zone, Lien Chieu District, Da Nang City	Provision of construction services
ARICO	Subsidiary	Lot 25 - 27, Trung Tam Street, Tan Tao Industrial Zone, Tan Tao Ward, Binh Tan District, Ho Chi Minh City	Receipt of interests, Interest expenses, Purchase of construction services, Other services
GREENPAN	Associated company	Lot 25 - 27, Trung Tam Street, Tan Tao Industrial Zone, Tan Tao Ward, Binh Tan District, Ho Chi Minh City	Provision of other services
HCC	Associated company	Lot 9, Pham Van Dong Street, Thua Thien Hue Province,	Receipt of dividends, Purchase of construction services
PHOENIX	Associated company	Lot 25 - 27, Trung Tam Street, Tan Tao Industrial Zone, Tan Tao Ward, Binh Tan District, Ho Chi Minh City	Sale of goods
FORMTEK	Stakeholder	Waseco Building, 10 Pho Quang, Ward 2, Tan Binh District, Ho Chi Minh City	Purchase of goods and construction services
INWATEK	Stakeholder	Waseco Building, 10 Pho Quang, Ward 2, Tan Binh District, Ho Chi Minh City	Interest incomes

Detail of transactions

Stakeholder	Relation	Description	2019 (VND)
Revenues from sales and services			
SEAREE	Subsidiary	Construction services	124,997,828,918
SEAREE	Subsidiary	Other services	5,150,141,028
SEAREE	Subsidiary	Sale of equipment and instruments	147,228,055
GREENPAN	Associated company	Other services	49,466,666
PHOENIX	Associated company	Goods	68,654,055

Detail of transactions

Purchase of services	Relation	Description	2019 (VND)
Purchase of services			
HCC	Associated company	Construction services	6,655,332,107
SEAREE	Subsidiary	Construction services	195,534,157,283
SEAREE	Subsidiary	Other services	4,228,306,760
ARICO	Subsidiary	Construction services	2,166,443,141
FORMTEK	Stakeholder	Construction services	10,830,666,691
FORMTEK	Stakeholder	Goods	998,823,126
Others			
HCC	Associated company	Receipt of dividends	8,232,840,000
ARICO	Subsidiary	Interest incomes	12,950,914
ARICO	Subsidiary	Interest expenses	144,055,555
ARICO	Subsidiary	Receipt of dividends	18,480,000,000
ARICO	Subsidiary	Loans	15,000,000,000
SEAREE	Subsidiary	Receipt of dividends	5,082,500,000
SEAREE	Subsidiary	Capital contribution	4,183,870,000
SEAREE	Subsidiary	Loans	19,465,000,000
GREENPAN	Associated company	Capital contribution	9,000,000,000
FORMTEK	Subsidiary	Capital contribution	1,900,000,000
INWATEK	Stakeholder	Interest incomes	658,643,288

2.4 IMPLEMENTATION OF THE CORPORATE GOVERNANCE REGULATIONS

The Company has joined the stock market since 2009 and maintained the updating of the regulations promulgated by the State Securities Commission and seriously applied these regulations for internal management in the Company.

The Company's management reports have been sent to the State Securities Commission and Ho Chi Minh Stock Exchange and published on the Company's website in accordance with the regulations.

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PAGE V SUSTAINABLE DEVELOPMENT REPORT

In a new decade, SEAREFICO steadfastly aims to take a leader in the field of science, engineering and technology, pioneer for technological renovations to generate the “Made in Vietnam” products. The team started the process of transformation from the aspiration of amazing races to make a leap with the cutting-edge technologies. The most attractive element of F1 is the rich variation of the track. Therefore, SEAREFICO has constantly explored and renewed itself with the new faces in order to fulfil the mission “Constant improvements to make the best products and services”. And, we commit “Today is better than yesterday and tomorrow is better than today”.





1. FOUNDATION FOR SUSTAINABLE DEVELOPMENT

“

Over 20 years after equitization, SEAREFICO has made proud achievements and become one of the leading contractors specializing in designing, constructing and supplying the equipment in the sector of M&E and industrial refrigeration in Vietnam.

”

Inheriting these values, SEAREFICO has continued to focus on developing the products with the high scientific and technological content like production of green and environment-friendly construction materials, automatic and renewable energy etc. when transforming the operational model into the Holding Company. The Company has strived to generate high-quality and long-lasting products to perform the mission of bringing the highest values to the customers and partners and contribute to the overall national development.

1.1 HUMAN DEVELOPMENT – BUILDING THE CORE ELEMENT

SEAREFICO always considers the development of the company in parallel with the development of each employee in the company. We think that human being is a central element to connect all other resources and determine the prosperous and sustainable development of the enterprise. For this reason, strengths will be created by building up a strong team of the employees and designing the personnel structure appropriately to select the right people for right jobs at the right moment.

Our Company is a reputable recruiter for which talented candidates always desire to apply. Each day, we are striving to turn our company into the best workplace where each person feel secured and is motivated and inspired to be more creative and to open their potentials for more comprehensive development in order to make SEAREFICO become a continuously developing environment in the journey of sustainable development.

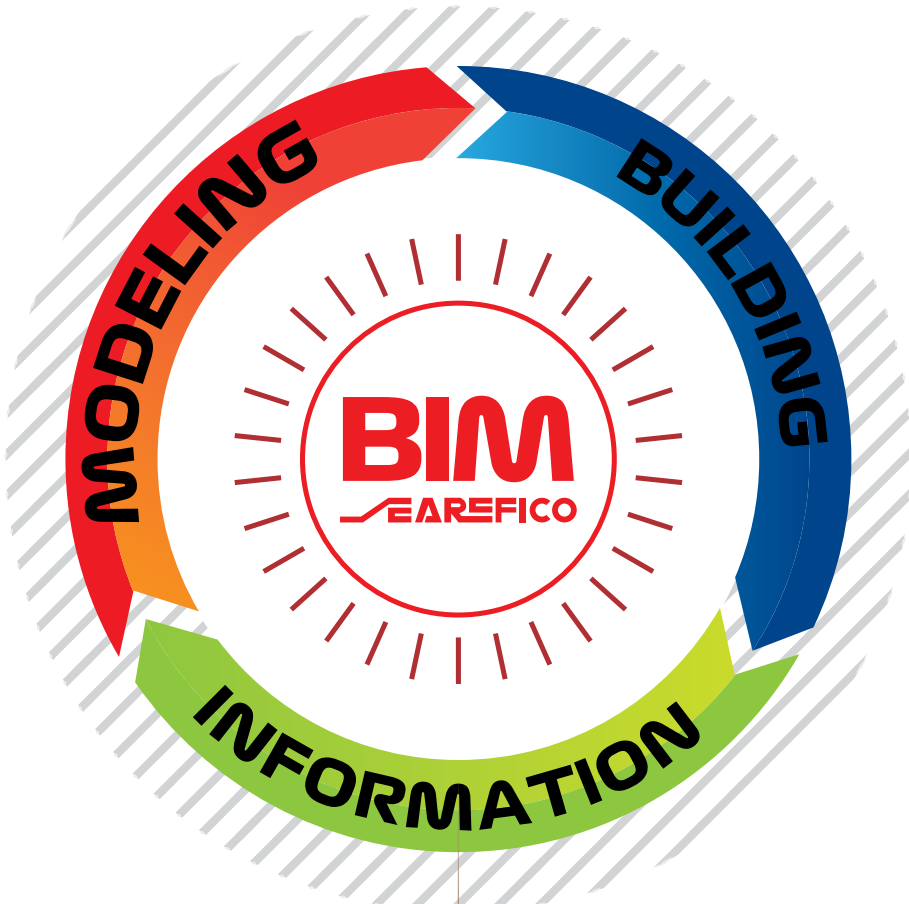




1.2 CATCH THE TREND – INCREASE THE COMPETITIVE CAPACITY

SEAREFICO is a leader in research and application of BIM in M&E design and construction, enabling SEAREFICO to complete buildings with high quality as committed, bringing confidence to Employers, Partners and Customers.































Under pressure of ensuring the progress, quality and cost of the project; BIM becomes the optimal solution which combines design - construction - operation and brings about a variety of benefits:



- Design benefits:**
 - Visualize each stage in the design process through vivid visuals.
 - Control the model by parameters, ensure the appropriate construction relationship in reality, indicate errors (if any) right on the model.
 - Provide full information on assessment, construction performance analysis. Allow estimation and selection of the optimal plan for the existing budget prior to actual construction.
- Construction and installation benefits:**
 - Visualize the entire process and actual construction progress.
 - Detect system touches, reduce errors of design teams and construction teams by means of advance warning systems.
 - Better control of budget and actual cost
- Operation benefits:**
 - The complete model provides an accurate source of information about the space and the system which have been built up, provide useful support for management and operation.
 - Connect material date and labor costs in ERP to quantity in BIM model to automatically generate a cost estimation. Also, it quickly helps to choose the optimal plan.

Method comparision	Conventional method	New method
Application of technology	CAD Tool [Autocad]	BIM Tools [Revit, Naviswork,...]
Implementation procedure	Traditional Design Process [work volume concentrates on Construction Documents phase]	Integrated Design Process [work volume concentrates on Schematic Design and Design Development phases]
Product	2D projection	Smart 3D model containing documents, geometric and non-geometric information in each work components for exploitation

Results proved that

Benefits of new methods	Employer	Design/management Consultant	Contractor
1. Easily create and approve construction design documents.			
2. Minimize design errors.			
3. Optimize design and construction due to good coordination between related constraints [drawing Coordination].			
4. Avoid waste of materials and labor due to repair and rework.			
5. Better understand the design plans due to high visualization.			
6. Reducing risks [in construction] related to design and purchase.			
7. Easy to review and approve drawings.			
8. Check and evaluate construction progress.			
9. Visually check and evaluate volume, cost and payment.			
10. Provide complete documentation, operating manuals, completely monitor maintenance by digital method to support the Facility.			

INTEGRATION OF MANAGEMENT SYSTEMS AT SEAREFICO GROUP

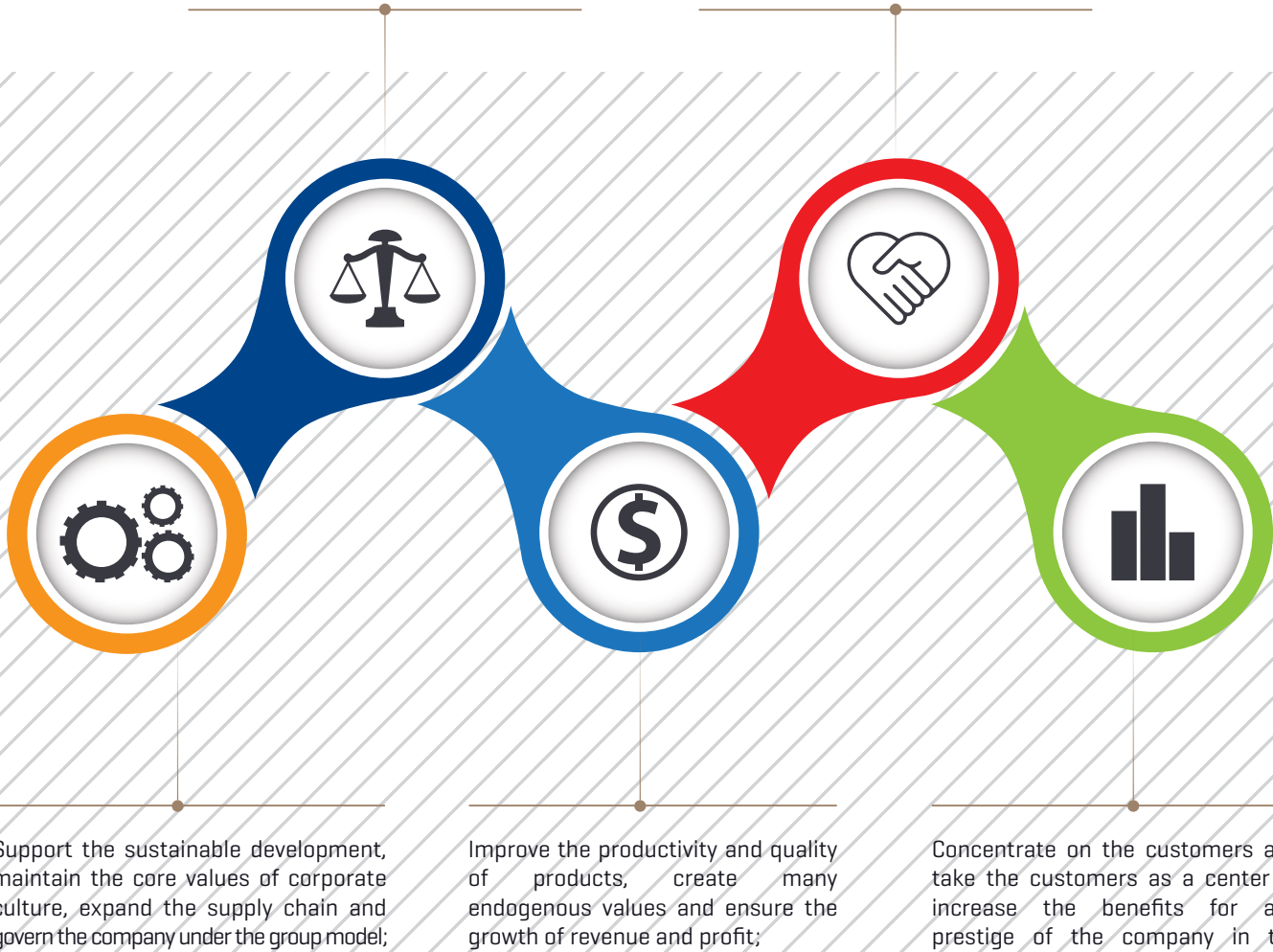
In January 2019, SEAREFICO Group was issued with the Certificate of Conformity with the Occupational Health and Safety Management System [ISO 45001: 2018/BS OHSAS 18001] by the UK-based BIS Group, a conformity assessment body. The integration of ISO 45001: 2018, ISO 9001 2015, Balanced Scorecard

[BSC], Key Performance Indicator [KPI] and continuous improvement program [KAIZEN] has promoted governance effectiveness and efficiency at all the processes from top to bottom and from the supporting agency to the direct implementing units or construction units at the site.

The objectives for integration of management systems are:

Ensure the compliance with the laws, principles and ethics in business;

Protect the employees from the safety risks and occupational diseases and take a responsibility for the employees, residential community and society;





In 2019, the Board of General Directors paid a very special attention to human development by organizing many practical training programs at various levels and continuing to try the electric office program. The employees have had an opportunity to acquire the advanced governance model and participate in the quality training courses. A special attention was paid to popularize, apply, maintain and improve the system. Legal regulations and state policies on human resource management and economics all prescribe strict requirements about the quality of construction works and high requirements about predictability and mitigation of occupational diseases, health risks and labor unsafety in the production and construction process.

In order to enhance the reputation and competitiveness of SEAREFICO nationally and internationally, the BOM of the Company always undertakes to apply ISO 45001:2018, ISO 9001:2015 and BSC/KPI effectively without formality or showing-off and not let any incidents occur so that no impacts are caused for the health, safety, environment and quality of products and services provided by SEAREFICO GROUP in the next years.

The currently-applied management systems are institutional knowledge and form a strong foundation for SEAREFICO to approach to the Total Quality Management (TQM) system in next three years. At present, ARICO and SEAREE are using the systems compatible to the management system of SEAREFICO. In 2020, the company will continue to develop similar systems for SEAREFICO E&C, GREENPAN, PHEONIX and SEAREAL for management and control of progresses and activities.

INVESTING PROJECT FOR CONSTRUCTION OF THE POLYISOCYANURATE PANEL FACTORY

The PIR Panel Factory of GREENPAN JSC will not only bring financial effectiveness to the Company but also social benefits as follows:

- Producing and using the PIR construction materials with the outstanding fire-resistance capacity as gradual replacement for the traditional construction materials (baked bricks or baked clays etc.) or current ones (EPS and PUR) to reduce the greenhouse gas emissions and environmental pollution and cut down the construction period and costs for civil workshops, thus bringing the overall economic efficiency for the whole society.
- Generating the jobs and bringing the stable incomes to the employees;
- Supplementing the financial sources to the state budget via payment of the corporate income tax, value-added tax and other taxes and charges;
- Contributing to promote the trend of using PIR materials at the construction projects of the Ministry of Construction;
- Replacing the imported products of the same type and having sufficient capacity of competition with the products of other domestic suppliers

2. ENGAGEMENT FOR SUSTAINABILITY

2.1 SEAREFICO'S COMMITMENT FOR GENERATING THE QUALITY PROJECTS FOR THE INVESTORS

All the management, design, manufacturing, installation and construction processes for M&E and T&C works and the associated services are standardized in accordance with the quality management system (ISO 9001: 2015) to ensure the published "Quality Policy".

"Prestige" is always considered by SEAREFICO as a guideline for its business activities. SEAREFICO always focuses on ensuring and perfecting the quality, progress and procedures for each project and product. Giving the values to the customers is a way that SEAREFICO affirms its increasingly-strong position in the industry.



2.2 SEAREFICO'S COMMITMENT FOR MAXIMIZE BENEFITS TO THE SHAREHOLDERS SUSTAINABLY

SEAREFICO's top priority goal is to maximize the corporate values in the sustainable manner. Along with the culture of transparency that the Company focuses on maintaining, the Company also undertakes to guarantee the benefits of the shareholders by keeping the dividend payment rate stable.

→ **For the existing shareholders:** The Company not only complies with the regulations of information disclosure applicable to the listed public company but also listens and responds to all comments and requirements from the shareholders as quickly as possible and ensures the stable in-cash dividend payment.

→ **For the strategic shareholders:** The Company has cooperated with Taisei Oncho for 5 years. It is a strategic shareholder whose criteria are suitable to the Company and which has already made great contributions to developing the Company's core business activities, particularly training the team of high-quality engineers capable of meeting the increasing requirements of the market. In addition, the Company is also willing to support and welcome potential strategic investors who are interested in the Company in order to seek and expand opportunities of cooperation and business. Moreover, SEAREFICO cooperated with the Sanyo Engineering & Construction Co., Ltd. [Japan] in 2019. So far, SEAREFICO has two experienced partners from Japan in the M&E sector. The presence of a mechanic contractor [Taisei Oncho] and an electric contractor [Sanyo Engineering & Construction Co., Ltd.] will help SEAREFICO to increase its competitive capacity and enhance the chances of winning the EPC and D&B tenders in the sector of M&E and construction. At the same time, the signing of strategic cooperation with Schneider in 2019 laid the foundation for SEAREFICO to increase the sales in the segment of automation. Furthermore, an investment into the GREENPAN Factory whose key products are PIR panels, has already helped to heighten the position of SEAREFICO in the field of industrial refrigeration.

Information transparency has always been the leading motto of the Company. Such information as audited financial statements, business plans, bid-winning and stock issuance plans has been transmitted quickly and accurately to the shareholders and investors via media channels or mass media.

→ Direct and indirect communication and contact with the shareholders and investors are conducted via the websites of the Company, State Securities Commission and Ho Chi Minh Stock Exchange. In addition, the Company often meets with the investors who are interested in learning the Company's operation and seeking the opportunities of cooperation with the Company.

→ Information channels of the Company include website and social networks etc. The Company also publishes important information on the printed newspapers with the nationwide scope of issuance and directly send them to the shareholders.



2.3 SEAREFICO'S SHARE OF VALUES WITH THE SUB-CONTRACTORS, SUPPLIERS AND CONSTRUCTION TEAMS

The win-win strategy always accompanies with SEAREFICO in the long-term cooperation with the sub-contractors, suppliers and construction teams. The Company always makes a commitment about:

- Convenient and rapid payment procedures.
- Personnel training for the sub-contractors and construction teams.
- Development of a roadmap for cooperation and share of opportunities for jointly making the achievements.
- Cooperation on the spirit of joy, respect and understanding to reach the overall objective.
- Sharing the knowledge about the technologies to ensure the quality.



2.4 SEAREFICO'S SHARE WITH THE COMMUNITY, STRIVE FOR ENVIRONMENTAL PROTECTION AND CONTRIBUTION TO THE DEVELOPMENT OF THE CIVILIZED SOCIETY

IN EACH ACTIVITY, SEAREFICO ALWAYS AIMS TO THE SUSTAINABILITY IN WHICH SHARING WITH THE COMMUNITY FOR THE CIVILIZED SOCIETY IS A MISSION THAT THE COMPANY IS STRIVING TO IMPLEMENT.

SEAREFICO uses a part of its profit from business to develop many good benefit policies to take care the life of their employees like organizing the monthly birthday ceremonies for the employees who were born in the same month, annual health examinations, sport contests, team-building trips and presenting the gifts on the special occasions like Tet holiday, International Woman Day, Mid-Autumn Festival and International Children Day etc. We believe that the good care of our labor forces also contributes to sharing and stabilization of social security.

The team-building program organized annually by SEAREFICO are enthusiastically participated by all the employees. During these trips, all participants not only enjoy refreshment and relaxation at the tourism areas but also they also connect each other and share the issues surrounding their life, difficulties in their works and measures to overcome the shortcomings. This helps them to work together to reach the objective "ONE SEAREFICO develops sustainably".

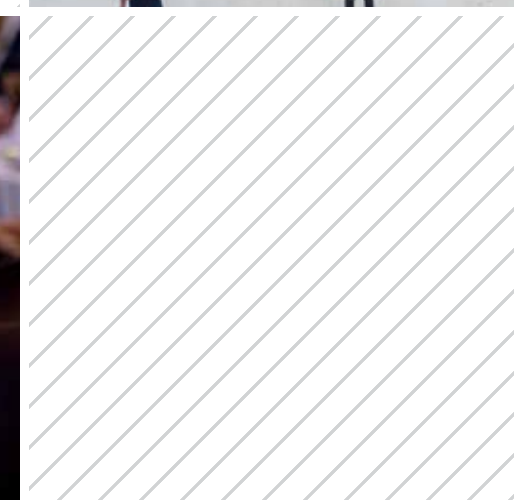
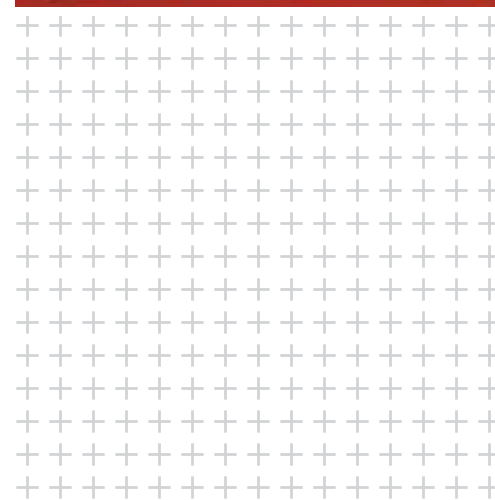
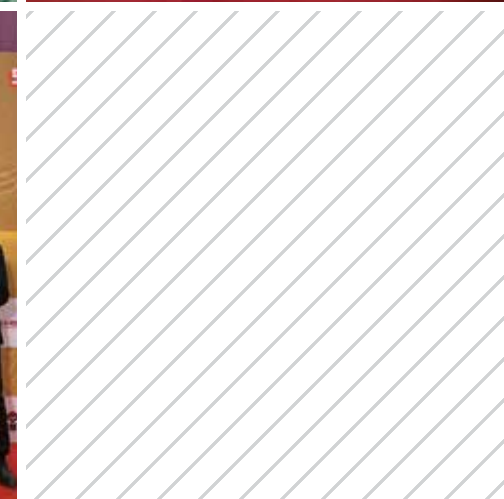
In addition, SEAREFICO usually participates in charitable and voluntary activities and join hands to provide material support and spiritual assistance to individuals, particularly children with the difficult circumstances to celebrate the Tet holiday in the program "Giving the love and spreading the value" launched by Dale Carnegie.

In face of the very complicated situation of COVID-19 epidemic, SEAREFICO used a part of its budget to buy medical gloves, masks, protective uniforms donating Cho Ray Hospital and Tropical Diseases in HCMC where all these "front-line" doctors and nurses

are combating with the epidemic, on the spirit of working shoulder-to-shoulder with the entire industry in particular and the Vietnamese economy in general to overcome the difficult period.

At the same time, we also set up an environment for internship, apprenticeship, sharing of knowledge and spreading of values to make contributions to orient the occupations for the young generation. We have many years of accompanying with the university students by offering the scholarships to students from the Faculty of Heat and Refrigeration Engineering at Da Nang University of Technology or at HCMC University of Industry, who overcome their difficult circumstances to study well.

At SEAREFICO, we always consider the objective of conserving and promoting the corporate culture as a top priority throughout the sustainable development process. A culture of gratitude is one type of the culture in the larger corporate culture. For this reason, an event organized in 2019 to express the gratitude to Mr. Nguyen Huu Thinh, Former Chairman of the BOD and also the founding shareholder of the Company is very significant. This event not only reminded each employee in SEAREFICO of the person who made contributions to founding and developing SEAREFICO to obtain the current strong foundation but also made the people understand and promote the inheritance of the good culture from this generation to other. At SEAREFICO, human being is a heritage of the Company. Therefore when we create an environment for the HEARTED, VISIONARY AND TALENTED individuals to get opportunities for learning and development, we concurrently generate a pervasive value for the community and society.





WITH THE EFFORTS, SEAREFICO HOPES THAT THE FUTURE GENERATIONS MAY ENJOY A MODERN, CIVILIZED AND BEAUTIFUL ENVIRONMENT WITH MANY UTILITIES FROM WHAT IS CREATED TODAY.

2.5 ENVIRONMENT AND SOCIETY – MISSION OF SEAREFICO

With the objective of sustainable development, SEAREFICO understands that the living environment is very important not only for us today but also for future generations. This mission is embedded in all the Company's production and business activities. SEAREFICO always aims to ensure the safety criteria and green design to mitigate the impacts on the environment and the ozone layer through applying the environment-friendly technologies without hesitation but to maintain the high productivity.

The Company has determined to implement and promote the application of the Occupational Health and Safety Standard System (ISO 45001), Environmental Management System (ISO 14001) and Risk Management System (ISO 31001). Many new procedures have been introduced to suit the new management model in order to prevent and mitigate the risks of Occupational Safety - Labor hygiene - Fire protection - Security and order. Typical policies and procedures of the management system include:

- ➔ Occupational health and safety policy (ISO 45001: 2018 /BSOHSAS 18001)
- ➔ Environmental management policy (ISO 14001:2015)
- ➔ Environmental sanitation management procedures at the projects
- ➔ Emergency response procedures
- ➔ Occupational health and safety hazard identification and risk assessment procedures
- ➔ Management system risk and opportunity assessment procedures
- ➔ Change control procedures
- ➔ Information exchange procedures

At the project sites, the Company always carries out the action plans of the localities and investors such as prevention, management and containment of diseases such as dengue fever, measles and influenza etc.

With the proper orientations of the leadership, SEAREFICO is proud to be evaluated as a Company:

- ➔ Strictly comply with the law provisions of environment protection;
- ➔ Fully take the environment protection measures as committed when registering the environment standards;
- ➔ Regularly communicate, educate and raise the awareness of environment protection to the employees;
- ➔ Implement the reporting regimes about the environmental issues in accordance with the law provisions of environment protection;
- ➔ Comply with the regime of inspection and checking of environment protection;
- ➔ Make a full payment for environment taxes and environment protection fees.

SEAREFICO

DRIVING

Excellence

PAGE VI THE TYPICAL PROJECTS

At this historical moment, the founders and developers witness SEAREFICO's vehicle conquer each competitive race. Each individual and unit enjoys a smile of satisfaction with the completed projects. However, immediately after each race, they jointly identify new destinations at the new challenging projects. It is actually an arduous journey "with the first things and the best things" from the start line to the finish one but it is full of noteworthy memories about lifelong friendship and constant association with the dear colleagues and customers and respectful partners and shareholders who have accompanied with the Company for a long time.





HIGH-RISE BUILDING OF HOUSING COMBINED OFFICES AT NO-CT2

INVESTOR:

Hai Dang Real Estate Investment JSC

LOCATION:

Lot NO-CT2, Mai Dich Ward, Cau Giay District & My Dinh 2 Ward, Nam Tu Liem District, Hanoi, Vietnam

PROJECT INTRODUCTION:

High-rise Building of Housing combined Offices at NO-CT2 is a complex project of high-class apartment, penthouse, office area and retail area, including 4 basements and 42 floating floors with 891 luxury apartments.

BINH CHAU HOT SPRING RESORT

INVESTOR:

Saigon Binh Chau Corporation

LOCATION:

Binh Chau Commune, Xuyen Moc District, Ba Ria - Vung Tau Province, Vietnam

PROJECT INTRODUCTION:

The first ONSEN swimming pool project in Vietnam, using 100% imported technology and equipment, has very high technical requirements, and the construction is also required not to affect the nature forest environment.



MAIA QUY NHON BEACH RESORT

INVESTOR:

Vina Capital Group

LOCATION:

Point 1, Nhon Ly - Cat Tien Beach Resort, Nhon Hoi Economic Zone, Cat Tien Commune, Phu Cat District, Binh Dinh Province, Vietnam

PROJECT INTRODUCTION:

With a total planning area of 34.15 ha, oriented to become a 4-star resort located in Nhon Hoi Economic Zone





VT5 & VT6

INVESTOR:

Viettel Cambodia Pte Limited

LOCATION:

Cambodia



FUSION PASTEUR (RENOVATION PROJECT)

INVESTOR:

Fusion Pasteur Company Limited

LOCATION:

Saigon Center, 65 Le Loi Street,
Ben Nghe Ward, District 1,
Ho Chi Minh City, Vietnam

PROJECT INTRODUCTION:

Renovating and upgrading more than
149 hotel rooms and Rooftop
restaurants



SMART DRY WAREHOUSE TIEN SON DAIRY FACTORY

INVESTOR:

Vietnam Dairy Products JSC (Vinamilk)

LOCATION:

Smart dry warehouse - Tien Son Dairy
Factory - Bac Ninh

PROJECT INTRODUCTION:

The project has the largest storage capacity in
the Northern region (up to now), with a scale of
15,000 pallets and an automation rate of 97%.

ITEM:

EPC General Contractor- Supplying and
installing smart warehouse



LE MERIDIEN CAM RANH BAY RESORT & SPA

INVESTOR:

Kien A Khanh Hoa Investment JSC

LOCATION:

Khanh Hoa Province, Vietnam

PROJECT INTRODUCTION:

5 blocks of 8-9-storey hotel facing the sea with floor area of 27,800 m², 8 blocks of 2 - 3-storey floors with a floor area of over 17,000 m² for conferences, spas, marine restaurants, swimming pools and some other utilities.



LIBERTY CENTRAL QUY NHON

INVESTOR:

Kim Cuc Investment, Tourism and Services Co.,Ltd

LOCATION:

Quy Nhon City, Binh Dinh Province, Vietnam

PROJECT INTRODUCTION:

The hotel has 23 floors and 1 basement



BONG SEN NHA TRANG HOTEL

INVESTOR:

Nha Trang Electrical Automotive JSC

LOCATION:

06 Nguyen Chanh Street, Nha Trang City,
Khanh Hoa province, Vietnam

PROJECT INTRODUCTION:

1 basement and 14 floating floors,
terrace; Total construction floor area:
17,863 m²



SAO MAI ANH RESORT

INVESTOR:

Sao Mai Anh Co.,Ltd

LOCATION:

Nha Trang City, Khanh Hoa province,
Vietnam

PROJECT INTRODUCTION:

4-storey hotel block, beachclub block
and 7 villas



HOTEL & SKY VILLAS REGENT PHU QUOC

INVESTOR:

Syrena Phu Quoc Land JSC

LOCATION:

Bai Truong, Phu Quoc district,
Kien Giang province, Vietnam

PROJECT INTRODUCTION:

Hotel: 120 units

Sky Villas (2PN ~ 265m²): 42 units



GATEWAY THAO DIEN

INVESTORS:

Sonkim Land
And Hamon Developments

LOCATION:

No. 30, Street 11, Thao Dien Ward,
District 2, Ho Chi Minh City, Vietnam

PROJECT INTRODUCTION:

The complex includes luxurious
apartments, high-class serviced
apartments with perfect utility services,
creating a new face for the upper-class
life in Ho Chi Minh City.





RIVIERA POINT PHASE 1B

INVESTOR:

Hoa Binh Construction Group JSC

LOCATION:

Tan Phu Ward, District 7,
Ho Chi Minh City, Vietnam

PROJECT INTRODUCTION:

The View Riviera Point is a luxury and luxury apartment project with about 60% of the area dedicated to other recreational facilities and amenities. With a convenient location connecting to the central area, The View Riviera Point promises to become a typical high-class apartment area in District 7.



SUN PREMIER VILLAGE HA LONG BAY

INVESTOR:

Ha Long Sun Co.,Ltd

LOCATION:

277 Nguyen Van Cu Street, Hong Hai
Ward, Ha Long City, Quang Ninh, Vietnam

PROJECT INTRODUCTION:

Located close to Bai Chay beach, Sun Ha Long beach villa project has a total area of nearly 41 hectares, is one of the 13 trillion projects of Sungroup Group in Quang Ninh Province.



RADISSON BLU

INVESTOR:

Construction and Project Management
JSC No. 1

LOCATION:

Lot D12A, D12B, D12C, Northern
Cam Ranh peninsula tourist resort,
Cam Hai Dong commune, Cam Lam
District, Khanh Hoa province, Vietnam

PROJECT INTRODUCTION:

Eurowindow Nha Trang eco-tourism and resort is invested by Eurowindow Nha Trang Tourist Investment JSC located in the Northern Cam Ranh peninsula tourist area, Khanh Hoa province, 4km from Cam Ranh airport. Radisson Blu Cam Ranh Bay Resort with 250 hotel rooms and 38 luxury villas and auxiliary utilities according to international 5-star standards.



BEST WESTERN PREMIER SONASEA PHU QUOC

INVESTOR:

Phu Kien Phu Quoc Co.,Ltd-
[CEO Group]

LOCATION:

Bai Truong, Duong To commune,
Phu Quoc District, Kien Giang, Vietnam

PROJECT INTRODUCTION:

Best Western Premier Sonasea Phu Quoc is a 5-star resort located in the Sonasea Villas & Resort project, 716 rooms designed by a famous unit from Japan. Best Western Premier Sonasea Phu Quoc is affirming its leading competitive position in Phu Quoc, promising to bring a great resort experience.





NEW WORLD SAIGON HOTEL RENOVATION

INVESTOR:

Saigon Inn Hotel Company

LOCATION:

72 Le Lai Street, District 1, Ho Chi Minh City, Vietnam

PROJECT INTRODUCTION:

Located in the heart of Ho Chi Minh City, New World Hotel is proud to be one of the oldest hotels and high-class services. New World Hotel has 552 rooms and suites that have been welcoming heads of state in the world.



TETRA PAK FACTORY

INVESTOR:

Tetra Pak Binh Duong JSC Limited

LOCATION:

VSIP II IZ, Binh Duong, Vietnam

PROJECT INTRODUCTION:

TETRA PAK Binh Duong Factory is the first TETRA PAK Food Packaging Factory project in Vietnam with a capacity of up to 20 billion packaging boxes per year with a variety of types. The project has a total investment of USD 110 million, meeting LEED GOLD (version 4) and FM APPROVED, applying a lot of high-tech M&E systems. In addition, this is also the largest transformer plant capacity of VSIP II Industrial Park (13.5 M).



AUTOMATIC COLD STORAGE TIEN SON DAIRY FACTORY

INVESTOR:

Vietnam Dairy Products JSC (Vinamilk)

LOCATION:

Tien Son Industrial Park, Tien Du District, Bac Ninh, Vietnam

ITEM:

EPC General Contractor- Supplying and installing smart warehouse

PROJECT INTRODUCTION:

Following the success of the Automatic Cold Storage Project - Saigon Dairy Factory, SEAREFICO has once again been awarded the contractor of the Automatic Cold Storage Project - Tien Son Dairy Factory Project. SEAREFICO works as the EPC General Contractor, this affirms the ability to perform general contractor combining technology and technology of SEAREFICO.

GARDEN RESTAURANT WEDDING CONVENTION CENTER, STAFF HOUSING

INVESTOR:

Van Loc Phat Cuisine Restaurant Co.,Ltd

LOCATION:

20/12, Highway 13, Trung Quarter, Vinh Phu, Thuan An Town, Binh Duong, Vietnam

PROJECT INTRODUCTION:

With the design of a semi-classical western architecture, a large spanless, space-free solution, integrated with movable partitions, the garden restaurant will create a luxurious wedding space. The project has 01 ground floor, 02 mezzanine floors and terrace. The restaurant has a total capacity of 2,500 guests, a total floor area of 5,618m².



FRENCH VILLAGE BA NA HILLS

INVESTOR:

Sun Group

LOCATION:

An Son Hamlet, Hoa Ninh Commune, Hoa Vang District, Da Nang City, Vietnam

PROJECT INTRODUCTION:

Built on an area of 6 hectares with a total investment of about US \$ 70 million with a unique European architecture, offering classy experiences.





NON-BETALACTAM EU-GMP FACTORY

INVESTOR:

Non-Betalactam EU-GMP factory

LOCATION:

Tuy Hoa City, Phu Yen Province,
Vietnam

PROJECT INTRODUCTION:

Non-Betalactam EU-GMP factory has a total construction floor area of 19,600 m², is a leading factory in modern technology, production processes with extremely strict standards recognized by Europe.



HON THOM NATURE PARK

INVESTOR:

Sun Group

LOCATION:

Hon Thom, Phu Quoc District,
Kien Giang Province, Vietnam

PROJECT INTRODUCTION:

Sun World Hon Thom Nature Park is a complex of tourist resorts combined with high-class entertainment with the longest cable car system in the world.



SAIGON MILK FACTORY

INVESTOR:

Vietnam Dairy Products JSC (Vinamilk)

LOCATION:

Lot 1-18 Street D6, Hiep Thanh Ward, District 12,
HCMC, Vietnam

ITEM:

EPC General Contractor- Supplying and
installing smart warehouse

PROJECT INTRODUCTION:

Automatic refrigerated warehouse - Saigon Milk Factory is designed with a scale of 3,500 pallets, automatic rate up to more than 70%, the total construction time is 12 months.

This is one of Searefico's first smart warehouse projects, marking a development in the field of smart / automatic technology in the South market.



SUN PREMIER VILLAGE KEM BEACH RESORT PHU QUOC

INVESTOR:

Sun Group

LOCATION:

An Thoi Town, Phu Quoc District,
Kien Giang Province, Vietnam

PROJECT INTRODUCTION:

The project has a total area of 59.6 hectares including 356 villas and 8 Block Shophouse located in Phu Quoc pearl island, worthy of being the world's leading 5-star resort complex system.



VIET AVIS

INVESTOR:

Viet Avis Food JSC

LOCATION:

Phuc Tien Hamlet, Hoang Quy
Commune, Hoang Hoa District,
Thanh Hoa Province, Vietnam

PROJECT INTRODUCTION:

The first NH3 central refrigeration system project in Northern Vietnam: a chicken slaughterhouse of 8,000 heads / hour. The Employer is Master Good Group and Phu Gia Agricultural Company - the Group of poultry products in Hungary and the 3rd largest in the world.



TRUNG MINH THANH

INVESTOR:

Trung Minh Thanh Food Co.,Ltd

LOCATION:

Xuan Thoi Son Industrial Cluster and
handicraft, Hoc Mon, HCMC, Vietnam

PROJECT INTRODUCTION:

Project with more than 1,000 pallets for both periods is evaluated as high-quality projects, creating the most satisfaction for Employer in 2019.



MARISO

INVESTOR:

Mariso Viet Nam Co.,Ltd

LOCATION:

Lot B8 and B9, Suoi Dau Industrial
Zone, Suoi Tan Commune, Cam Lam
District, Khanh Hoa Province.

PROJECT INTRODUCTION:

The project specializes in producing tuna products with the largest scale in the Central region.





SEARFICO



PAGE VII FINANCIAL STATEMENTS

SEARFICO' capacity is formed from the strength of a closely-associated team which does not accept the comfort zone but always aspires to reach a new horizon. Once the normal trajectory is reversed, each person may expand his or her vision and welcome the new challenge by defeating the obstacles of the circumstance and overcoming his or her inherent shortcomings. A pride is not only limited to the arrival at the destination" but also a happiness for overcoming the personal limits.



CORPORATE INFORMATION

Enterprise registration planning certificate joint stock company	No. 0301825452 was initially issued by the Department of and Investment of Ho Chi Minh City on 18 September 1999 and the latest 18 th amendment dated 15 May 2019.	
Board of Directors	Mr. Le Tan Phuoc	Chairman (from 25 April 2019) Member (until 25 April 2019)
	Mr. Nguyen Huu Thinh	Member (from 25 April 2019) Chairman (until 25 April 2019)
	Mr. Ryota Fukuda	Member
	Mr. Koji Sakate	Member (from 25 April 2019 to 8 January 2020)
	Mr. Nishi Masayuki	Member (from 25 April 2019)
	Mr. Lee Men Leng	Member (from 25 April 2019)
	Mr. Nguyen Thanh Son	Member (until 24 April 2019)
	Mr. Yoshinobu Tamura	Member (until 24 April 2019)
	Ms. Nguyen Diep Bich Huong	Member (until 24 April 2019)
Board of Supervision	Mr. Nguyen Chau Tran	Chief Supervisor (from 25 April 2019)
	Ms. Duong Thi Kim Hoa	Member (from 25 April 2019)
	Mr. Bui Van Quyet	Member (from 25 April 2019) Chief Supervisor (until 24 April 2019)
	Mr. Lam Hoang Vu Nguyen	Member (until 24 April 2019)
	Mr. Do Trong Hiep	Member (until 24 April 2019)
Board of Management	Ms. Nguyen Thi Thanh Huong	Chief Executive Officer (from 25 April 2019)
	Mr. Le Tan Phuoc	Chief Executive Officer (until 25 April 2019)
	Mr. Nguyen Quoc Cuong	Director of Searee
Legal representative	Ms. Nguyen Thi Thanh Huong	Chief Executive Officer
Registered office	14 th Floor, Centec Tower 72-74 Nguyen Thi Minh Khai Street, Ward 6, District 3 Ho Chi Minh City, Vietnam	
Auditor	PwC [Vietnam] Limited	

STATEMENT OF RESPONSIBILITY OF THE BOARD OF MANAGEMENT OF THE COMPANY IN RESPECT OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Management of Seaprodex Refrigeration Industry Corporation (“the Company”) is responsible for preparing the consolidated financial statements of the Company and its subsidiaries (together, “the Group”) which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of its operations and its consolidated cash flows for the year then ended. In preparing these consolidated financial statements, the Board of Management is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent; and
- Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board of Management is responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy at any time, the consolidated financial position of the Group and which enable the consolidated financial statements to be prepared which comply with the basis of accounting set out in Note 2 to the consolidated financial statements. The Board of Management is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

We hereby approve the accompanying consolidated financial statements as set out on pages 5 to 40 which give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of the consolidated results of its operations and its 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.

On behalf of the Board of Management

Nguyen Thi Thanh Huong
Chief Executive Officer
Ho Chi Minh City, SR Vietnam
18 March 2020

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 2019 and approved by the Board of Management on 18 March 2020. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2019, 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 40.

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 give true and fair view of, in all material respects, the consolidated financial position of the Group as at 31 December 2019, 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.



Other Matter

The independent auditor’s report is prepared in Vietnamese and English. Should there be any conflict between the Vietnamese and English versions, the Vietnamese version shall take precedence.

For and on behalf of PwC (Vietnam) Limited



Mai Viet Hung Tran
Audit Practising Licence No:
0048-2018-006-1
Authorised signatory
Report reference number: HCM8875
Ho Chi Minh City, 18 March 2020

Nguyen Dang Bao
Audit Practising Licence No:
3891-2017-006-1



CONSOLIDATED BALANCE SHEET

Form B 01 – DN/HN
As at 31 December

CODE	ASSETS	NOTE	2019 VND	2018 VND
100	CURRENT ASSETS		1,490,020,034,672	1,349,057,169,963
110	Cash and cash equivalents	3	51,399,276,846	54,943,544,508
111	Cash		51,399,276,846	25,763,081,494
112	Cash equivalents		-	29,180,463,014
120	Short-term investment		151,703,107,647	163,600,928,908
123	Investments held-to-maturity	4[a]	151,703,107,647	163,600,928,908
130	Short-term receivables		954,831,832,420	840,780,452,653
131	Short-term trade accounts receivable	5	886,809,557,243	819,754,089,339
132	Short-term prepayments to suppliers	6	81,412,591,338	24,507,191,632
136	Other short-term receivables	7[a]	30,800,914,997	27,219,128,301
137	Provision for short-term doubtful debts	8	[44,191,231,158]	[30,699,956,619]
140	Inventories	9	316,932,706,468	279,272,775,489
141	Inventories		321,930,811,344	283,325,535,945
149	Provision for decline in value of inventories		[4,998,104,876]	[4,052,760,456]
150	Other current assets		15,153,111,291	10,459,468,405
151	Short-term prepaid expenses	10[a]	1,732,745,378	3,263,721,135
152	Value added tax ["VAT"] to be reclaimed		13,420,365,913	7,195,747,270
200	LONG-TERM ASSETS		419,692,116,091	284,756,548,710
210	Long-term receivable		1,775,901,840	1,389,151,840
216	Other long-term receivables	7[b]	1,775,901,840	1,389,151,840
220	Fixed assets		96,602,131,290	104,741,906,093
221	Tangible fixed assets	11[a]	96,240,709,360	104,424,910,336
222	Historical cost		191,504,152,884	190,336,886,010
223	Accumulated depreciation		[95,263,443,524]	[85,911,975,674]
227	Intangible fixed assets	11[b]	361,421,930	316,995,757
228	Historical cost		2,535,276,660	2,264,776,660
229	Accumulated amortisation		[2,173,854,730]	[1,947,780,903]
240	Long-term asset in progress		131,997,849,896	7,769,207,504
242	Construction in progress	12	131,997,849,896	7,769,207,504
250	Long-term investments		148,605,394,114	130,425,411,105
252	Investments in associates	4[b]	140,509,394,114	124,229,411,105
253	Investments in other entities	4[c]	8,096,000,000	6,196,000,000
260	Other long-term assets		40,710,838,951	40,430,872,168
261	Long-term prepaid expenses	10[b]	34,931,636,875	34,069,570,720
262	Deferred income tax assets	22	5,779,202,076	6,361,301,448
270	TOTAL ASSETS		1,909,712,150,763	1,633,813,718,673

CONSOLIDATED BALANCE SHEET (continued)

Form B 01 – DN/HN
As at 31 December

CODE	RESOURCES	NOTE	2019 VND	2018 VND
300	LIABILITIES		1,404,714,495,361	1,127,146,182,666
310	Short-term liabilities		1,313,101,825,658	1,110,719,373,696
311	Short-term trade accounts payable	13	319,054,831,374	250,980,097,410
312	Short-term advances from customers	14	111,830,494,979	69,585,032,103
313	Tax and other payables to the State	15	21,931,424,989	21,233,686,977
314	Payable to employees		29,554,039,526	38,688,605,496
315	Short-term accrued expenses	16	141,789,497,859	129,723,927,060
319	Other short-term payables	17[a]	40,786,059,960	22,088,890,382
320	Short-term borrowings	18[a]	632,323,530,020	562,803,172,229
321	Provision for short-term liabilities	19	3,021,765,657	1,502,465,068
322	Bonus and welfare fund	20	12,810,181,294	14,113,496,971
330	Long-term liabilities		91,612,669,703	16,426,808,970
337	Other long-term payables	17[b]	1,150,000,000	1,000,000,000
338	Long-term borrowings	18[b]	86,990,890,453	11,539,674,720
342	Provision for long-term liabilities	21	3,471,779,250	3,887,134,250
400	OWNERS' EQUITY		504,997,655,402	506,667,536,007
410	Capital and reserves		504,997,655,402	506,667,536,007
411	Owners' capital	23, 24	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	24	284,019,059	284,019,059
414	Owners' other capital	24	4,415,811,246	4,415,811,246
415	Treasury shares	24	[29,238,407,099]	[29,238,407,099]
418	Investment and development fund	24	5,427,578,589	5,427,578,589
421	Undistributed earnings	24	153,721,140,856	171,961,989,599
421a	- Undistributed post-tax profits of previous years		109,465,409,756	89,860,736,787
421b	- Post-tax profits of current year		44,255,731,100	82,101,252,812
429	Non-controlling interests	25	45,433,542,751	28,862,574,613
440	TOTAL RESOURCES		1,909,712,150,763	1,633,813,718,673

Ly Quoc Tuan
Preparer

Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
18 March 2020

CONSOLIDATED INCOME STATEMENT

Form B 02 – DN/HN
Year ended 31 December

CODE	NOTE	2019 VND	2018 VND
01	Revenue from sales of goods and rendering of services	1,706,087,144,816	1,732,517,479,384
02	Less deductions	[84,286,380]	[122,591,984]
10	Net revenue from sales of goods and rendering of services	1,706,002,858,436	1,732,394,887,400
11	Cost of goods sold and services rendered	[1,538,576,238,387]	[1,584,813,638,989]
20	Gross profit from sales of goods and rendering of services	167,426,620,049	147,581,248,411
21	Financial income	13,421,068,307	34,095,870,421
22	Financial expenses	[37,905,690,513]	[39,225,685,442]
23	- Including: Interest expense	[37,590,046,025]	[36,917,571,485]
24	Profit sharing from associate	22,262,823,009	22,054,973,081
25	Selling expenses	[740,663,081]	[785,164,230]
26	General and administration expenses	[85,204,268,780]	[66,715,958,093]
30	Net operating profit	79,259,888,991	97,005,284,148
31	Other income	2,927,400,057	525,239,202
32	Other expenses	[597,383,493]	[59,053,830]
40	Net other income	2,330,016,564	466,185,372
50	Net accounting profit before tax	81,589,905,555	97,471,469,520
51	Business income tax ("BIT") - current BIT - deferred	[8,542,214,353]	[17,218,210,349]
52	Net profit after tax	[582,099,372]	3,225,376,681
60	Net profit after tax	72,465,591,830	83,478,635,852
Attributable to			
61	Owners of the Company	65,756,509,000	82,101,252,812
62	Non-controlling interests	6,709,082,830	1,377,383,040
70	Earnings per share	1,675	2,085
71	Diluted earnings per share	1,675	2,085

Ly Quoc Tuan
Preparer

Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
18 March 2020

CONSOLIDATED CASH FLOW STATEMENT (Indirect method)

Form B 02 – DN/HN
Year ended 31 December

CODE	NOTE	2019 VND	2018 VND
CASH FLOWS FROM OPERATING ACTIVITIES			
01	Net accounting profit before tax	81,589,905,555	97,471,469,520
Adjustments for:			
02	Depreciation and amortisation	9,577,541,677	9,775,630,551
03	Provisions	15,540,564,548	5,359,404,748
04	Unrealised foreign exchange loss	55,410,088	151,353,762
05	Profits from investing activities	[35,417,956,571]	[55,349,223,112]
06	Interest expense	37,590,046,025	36,917,571,485
08	Operating profit before changes in working capital	108,935,511,322	94,326,206,954
09	Increase in receivables	[143,358,378,651]	[5,236,892,459]
10	Increase in inventories	[38,605,275,399]	[18,392,722,121]
11	Increase/(decrease) in payables	123,223,325,663	[52,907,519,517]
12	Decrease in prepaid expenses	668,909,602	789,890,436
14	Interest paid	[37,358,975,819]	[37,832,087,338]
15	BIT paid	[16,443,034,879]	[10,720,148,757]
17	Other payments on operating activities	[17,886,913,712]	[6,493,989,541]
20	Net cash outflows from operating activities	[20,824,831,873]	[36,467,262,343]
CASH FLOWS FROM INVESTING ACTIVITIES			
21	Purchases of fixed assets	[136,991,266,806]	[15,888,623,910]
22	Proceeds from disposals of fixed assets	-	146,816,450
23	Term deposits at banks	[90,965,000,000]	[157,000,000,000]
24	Collection of term deposits at banks	102,965,000,000	170,500,000,000
25	Investments in other entities	[4,150,000,000]	-
26	Proceeds from divestment in other entity	11,800,000,000	11,000,000,000
27	Dividends and interest received	21,399,066,548	32,019,250,153
30	Net cash (outflows)/inflows from investing activities	[95,942,200,258]	40,777,442,693
CASH FLOWS FROM FINANCING ACTIVITIES			
31	Proceeds from reissuance of treasury shares and capital contribution	15,757,100,000	12,748,200,000
32	Payments for share repurchases	[450,400,000]	[30,559,288,040]
33	Proceeds from borrowings	1,678,674,225,611	1,569,434,809,623
34	Repayments of borrowings	[1,533,702,652,087]	[1,615,819,107,144]
36	Dividends paid	[47,053,196,500]	[25,470,904,647]
40	Net cash inflows/(outflows) from financing activities	113,225,077,024	[89,666,290,208]
50	Net decrease in cash and cash equivalents	[3,541,955,107]	[85,356,109,858]
60	Cash and cash equivalents at beginning of year	54,943,544,508	140,300,413,484
61	Effect of foreign exchange differences	[2,312,555]	[759,118]
70	Cash and cash equivalents at end of year	51,399,276,846	54,943,544,508

Ly Quoc Tuan
Preparer

Vuong Tran Quoc Thanh
Chief Accountant



Nguyen Thi Thanh Huong
Chief Executive Officer
18 March 2020

EAREFICO
Engineering & Construction

ARICO
Refrigeration & Food Industry

EAREFICO


GREENPAN



EAREE
M&E Contractor

EAREAL
Investment & Real Estate


PHOENIX
Energy & Automation