



*Ho Chi Minh City, 28 May 2018*

No.: **04/2018/BC-HĐQT-TCD**

**REPORT OF BOARD OF DIRECTORS ON ITS  
PERFORMANCE DURING THE OFFICE TERM OF 2013-2018  
AND PLAN FOR THE OFFICE TERM OF 2018-2023**

**To: TRACODI's Shareholders**

**I. PERFORMANCE IN 2017 AND DURING THE OFFICE TERM OF 2013-2018:**

**1.1 Personnel:**

Transport and Industry Development Investment Joint Stock Company (TRACODI) was incorporated on March 27<sup>th</sup>, 2013, Board of Directors (BOD) for the office term of 2013-2018 was approved by shareholders with 05 members, at this time, the majority of shares held by the State, accounting for 65% of charter capital

On April 17<sup>th</sup>, 2015, The State completely divested its stakes, TRACODI became a joint stock company with 100% private capital the State divested completely, the Extraordinary General Meeting of Shareholders has been held to elect 05 alternative members of Board of Directors; this was a significant turning point in the Company.

From 2015 up to date, number of board members have gradually increased in accordance with the Company's capital structure and management practices; The Company's organizational structure has been constantly consolidated and developed. Currently, Board of Directors consists of 9 members including 07 official members and 02 independent members.

Members of the Board of Directors during the term of 2013-2018 as follows:

No.	2013-2018	No. of members	Full name and Title
1	2013	05	1. Ms. Nguyen Thi Dieu, Chairman 2. Mr. Phan Thanh Nam, Member 3. Mr. Nguyen Tich Phuong, Member 4. Mr. Le Chi Thanh, Member 5. Mr. Le Hong Nguyen, Member
2	2014	05	1. Ms. Nguyen Thi Dieu, Chairman 2. Mr. Phan Thanh Nam, Member 3. Mr. Nguyen Tich Phuong, Member 4. Mr. Le Chi Thanh, Member 5. Mr. Le Hong Nguyen, Member

3	2015	05	<ol style="list-style-type: none"> <li>1. Mr. Dang Trung Kien, Chairman</li> <li>2. Mr. Nguyen Ho Nam, Vice Chairman</li> <li>3. Mr. Vu Duc Tien, Vice Chairman</li> <li>4. Mr. Nguyen Thanh Hung, Member</li> <li>5. Mr. Phan Anh Tam, Member</li> </ol>
4	2016	06	<ol style="list-style-type: none"> <li>1. Mr. Dang Trung Kien, Chairman</li> <li>2. Mr. Nguyen Ho Nam, Vice Chairman</li> <li>3. Mr. Nguyen The Tai, Vice Chairman</li> <li>4. Mr. Nguyen Thanh Hung, Member</li> <li>5. Mr. Bui Thanh Lam, Member</li> <li>6. Ms. Le Thi Mai Loan, Member</li> </ol>
5	2017	09	<ol style="list-style-type: none"> <li>1. Mr. Dang Trung Kien, Chairman/Vice Chairman (from October 09<sup>th</sup>, 2017)</li> <li>2. Mr. Nguyen Ho Nam, Vice Chairman/Chairman (from October 09<sup>th</sup>, 2017)</li> <li>3. Mr. Nguyen The Tai, Vice Chairman</li> <li>4. Mr. Nguyen Thanh Hung, Member</li> <li>5. Mr. Bui Thanh Lam, Member</li> <li>6. Ms. Le Thi Mai Loan, Member</li> <li>7. Mr. Lin Kuo Wei, Member</li> <li>8. Mr. Morishima Kenji, Independent Member</li> <li>9. Mr. Tomas Sven Jaehnig, Independent Member</li> </ol>

### 1.2 Main activities:

- Board of Directors performed its duties in accordance with the Company's Charter on Organization and Operation which was approved by shareholders on March 27<sup>th</sup> 2013. The Charter was amended, supplemented as its 6<sup>th</sup> session on 31 January 2018.
- Resolutions approved by shareholders and Board of Directors have been implemented consistently and effectively by the Executive Board, promptly adjusted to be flexible with the actual situations and direction of Board of Directors.
- As annual, Board of Directors has reported to shareholders at the General Meeting on its activities, in particular, its direction giving to Executive Board and monitoring results on the implementation of the Board of Management.
- Board of Directors has made decisions in timely manner for organization restructuring, human resource, projects, capital contribution, capital mobilization, building of operational plans, issuance of internal rules and regulations, etc. Board of Directors' meetings were held and conducted in accordance with the Company Charter. The resolutions and decisions approved by the board members for the benefits of shareholders and sustainable development of the Company. During the office term, Board of Directors held 59 meetings (including direct meetings and collecting opinions), issued 55 resolutions and 137 decisions, in particular:

<b>Documents</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>Total</b>
No. of sessions	07	09	12	08	25	<b>61</b>
Resolutions	06	04	10	10	25	<b>55</b>
Decisions	12	07	60	38	20	<b>137</b>

## **II. EVALUATION ON PERFORMANCE IN 2017 AND DURING THE OFFICE TERM OF 2013-2018:**

### **2.1 Business results 2017:**

Despite challenging and volatile market conditions, the successful development of our company in 2017 has been achieved thanks to clear strategy of the Board of Directors and contribution from our passionate and motivated employees. It is their commitment spirit which make the difference in a highly competitive market environment. In 2017, we delivered remarkable results.

- The Management determinately, during 2016-2020, have focused on the implementation of strategic restructure. On May 26, 2017, we remarked significant transformation as Tracodi stock (TCD) has been officially traded in Hochiminh Stock Exchange (HOSE). This is an important milestone for Tracodi in the trend of integration.
- We delivered strong business performance, achieved our financial targets for the year with significant growth in revenue and profit, successfully completing the plan. This showed great determination and effort of members of the Board of Directors and the Board of Management.

Our financial performance in 2017:

- The audited consolidated gross revenue reached VND 1,095.93 billion, presenting 124.6% compared with the plan, increasing 31.5% compared with 2016.
- Profit after tax reached VND 74.95 billion, presenting 117.7% compared with the plan, increasing 24.4% compared with 2016.

### **2.2 Evaluation of implementation of the Resolutions approved by shareholders during the office term of 2013-2018:**

It can be said that office term 2013-2018 is the first term which recorded many changes in the Company's capital and organization structure. In the early years, the management mechanism from the state-owned enterprise to joint stock company with controlling shares held by the state, then, to wholly private-owned public joint stock company changed the Company's operation strategy in a comprehensive manner. Accordingly, the strategy and direction for 05-year long-term development plan, from period to period, has been mapped out with short-medium-long-term visions.

#### **Results of implementation of business targets in office term 2013-2018:**

*Unit: VND billion*

Indicators	2013	2014	2015	2016 (consolidated)	2017 (consolidated)

Charter Capital	78.50	78.50	78.50	324.85	344.34
Revenue	87.08	87.51	190.56	833.35	1,095.93
Actual/Forecast	65.7%	69.3%	155.40%	104.17%	124.61%
Profit after tax	3.90	-1.21	25.46	60.23	74.95
Actual/Forecast	87.21%		270.95%	120.46%	117.71%
Dividend	3.48%	-	6.5%	6%	10%

The table shows that after switched from State-owed Enterprise model to a Joint Stock Company with 100% private capital since April 24, 2015. Under steering and management of the Management, the Company's performance gradually recovered and moved forward. It showed the success of strategic restructure of the Company which performed poorly in the past and currently completed the plans approved in the Annual General Meeting. The business results of conductive 2 years of 2016 and 2017 showed the Management has implemented the direction of the Board of Directors in the right and efficient ways.

### **2.3 Results of Supervision:**

During the office term 2013-2018, Board of Directors has well performed its supervision on General Director and managerial staff who engaged with day-to-day business activities. The resolutions and decisions issued under roles, responsibility and powers of the Board of Directors and the Chairman. Board of Management has successfully performed well in operating the Company's day-to-day business activities in accordance with the directions of the Board of Directors after the Extraordinary General Meeting of Shareholders in April 2015, in particular:

#### ❖ General Director:

- Performed his responsibility and obligation in compliance with regulations prescribed in the Enterprise Law and the Company's Charter.
- Implemented the resolutions approved by shareholders and the Board of Directors, well managed day-to-day business activities of the Company in the manner of efficiency.
- Regularly reported to the Board of Directors to ensure the Company running well in accordance with the Company's Charter and the laws.

#### ❖ Managerial staff:

- Performed properly the assigned roles and responsibilities; worked in the spirit of responsibility, set good samples in leadership and management in the assigned fields.
- Although managerial staffs had to manage heavy workload, most of them have completed their assigned tasks.
- Members of the Board of Management and managerial staff were united and supported each other to fulfill their tasks and managed the Company efficiently.

### **2.4 Remuneration and operating expenses of the Board of Directors:**

- Board of Directors' remuneration was paid in accordance with the Resolutions adopted by shareholders.

- Board of Directors' operating expenses was in compliance with the regulations of the Company and the laws.

### III. PLAN FOR THE FINANCIAL YEAR 2018 AND DURING THE OFFICE TERM OF 2018-2023:

#### 3.1 Key objectives, tasks in 2018:

Through to 2018, the Vietnam economy will continue achieve strong growth. Also, 2018 is a year for the Company to seize the opportunity to develop the medium and long-term development strategy. However, there are still many difficulties and challenges the Company shall face to. The Board of Directors constantly emphasizes on our core activities, maintains sustainable growth, in particular:

##### a. 2018 financial target:

Indicators	Unit	2017A (consolidated)	2018F (consolidated)	(%) Forecast/ Actual
Revenue	VND mil.	1,095.93	1,150.26	105%
After tax profit	VND mil.	74.95	77.10	103%
Dividends	%	10%	10%-12%	100%-120%

##### b. Shape our future:

- Focusing on our four core activities including: (1) Trading; (2) Infrastructure construction and real estate; (3) Quarrying; (4) Labor export :
  - **Trading:** maintaining revenue growth of key products including cassava starch, micro fertilizers, coffee beans, construction materials (Antraco) and outdoor furniture for export; and others such as animal food, automobiles (1-5 Automobile Joint Stock Company).
  - **Infrastructure and construction:** building construction teams for road projects, building construction teams for real estate and renewable energy projects. Our objective to gain double revenue in 2018 from projects such as: BT 830C (Long An), social house project (Long An), infrastructure construction for renewable energy projects owned by its holding company BCG.
  - **Quarrying:** remaining revenue growth based on quota allowed to use in Antraco quarry, stably contributing to Tracodi's profit; looking for acquiring other mineral deposits in the area .
  - **Labor export:** promoting the strength of Tracodi Labour Export JSC (...); focusing on potential market such as Japan, Germany, Europe; maximizing the advantages of Training Center; continuously maintaining meaningful activities contribute to the economy and society.
- To focus on construction segment for projects owned by its parent company including Malibu Resort, Dragon Bridge - Sky City, 40MW and 100 MW Solar Power Plants in Thanh Hoa, Long An Province; BT 830C (Long An), and renewable energy, etc.

#### 3.2 Strategy during the office term of 2018-2023:

The Office term of 2018-2023 will be the first term the Company officially operates under the model of a public company. This is a milestone of the Company. Therefore, employees shall be aware of the change and work with their determination and commitment to achieve the target approved by shareholders. Based on our performance, the Board of Directors has built the plan for the office term of 2018-2023 as follows:

**a. Vision:**

TRACODI aims to become one of the industry leaders in Vietnam in terms of scale and efficiency in areas including: *Infrastructure construction and project development, Trading, Quarrying and Labor export..*

**b. Mission:**

*To constantly create superior value for shareholders, employees and society as a whole.*

**c. Objectives:**

- Infrastructure and construction:
  - To become market leader in infrastructure, civil and industrial building through partnerships with international strategic partners, shareholders in the same field.
  - To be general contractor for the projects owned by its parent company BCG and subsidiaries.
  - To expand the market for construction stones, enhance mining capacity through acquiring other mining deposits in the near future.
- Trading:
  - To focus on manufactured and agricultural products of BCG's affiliates such as coffee, cassava starch, outdoor furniture.
  - To work with our Korean partners to sell manufactured and agricultural products to new markets.
- Construction for renewable energy projects:

In early 2018, TRACODI Power has set up with its strategy to become one of leading EPC contractor in renewable energy in Vietnam.

  - TRACODI Power acts as EPC contractor for BCG's renewable energy projects.
  - Construction of solar rooftops in Vietnam (Hiep Phuoc Industrial Park, Sai Gon HiTech, Amata, etc.).
  - To provide EPC packages for projects in the Asia by 2021.
- To divest gradually on non-core businesses.
- To maintain the labor export business given its positive contribution to socio-economic development in rural areas, thereby create jobs and incomes for local people.

**d. Targets during the office term of 2018-2022:**

*Unit: VND million*

<b>Targets</b>	<b>2018F</b>	<b>2019F</b>	<b>2020F</b>	<b>2021F</b>	<b>2022F</b>
Revenue	1,150,264	1,322,804	1,521,224	1,749,408	2,011,819
After tax profit	77,104	88,670	101,970	117,266	134,855
Dividend	10%-12%	12%-15%	15-18%	15%-18%	20%-22%

The report showed a basic information Board of Directors' activities from 2013 to 2017 and the plan for the office term of 2018-2023 for shareholders understand how the Company bring actual benefits for shareholders.

Although the first five years of 2013-2018 has not been a long period, we have taken important steps and built solid foundation for the next coming years. We believes that shareholders shall discuss and approve the 5 year plan and assign the new Board of Directors with its tasks to achieve our goals.

On behalf of the Board of Directors for the office term of 2013-2018, I would like to thank our customers, partners for your trust and cooperation. Moreover, I would like to thank all employees of Tracodi for your determination and commitment and contribution to our success. Furthermore, I would like to thank our valuable shareholders for your supports over the past 5 years. We believe, with support of our shareholders for new Board of Directors, we will continuously gain sustainable development and generate higher values for investors.

Sincerely!

**Recipients:**

- AGM;
- Archived: BOD, BS Dept.

**FOR AND ON BEHALF OF THE  
BOARD OF DIRECTORS  
THE CHAIRMAN**

**Nguyen Ho Nam**