

**PHU TAI JOINT STOCK COMPANY
SECURITIES CODE: PTB**



**ANNUAL REPORT
2018**

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PART I: GENERAL INFORMATION

1. General information

Company name	: Công ty Cổ phần Phú Tài
English name	: Phu Tai Join Stock Company
Transaction name	: PHU TAI JOIN STOCK COMPANY
Securities code	: PTB
Head office	: 278 Nguyen Thi Dinh - Nguyen Van Cu Ward - Quy Nhon City - Binh Dinh.
Charter capital	: 485,994,410,000 VND
Owner's equity	: 1,659,186,086,979 VND (Data reported annually on 31/12/2018)
Tel.	: 0563 847 668/ 3 847 078
Fax	: 0563 847556
Email	: phutaico@dng.vnn.vn
Website	: www.phutai.com.vn

Business Registration Certificate No. : issued by the Department of Planning and Investment of Binh Dinh Province for the first time on 30/12/2004, the 25th change on 25/07/2018.

2. Process of formation and development

a. Process of formation:

- + In 1995, Phu Tai Company was a unit under Military Zone 5 - Ministry of Defense.
- + In 2000, Thang Loi Company was merged into Phu Tai Company.
- + In 2004, equitization was conducted. Phu Tai Joint Stock Company which was converted from Phu Tai Company - Ministry of Defense under Decision No. 150/2004/QD-BQP dated 10/11/2004 by the Minister of Defense officially put into operation from 01/01/2005 according to Business Registration Certificate No. 3503000054 dated 30/12/2004 issued by Department of Planning and Investment of Binh Dinh Province. With 6 relevant units including Enterprise 380; Thang Loi Enterprise; Danang Toyota Enterprise; Branch of Phu Tai Joint Stock Company Branch in Dong Nai Province; Branch of Phu Tai Joint Stock Company in Ho Chi Minh City; Dinh Binh production team and Nhon Hoa production team.

+ In 2007:

- Dinh Binh production team was merged with Nhon Hoa production team and changed to Nhon Hoa Building Materials Production Enterprise.
- Khanh Hoa Branch, Dak Nong Branch, product consumption shops were established to synchronously build a network of exploitation, processing and consumption of granite, basal and marble products.

- The company acquired 51.91% of the shares of Phu Yen Construction Materials JSC

+ In 2008:

- Toyota Quy Nhon Branch - Danang Toyota Enterprise - Phu Tai Joint Stock Company came into operation.

+ In 2013:

- The Board of Management agreed to the acquisition of Tuan Dat Private Enterprise and the transformation of Tuan Dat Private Enterprise into Tuan Dat Mineral Co., Ltd 100% owned by Phu Tai Joint Stock Company.

+ In 2015:

- Phu Tai Joint Stock Company - Paving stone processing factory was established in Dong Nai Province.

- Capital for establishment of a subsidiary named Universal Stone Joint Stock Company was contributed with the charter capital contribution ratio: 60%

+ In 2016:

- In early 2016, the Company acquired 75% of shares of Vina G7 Joint Stock Company..

- Two branches under Phu Tai Joint Stock Company were established:

+ Branch of Phu Tai Joint Stock Company - Paving stone processing factory in Hung Yen province.

+ Branch of Phu Tai Joint Stock Company - Paving stone processing factory in Binh Dinh province

2 branches were converted to a subsidiary form with 100% charter capital owned by the parent company, including:

- Da Nang Toyota One Member Limited Company.

- Toyota Binh Dinh One Member Limited Liability Company.

+ In 2017:

- One branch was converted to a subsidiary form with 100% charter capital owned by the parent company: Phu Tai Dong Nai Company Limited.

- The company acquired 70% of shares of Granite Manufacturing Co., Ltd

- A branch of Phu Tai Joint Stock Company - Dien Tan Paving Stone Processing Factory, Khanh Hoa was established.

- A branch of Phu Tai Joint Stock Company - Phu Cat Wood Processing Factory was established.

+ In 2018:

- Phu Tai Real Estate One Member Limited Company was established.

- The transfer of contributed capital of Thanh Chau Phu Yen Granite Company Limited (100% charter capital) was received.

- A branch of Phu Tai Joint Stock Company – Khanh Hoa Stone Exploiting Enterprise was established.

- A branch of Phu Tai Joint Stock Company – Binh Dinh Stone Exploiting Enterprise was established.

b. Listing time:

On 22/07/2011, 8,599,760 shares was officially traded at Ho Chi Minh City Stock Exchange with securities code PTB, according to the Decision No. 67/2011/QD-SGDHCM dated 20/05/2011 by the General Director of Ho Chi Minh City Stock Exchange.

c. Process of increasing charter capital over the years:

Year of increase	Method of capital raising	Additional capital	Charter capital after increase
2005			8,731,000,000
2006	Issuance of additional stock	13,533,000,000	22,264,000,000
2007	Issuance of additional stock	9,736,000,000	32,000,000,000
2008	Payment of stock dividend and issuance of bonus stock to existing shareholders	27,999,400,000	59,999,400,000
2010	Payment of stock dividend and issuance of bonus stock to existing shareholders	25,998,200,000	85,997,600,000
2011	Payment of stock dividend and issuance of bonus stock and additional stock to existing shareholders	34,008,860,000	120,006,460,000
2015	Payment of stock dividend	23,999,880,000	144,006,340,000
2016	Payment of stock dividend	35,999,150,000	216,005,310,000
	Issuance of stock to existing shareholders	28,799,520,000	
	Issuance to Employees (Esop)	7,200,300,000	
2017	Payment of stock dividend	43,196,630,000	259,201,940,000
2018	Issuance of stock to existing shareholders	51,835,540,000	485,994,410,000
	Issuance of stock according to the selection program for employees	12,960,000,000	
	Payment of stock dividend	161,996,930,000	

3. Business lines and business location:

a. Main business lines:

Main area of activity of the Company:

- Production and business of stone products: paving stones and construction stones.
- Production and business of wooden products
- Business and supply of car services for TOYOTA Vietnam.
- Construction of civil works and real estate business.

*** Production and business of stone products:**

Capacity of processing paving stones: > 6.5 million m²/ year.

- The Company and its subsidiaries are licensed to exploit 11 granite, basal and crushed stone mines in the provinces of Hung Yen, Binh Dinh, Phu Yen, Khanh Hoa and Dak Nong with a licensed reserve of about > 53, 5 million m³ and a long exploitation period (from > 20 years to 30 years).

- Raw stone mines meet the demand of producing products to serve the needs of interior and exterior decoration.

- Export market: Mainly in Europe and Asia markets.

*** Production and business of wood products:**

- Capacity: > 25,000 m³ of refined wood products/ year and 35,000 m³ of plywood/ year.
- Total area of production plants: 271,000 m².
- Export market of interior and exterior wood products: Europe, America, Australia
- Business of raw wood products: Raw wood species are mainly Eucalyptus, Acacia, Teak, Pine, Beech and Rubber wood.
- Quality control: According to FSC, COC standards.

*** Business of distribution of cars:**

- Number of cars sold: 2,176 cars/ year and expected to be 2,600 in 2019.
- Repair: 41,420 turns/ year and expected to be 46,600 turns in 2019
- With the favorable geographical position of agents in the Central region, the Company holds the position as the main distributor in the provinces and cities in the region from Hue to Binh Dinh and Phu Yen. The Company has many advantages to exploit the brand as well as the potential in the business of Toyota touring car.

b. Locations of factories and member units of the Company:

*** In the North:** Paving stone processing factory in Hung Yen province..

*** In the South:**

- Paving stone processing factory in Dong Nai province;
- Phu Tai Dong Nai Company Limited;
- Vina G7 Joint Stock Company
- Universal Joint Stock Company
- Commercial branch in Binh Duong Province;
- Commercial branch in HCMC.

In the Central Region:

- Stone processing factory in Dak Nong Province;
- 02 stone processing factories in Khanh Hoa Province;
- Phu Yen Construction Materials Joint Stock Company;
- Granite Manufacturing Co., Ltd;
- 02 stone processing factories and 02 wood processing factories in Binh Dinh province;
- Toyota Binh Dinh One Member Limited Liability Company;
- Da Nang Toyota One Member Limited Company.

4. Information on management model, business organization and management apparatus

a. Operation model of the Company:

*** Stone industry:**

The company has 08 paving stone production factories and 01 building stone production unit under the Parent company - Phu Tai Joint Stock Company (in Binh Dinh, Khanh Hoa,

Dong Nai, Hung Yen and Dak Nong provinces); 02 Subsidiaries owning 100% charter capital - Tuan Dat Mineral Co., Ltd (in Binh Dinh Province) and Thanh Chau Phu Yen Granite Company Limited; 01 subsidiary owning 50.65% of charter capital - Phu Yen Construction Materials Joint Stock Company (in Phu Yen Province); 01 subsidiary owning 60% of charter capital - Universal Stone Joint Stock Company (in HCMC); 01 Subsidiary owning 70% of charter capital - Granite Manufacturing Co., Ltd (in HCMC).

*** *Wood industry:***

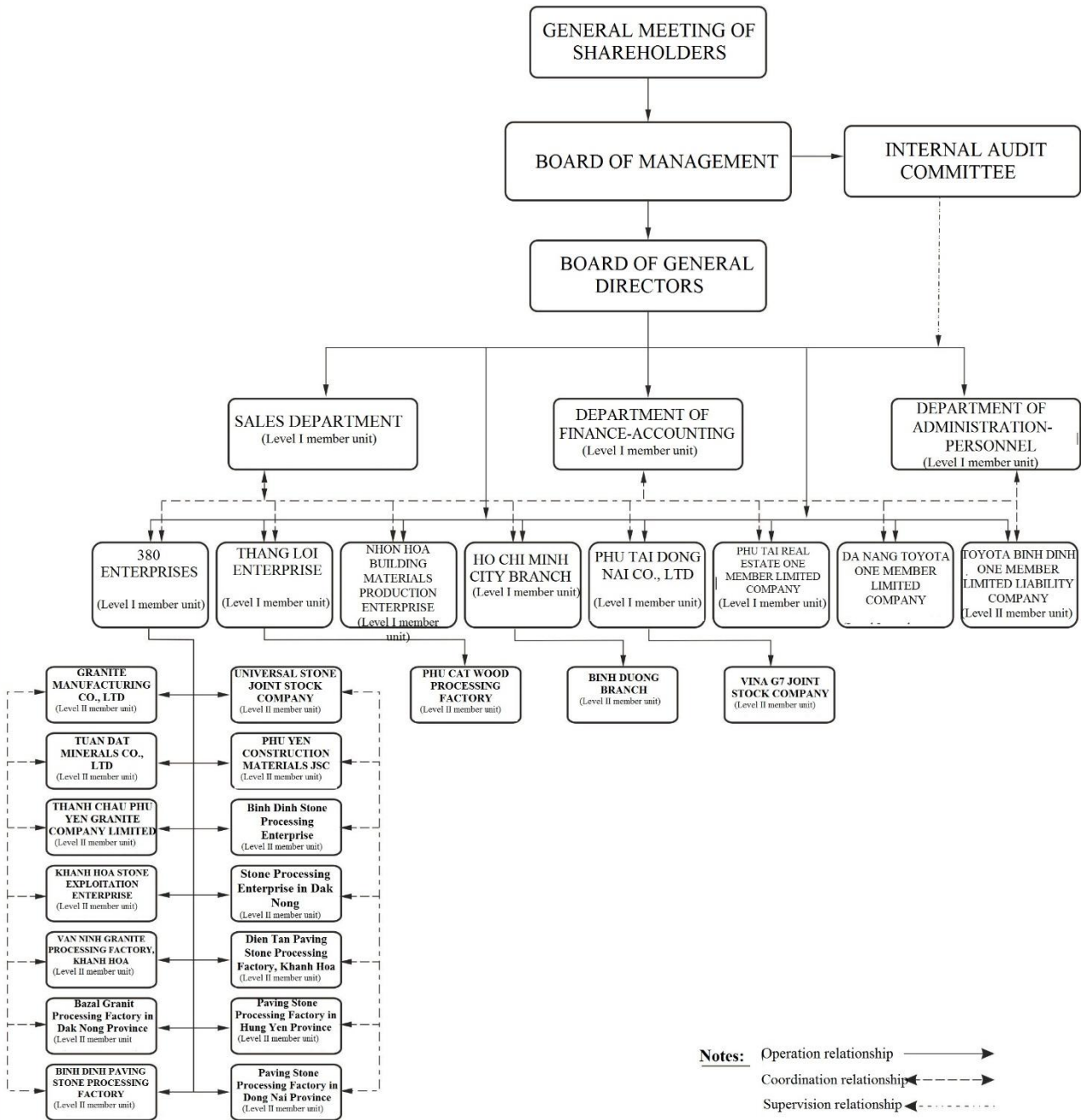
The Company has 04 production factories and 01 commercial wood trading branch under the Parent Company - Phu Tai Joint Stock Company: Phuoc Thanh Wood Processing Factory and Phu Cat Wood Processing Factory in Binh Dinh Province; commercial wood trading branch in Ho Chi Minh City; 01 subsidiary 75% of charter capital - Vina G7 Joint Stock Company; 01 Company owning 100% charter capital - Phu Tai Dong Nai Company Limited in Dong Nai Province.

*** *Car business and service industry:***

The company has 02 subsidiaries owning 100% charter capital: Da Nang Toyota One Member Limited Company and Toyota Binh Dinh One Member Company Limited.

b. Organization chart at the time of 31/12/2018 of the Company:

ORGANIZATION CHART



- Subsidiaries:

*** Name of Subsidiary: Phu Yen Construction Materials Joint Stock Company**

Address: 172 Tran Hung Dao, Tuy Hoa, Phu Yen

Business lines: Exploitation and processing of paving stone for construction

Charter capital: 20,500,980,000 VND

Value of investment in subsidiary: 9,620,700,000 VND

Holding rate: 50.65%.

*** Name of Subsidiary: Tuan Dat Mineral Co., Ltd**

Address: Group 8, Area 4, Tran Quang Dieu Ward, Quy Nhon, Binh Dinh

Business lines: Exploitation of stone, sand, gravel and clay

Charter capital: 10,000,000,000 VND

Value of investment in subsidiary: 10,700,000,000 VND

Holding rate: 100%

*** Name of Subsidiary: Universal Stone Joint Stock Company**

Address: 120/2 Tran Huy Lieu, Ward 15, Phu Nhuan District, Ho Chi Minh City

Business lines: Production, supply and installation of paving stone products; Construction of civil, industrial and traffic works; Consultancy and design for works construction.

Charter capital: 10,000,000,000 VND

Value of capital contribution: 6,000,000,000 VND

Holding rate: 60%

*** Name of Subsidiary: Granite Manufacturing Co., Ltd**

Address: 10 Tan Lap 1, Hiep Phu Ward, District 9, Ho Chi Minh City

Business lines: Exploitation and processing of paving stone for construction.

Charter capital: 82,500,000,000 VND

Value of investment in subsidiary: 34,650,000,000 VND

Holding rate: 70%.

*** Name of Subsidiary: Thanh Chau Phu Yen Granite Company Limited**

Address: Lanh Truong Hamlet, Xuan Lanh Commune, Dong Xuan District, Phu Yen Province.

Business lines: Exploitation and processing of paving stone for construction.

Charter capital: 30,000,000,000 VND

Value of investment in subsidiary: 30,000,000,000 VND

Holding rate: 100%.

*** Name of Subsidiary: Vina G7 Joint Stock Company**

Address: Tam Phuoc Industrial Park, Dong Nai Province

Business lines: Production, processing and business of wood products.

Charter capital: 63,000,000,000 VND

Value of investment in subsidiary: 41,877,750,000 VND

Holding rate: 75%

*** Name of Subsidiary: Phu Tai Dong Nai Company Limited**

Address: Tam Phuoc Industrial Park, Dong Nai Province

Business lines: Production, processing and business of wood products.

Charter capital: 45,000,000,000 VND

Holding rate: 100%

*** Name of Subsidiary: Da Nang Toyota One Member Limited Company**

Address: 69 – 71 Duy Tan – Da Nang

Charter capital: 70,000,000,000 VND

Business lines: Car business and services

Holding rate: 100%

*** Name of Subsidiary: Toyota Binh Dinh One Member Limited Liability Company**

Address: 278 Nguyen Thi Dinh - Quy Nhon - Binh Dinh

Business lines: Car business and services

Charter capital : 25,309,025,243 VND

Holding rate: 100%

*** Name of Subsidiary: Phu Tai Real Estate One Member Limited Company**

Address: 278 Nguyen Thi Dinh - Quy Nhon - Binh Dinh

Business lines: Real estate business, investment in housing, apartment and office projects; Factory lease.

Charter capital: 100.000.000.000 đ

Holding rate: 100%

5. Development orientation:

5.1 The main objectives of the company:

- To trade effectively, develop stably and sustainably.
- To preserve and enhance the value of the Company, ensure rights for shareholders, stabilize jobs and incomes for employees.
- To exploit and use effectively resources for production and business.

The main target for 2019 is expected as follows:

- Revenue	:	5,865,000 million dong
- Profit before tax	:	555,000 million dong
- Capital construction investment	:	812,000 million dong
- Dividend payment ratio	:	≥30%/ charter capital

5.2 Medium and long-term development strategy: (from the period of 2018 - 2022)

The annual revenue and profit targets increase an average of 10-15%, striving to the 2022, main targets as follows:

- Revenue	:	8,740,000 million dong
- Profit before tax	:	880,000 million dong
- Average annual capital construction investment:		350,000 million dong/ year
- Owner's equity	:	3,035,000 million dong
- Charter capital	:	1,253,000 million dong
- Annual dividend payment rate	:	≥ 30%/year

* Some solutions for medium and long-term business and production targets:

- Investing in market work, technology for manufacturing machinery and equipment, applying advanced production and business management solutions ... to speed up the effective exploitation of invested projects.

- Well implementing the business administration, strictly complying with the provisions of law on business activities. Researching on the application of new State policies on insurance and salaries to limit the large fluctuations affecting business costs.

- Focusing on the implementation of investment in improving the efficiency of corporate governance, the management and administration level of the management apparatus to meet the development requirements of the company and economic integration. Focusing on exploiting the growth factor in depth: improve labor productivity, apply scientific and technological advances, improve new product changes, save production and business costs, limit the use of capital and labor to increase the competitiveness of products.

- Ensuring sufficient capital for production, business and development investment. Regularly improving the quality of financial and accounting administration, complying with the provisions of law and the company's charter in production and business activities. Strictly managing debt and inventory limits, working capital limits at member units to ensure efficient use of capital.

In 2018, the Company developed the real estate business.

- Focusing on recruitment training, improving the quality of human resources, implementing reasonable remuneration to attract high quality personnel to meet development needs.

- Regularly improving and enhancing the quality of risk management to meet the requirements of stable and sustainable development.

* Stone exploitation and processing industry: Continuing to invest in expanding production and business scale, improving the competitiveness of industry products. Ensuring sufficient capital for development investment needs. Developing domestic and export markets. Making efforts to improve the position in the top enterprises of Vietnam natural stone industry.

* Wood processing industry: Implementing solutions to expand the market, attract human resources enough to ensure good exploitation of the capacity of old and newly invested factories. Researching and investing in developing new products. Focusing on technology innovation to improve labor productivity, limiting labor use. Striving to achieve the goal to be top Vietnamese furniture manufacturing enterprises (except FDI enterprises).

* Business, car and real estate services: Improving business management, managing costs well to improve business efficiency. The development of market share meets the requirements of Toyota Vietnam (TMV). Preparing well resources, meeting the criteria of revenue, developing TMV market share that TMV proposed as a basis to develop new business establishments.

5.3 Sustainable development goals (environment, society and community) and the short-term related program of the Company.

- Implementing sustainable solutions on environmental work and treatment of industrial waste in accordance with regulations, strictly implementing labor safety, fire and explosion prevention, safety in the management and use of explosives materials.

Risk factors with direct or indirect effect on the business performance of the Company.

6.1 Risks related to production and business activities of the company

* Specific risks of the line

Due to the nature of the wood and stone manufacturing and the automobile business, the Company may be subject to a number of risks in these lines:

- Wood business and processing:

+ Wood business and processing is one of the main activities, contributing about **31.38%** of net revenue of the Company. However, with the level and demand of using wood material are continuously increased while the natural wood and forest land are limited, the wood material source will become scarce and the cost of buying will be increased. Therefore, the active source of wood and alternative materials in each period is always paid attention.

+ In addition, the wood processing line must fully meet the regular requirements for controlling and tracing legal timber origin such as the Lacey, Flegt Acts to strengthen the law, manage forest products trade when exporting to the US and European countries. Consumer market requires more and more stringent quality control in products such as lead content in paint, formaldehyde in wood adhesives, etc. These challenges impulse businesses operating in the line to make more efforts on investment in product quality management, information management systems to customers and suppliers must be timely.

Exploiting and trading building stone, devitrified stone:

Stone exploitation and processing sector contributes about **28.04%** in the net revenue structure of the Company. Granite and Basal mines in: Binh Dinh; Khanh Hoa; Đăknông; Phu Yen has large reserves with good color and quality, this is a favorable factor to ensure stable supply of input materials in place. In the long run, the cost of exploitation may increase, if investment and intensive technology are not maintained and improved, the exploitation output will be difficult to maintain the current growth rate.

Trading and supplying Toyota car services: Trading and distributing Toyota cars are a significant contribution of about 32.68% of the company's net revenue structure. Toyota is the automobile company that holds the highest sales volume in Vietnam in recent years. Vietnam is forecasted to be a potential market for car consumption, import and special consumption tax rates are reduced according to the schedule of integration commitments. However, in the long run, the level of competition between car makers is also very interesting.

* Exchange rate, interest rate and inflation:

Part of the demand for raw materials, auxiliary materials and products for production of the Company is imported from abroad, so if there is a significant fluctuation in the exchange rate, it will cause certain fluctuations in production and business for the Company. On the other hand, in the capital structure to finance projects as well as for regular production and business activities that use loans, any changes in interest rates in the market also affect directly to the results of production and business activities of the Company. In the short term, the interest rate factor has not really affected much to the production and business activities of the company. In the long term, along with the recovery of the economy and the volatility of interest rates in the market is a risk factor that will affect the production and business activities of the company.

In addition, it should also be paid attention to inflation. High inflation rate makes input and output prices fluctuate, causing artificial stability of the production process. The devaluation of the currency affects the results of production and business activities.

6.2 Legal and compliance risks

Laws and sub-law documents, regulations, guidelines on policies, lack of uniformity have partly affected the business operations and development orientation of the company. Risk of litigation, disputes, compensation is likely to happen in the future.

6.3 Risk of investment and expansion of production and business scale:

At the request of expanding business scale, it must be made large investments in existing lines and potential new lines, however the unpredictable changes of the world economy and politics can make business investment activities with many difficulties and unexpected obstacles and not reach the business targets as expected.

6.3 Other risks: Force majeure risks such as fires, storms and floods, etc have certain impacts on the company's business and production activities.

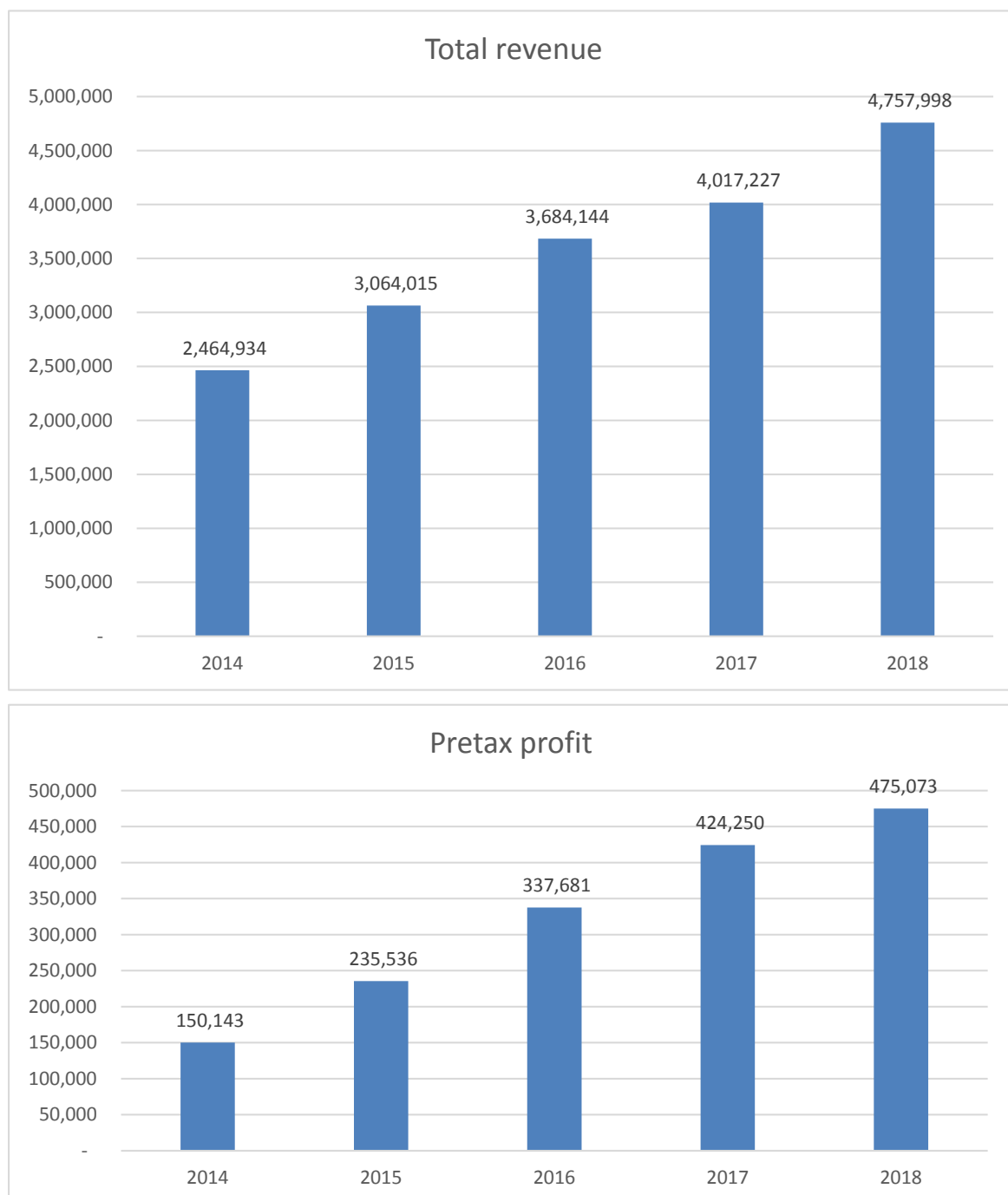
PART II: OPERATION SITUATION IN THE YEAR

1. Situation of production and business activities

a. Results of production and business activities in the year:

In the difficult context of the world and domestic economy in 2018, the Company's production and business activities are still maintained a stable growth rate over the same period. Domestic and export markets are still maintained and expanded.

Chart of total revenue and profit in the last 5 years



* Net revenue structure:

Unit: Million dong						
Items	2016	%/net revenue	2017	%/net revenue	2018	%/net revenue
<i>Revenue from selling goods and finished products</i>	3,554	97.06	3,852	97.00	4,583	97.12
Revenue from selling stones	1,007	27.50	1,233	31.05	1,323	28.04
Revenue from selling wood	1,007	27.50	1,246	31.38	1,841	39.01
Revenue from selling cars	1,524	41.61	1,349	33.97	1,408	29.84
Other revenues	16	0.44	24	0.60	11	0.23
<i>Revenue from services rendered</i>	108	2.94	119	3.00	136	2.88
Revenue from vehicle repair services	106	2.89	117	2.95	134	2.84
Revenue from other services	2	0.05	2	0.05	2	0.04
Total net revenue	3,661	100.00	3,971	100.00	4,719	100.00

Revenue of the company arises from selling goods, finished products and services, specifically:

- Revenue from selling goods and finished products accounted for a large proportion in net revenue structure with 97% in 2017 and 97.12% in 2018. Revenue from selling goods and finished products include: sales of stone products and wood products and cars. In particular, trade revenue of Toyota automobile accounts for 29.84% in 2018, equivalent to more than VND 1,408 billion. In addition, revenue from wood products accounted for 39.01% in 2018, equivalent to VND 1,841 billion and stone products accounted for 28.04% of net revenue, equivalent to VND 1,323 billion.

- In 2018, revenue increased but there was a change in the proportion of sectors: sales of stone products decreased from 31.05% in 2017 to 28.04% in 2018, revenue from wood products increased from 31.38% in 2017 to 39.01% in 2018, revenue from commercial cars decreased from 33.97% in 2017 to 29.85% in 2018.

*** Structure of gross profit on sales of goods and services rendered:**

ĐVT: Triệu đồng

Items	2016	2017	2018
<i>Gross profit on sales of goods, finished products</i>	559.37	663.23	806.33
All kinds of stone products	351.34	398.15	456.66
All kinds of wood products	169.79	230.60	293.09
Toyota Motor Trading Service	38.24	34.48	56.58
Services rendered	26.23	33.81	36.70
Car repair services	21.76	25.66	26.45
Other office & service leasing services	4.47	8.15	10.25
Total	585.6	697.04	843.03

Gross profit from selling goods, finished products and services increased highly compared to 2017 from VND 697,039 billion to VND 843,022 billion, increasing by VND 145,983 billion.

b. Implementation situation compared to the plan 2018

By continuous efforts, promoting the favorable factors and available resources to overcome the objective difficulties arising, the company has completed the plan. ***The figures of performance indicators according to the consolidated financial statements as of December 31, 2018 have been audited as follows:***

Unit: Million dong

Items	Implemented in 2017	In 2018		% implemented in 2017 comparing with	
		Plan 2018	Implemented in 2018	Plan 2018 (%)	Implemented in 2017 (%)
Total revenue	4,017,228	4,805,000	4,757,998	99.02	118.44
Pretax rofit	424,250	475,000	475,073	100.02	111.98
Profit after tax	361,159		399,809		110.70
Basic earnings per share	8,180		8,389		102.56

2. Organization and personnel:

2.1 Executive committee of the Company:

Board of management

- Mr.: Le Vy

Sex: Male

Date of birth: 20/12/1958

Place of birth: Nghi Van - Nghi Loc - Nghe An

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: 120 Street Nguyen Thi Dinh – Quy Nhon City

Qualification: Bachelor of Economics

Current position: Chairman of Board of management.

Share ownership rate: 11,86% equivalent to 5,762,458 shares

- Mr.: Tran Thanh Cung

Sex: Male

Date of birth: 02/05/1957

Place of birth: Tinh Son - Son Tinh - Quang Ngai

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: 262A Nguyen Thai Hoc - Quy Nhon

Qualification: Intermediate of political theory

Current position: Member of the Board of management, Deputy General Director of Phu Tai Joint Stock Company

Share ownership rate: 4,05% equivalent to 1,965,625 shares

- Mr.: Phan Quoc Hoai

Sex: Male

Date of birth :: May 17, 1967

Place of birth: Bac Giang – Ha Bac

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: Tran Quang Dieu Ward, Quy Nhon

Qualification: Bachelor of economics

Current position: Member of the Board of management, Deputy General Director of Phu Tai Joint Stock Company

Share ownership rate: 1,81% equivalent to 880,272 shares

- Mr.: Le Van Thao

Sex: Male

Date of birth:: 10/10/1971

Place of birth: Dieu Tri - Tuy Phuoc - Binh Dinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: Nguyen Van Cu Ward, Quy Nhon City, Binh Dinh

Current position: Vice Chairman of the Board of management, General Director of Phu Tai Joint Stock Company

Share ownership rate: 7,32% equivalent to 3,557,333 shares

- Mr. Nguyen Sy Hoe

Sex: Male

Date of birth: 02/09/1970

Place of birth: Dien Hai - Dien Chau - Nghe An

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: 102 Vu Bao, Ngo May Ward, Quy Nhon City, Binh Dinh.

Qualification: Forestry engineer

Current position: Member of the Board of management, Deputy General Director of Phu Tai Joint Stock Company, and director of Thang Loi Enterprise.

Share ownership rate: 5,04% equivalent to 2,449,698 shares

- Mr. Le Van Loc

Sex: Male

Date of birth: 29/12/1973

Place of birth: Nghi Van - Nghi Loc - Nghe An

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: Room B3, 8th floor, Binh Dinh building, 2/2 Ly Thuong Kiet, Ward 15, District 11, Ho Chi Minh City.

Qualification: Business administration

Current position: Member of the Board of management, cum Director of Phu Tai Dong Nai Company Limited.

Share ownership rate: 5,76% equivalent to 2,798,602 shares

- Mr. Do Xuan Lap

Sex: Male

Date of birth: 02/10/12/1958

Place of birth: Binh Dinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: No. 96 Pham Hung, Quy Nhon City, Binh Dinh.

Qualification: High-level politics

Current position: Independent member of Board of management

Share ownership rate: 0.46% equivalent to 225.140 shares

- Mr. Tran Huu Duc

Sex: Male

Date of birth: 20/12/12/1950

Place of birth: Binh Dinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: No. 25 Y Lan, Quy Nhon City, Binh Dinh.

Qualification: Banking University

Current position: Independent member of Board of management

Share ownership rate: 0.14% equivalent to 69.291 shares

Internal audit committee:

- Mr. Bui Thuc Hung

Sex: Male

Date of birth: 10/08/1963

Place of birth: Huong Thuy - Huong Khue - Ha Tinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: Nguyen Van Cu Ward - Quy Nhon City - Binh Dinh Province

Qualification: Bachelor of economics

Current position: Head of internal audit committee

- Mr. Truong Cong Hoang

Sex: Male

Date of birth: 08/07/1974

Place of birth: Quy Nhon - Binh Dinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: Dong Da Ward - Quy Nhon City - Binh Dinh

Qualification: Bachelor of Informatics, 2nd in Business Administration

Current position: Member of Internal Audit Committee

- Ms. Dang Thi Tu Oanh

Sex: Female

Date of birth: 23/10/2979

Place of birth: Quy Nhon - Binh Dinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: 42 Dang Thi Tram - Ghenh Rang Ward - Quy Nhon City - Binh Dinh

Qualification: Bachelor of finance - accounting

Current position: Member of Internal Audit Committee

Board of Directors:

- Mr. Le Van Thao

Vice Chairman of the Board of management, General Director of the Company

(See Introduction of the Board of management)

- Mr. Tran Thanh Cung

Member of the Board of management, Deputy General Director of the Company in charge of internal affairs

(See Introduction of the Board of management)

- Mr. Phan Quoc Hoai

Member of the Board of management, Deputy General Director of the Company in charge of business, finance and investment affairs

(See Introduction of the Board of management)

- Mr. Nguyen Sy Hoe

Member of Board of management, Deputy General Director of the Company in charge of wood industry

(See Introduction of the Board of management)

Chief accountant:

- Ms. Nguyen Thi My Loan

Sex: Female

Date of birth: 02/02/1976

Place of birth: Quy Nhon – Binh Dinh

Nationality: Vietnamese

Ethnic group: Kinh

Permanent residence: 556 Nguyen Thai Hoc - Quy Nhon - Binh Dinh

Qualification: Bachelor of accounting - auditing

Current position: Chief Accountant Phu Tai Joint Stock Company

- Number of officials, employees and policies for employees:

2.2 Changes in executive committee: None

2.3 Policy for the employees:

* Labor structure of the company in 2018:

No.	Category	Unit	Parent company	Subsidiary company	Total
I	Total number of employees	People	3,365	1,679	5,044
	- Indefinite term labor contract	//	1,558	1,269	2,827
	- Seasonal labor contract	//	1,807	410	2,217
II	Labor classification				
1	Sex	People	3,365	1,679	5,044
	+ Male	//	2,003	1,078	3,081
	+ Female	//	1,362	601	1,963
2	Structures		3,365	1,679	5,044
	- Managers	People	517	264	781
	Where : + Male	//	373	212	585
	+ Female	//	144	52	196
	- Direct production labors	People	2,848	1,415	4,263
	Where : + Male	//	1,624	872	2,496
	+ Female	//	1,224	543	1,767
3	Qualification	People	3,365	1,679	5,044
	- Labor with university degree or higher	//	223	180	403
	- Labor with college degree	//	108	78	186
	- Labor with intermediate level	//	106	87	193
	- General labor	//	2,928	1,334	4,262

2.4 Training policy:

- Train and improve of production management knowledge and management capacity for management levels.

- Improve the quality of human resources, well prepare alternative human resources. There are flexible recruitment policies and a good level of remuneration to attract high quality personnel to meet development needs in the coming years.

- Build a contingent of high-level, creative and flexible managers at all levels, managing and managing fast changes in the business environment, meeting the goal of building a development company with speed fast, sustainable.

2.4 Policies of salaries, bonuses, allowances and benefits:

The salary regime is built on the basis of applying the current regulations of the State and based on the business performance, combined with the value of works, products, roles and responsibilities of employees, factors affecting the economy and society such as the local market level, the coefficient of inflation, the growth in average income, ect. Implementing salary payment policy to ensure fairness and transparency, really encourage employees to

promote working capacity. The income of the employees is always improved, the following year is higher than the previous year.

The policy of rewarding and disciplining timely and reasonably encourages the employees to improve labor productivity.

The employees may sign labor contracts, are entitled to participate in social insurance, health insurance, unemployment insurance, enjoy sickness and maternity benefits in accordance with current law provisions, equipment for labor protection, medical examination every year.

3. Situation of investment, implementation of projects:

a. Investments - basic construction over the years:

Unit: Million dong

Years	Investment and settlement value	Content of investment implementation
2015	213.690	<ul style="list-style-type: none"> - Project of Dong Nai stone processing factory - Investing in expansion of Thang Loi wood processing factory. - Adding machinery and equipment for the stone line - Adding machinery and equipment for the wood line - Adding machinery and equipment for the car business line
2016	211.157	<ul style="list-style-type: none"> - Investing in expansion of Dong Nai stone processing factory - Project of Binh Dinh stone processing factory - Adding machinery and equipment for the stone line - Adding machinery and equipment for wood line - Adding machinery and equipment for the car business line
2017	526.671	<ul style="list-style-type: none"> - Project of Hung Yen stone processing factory - Project of Dien Tan stone processing factory - Investing in expansion of Khanh Hoa stone processing factory - Repurchasing and investing in expansion of Granite processing factory – Limited Company - Project of Phu Cat wood processing factory - Adding machinery and equipment for the stone processing factories - Adding machinery and equipment for the wood processing factories - Adding machinery and equipment for the car dealers.
2018	276.388	<ul style="list-style-type: none"> - Project of Dien Tan stone processing factory - Investing in expansion of Phu Cat stone processing factory

	<ul style="list-style-type: none"> - Investing in expansion of Phuoc Thanh wood processing factory - Investing in expansion of Granite processing factory – Limited Company - Adding machinery and equipment for the stone processing factories - Adding machinery and equipment for the wood processing factories - Adding machinery and equipment for the car dealers
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b. Subsidiary: Summary of financial situation and business operation in 2018

*** Phu Yen Construction Material Joint Stock Company:**

Total assets :	74,647,549,794 VND
Equity :	43,893,989,449 VND
Charter capital :	20,500,980,000 VND
Total revenue :	101,367,576,479 VND
Pretax profit :	29,119,243,621 VND

*** Tuan Dat Minerals Co., Ltd.:**

Total assets :	66,384,753,699 VND
Equity :	12,720,147,119 VND
Charter capital :	10,000,000,000 VND
Total revenue :	58,547,040,244 VND
Pretax profit :	6,102,467,235 VND

*** Universal Stone Joint Stock Company:**

Total assets :	28,006,180,338 VND
Equity :	10,178,815,196 VND
Charter capital :	9,833,057,539 VND
Total revenue :	20,893,455,358 VND
Pretax profit :	-235,418,746 VND

*** Granite Manufacturing Co., Ltd.:**

Total assets :	196,870,440,789 VND
Equity :	39,065,628,833 VND
Charter capital :	82,500,000,000 VND
Total revenue :	59,032,619,963 VND
Pretax profit :	356,739,866 VND

*** Thanh Chau Phu Yen Granite Co., Ltd.:**

Total assets :	29,994,489,740 VND
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Equity :	29,994,489,740 VND
Charter capital :	30,000,000,000 VND
Pretax profit :	-510,260 VND

*** Vina G7 Joint Stock Company:**

Total assets :	233,325,035,618 VND
Equity :	65,354,852,323 VND
Charter capital :	63,000,000,000 VND
Total revenue :	278,189,093,832 VND
Pretax profit :	16,002,458,120 VND

*** Phu Tai Dong Nai Company Limited:**

Total assets :	129,711,018,571 VND
Equity :	46,398,708,286 VND
Charter capital :	45,000,000,000 VND
Total revenue :	187,819,456,308 VND
Pretax profit :	6,402,442,805 VND

*** Danang Toyota Company Limited:**

Total assets :	152,329,414,144 VND
Equity :	76,908,257,856 VND
Charter capital :	70,000,000,000 VND
Total revenue :	1,233,044,454,345 VND
Pretax profit :	42,975,809,994 VND

*** Toyota Binh Dinh Co., Ltd:**

Total assets :	46,297,424,235 VND
Equity :	27,229,738,633 VND
Charter capital :	25,309,025,243 VND
Total revenue :	327,846,324,795 VND
Pretax profit :	9,977,984,795 VND

*** Phu Tai Real Estate One Member Limited Company:**

Total assets :	90,191,030,104 VND
Equity :	89,947,665,313 VND
Charter capital :	100,000,000,000 VND
Pretax profit :	-52,334,687 VND

4. Financial situation:

a. Financial situation:

(Unit: Million dong)

Indicators	In 2017	In 2018	% Increase or Decrease
Total value of assets	2,581,428	3,399,242	32%
Net revenue	3,971,328	4,719,065	18%
Profit from business activities	395,590	468,302	18%
Other profits	28,660	6,771	-76%
Pretax profits	424,250	475,073	12%
Profit after tax	361,159	399,809	11%
Profit after tax of the parent company	344,538	384,627	12%
Rate of dividend payment according to plan / charter capital	≥30%	≥30%	

b. Major financial indicators:

Indicators	In 2017	In 2018	Note
1. Indicators of solvency			
Short-term payment ratio (short-term assets / bank debts)	103%	127%	
Quick payment ratio (short-term assets - inventory) / Bank debt	50%	65%	
2. Indicators of capital structure			
Debt ratio / Total assets	58%	51%	
Debt ratio / Equity	135%	105%	
3. Activity ratio			
Inventory turnover ratio (average cost of goods sold / Inventories)	5 turnover	5 turnover	
Net revenue / Total assets	1.5 times	1.4 times	
4. Profitability ratio			
Profit after tax ratio / Net revenue	9%	8.5%	
Profit after tax ratio / Equity	34%	24%	
Profit after tax ratio / Total assets	14%	12%	
Ratio of profit from business activities / Net revenue	10%	10%	

5. Shareholder structure, change of owners' investment capital:

a. Shares:

As of December 31, 2018, the company's charter capital is as follows:

Charter capital of the company: 485,994,410,000 VND

Face value of 1 share: 10,000 VND

Volume of listed shares	48,599,441 Shares
Volume of outstanding shares:	48,599,441 Shares
Type of outstanding shares:	ordinary shares
Number of freely transferred shares:	48,599,441 Shares

b. Shareholder structure as of March 15th, 2019

- Major information about the shareholder structure / capital contributors

No.	Name of shareholders	Quantity	Value of contributed capital	Ownership rate	Types of share
I	Domestic shareholders	2,364	409,189,690,000	84.2%	
1	<i>Shareholders are legal entities</i>	32	8,666,780,000	1.78%	<i>Ordinary shares</i>
2	<i>Shareholders are individuals</i>	2,332	400,520,180,000	82.42%	<i>Ordinary shares</i>
II	Foreign shareholders	84	76,804,720,000	15.80%	
1	<i>Shareholders are legal entities</i>	33	68,162,190,000	14.03%	<i>Ordinary shares</i>
2	<i>Shareholders are individuals</i>	51	8,644,660,000	1.77%	<i>Ordinary shares</i>
	Total	2,448	485,994,410,000	100%	

- Detailed information about each major shareholder / capital contributor

No.	Name of shareholders/ Year of birth	Address	Occupation	Number of shares owned at the beginning of the year	Ownership rate (%)	Current number of shares owned	Ownership rate (%)
1	Le Vy Born on: 20/12/1958	Nguyen Lu Street - Quy Nhon	Chairman of Board of Management	2,902,367	11.20	5,762,458	11.86

2	Le Van Thao Born on: 10/10/1971	Dieu Tri Town - Tuy Phuoc – Binh Dinh	Vice Chairman of Board of Managem ent cum General Director	1,929,214	7.44	3,557,333	7.32
3	Le Van Loc Born on: 29/12/1973	Room B3, 8th floor, Binh Dinh building 2/2 Ly Thuong Kiet - Ward 15 - District 11 - Ho Chi Minh City.	Member of Board of Managem ent	1,419,520	5.48	2,798,602	5.76
4	Nguyen Sy Hoe Born on: 02/09/1970	102 Vu Bao - Quy Nhon - Binh Dinh	Member of Board of Managem ent	1,373,556	5.3	2,449,698	5.04
	Total				29.42		29.98

- Foreign shareholders / capital contributors:

c. The situation of changing the owner's investment capital:

Investment capital of early owners: 259,201,940,000 VND

Year-end investment capital: 485,994,410,000 VND

Increased VND 226,792,470,000 due to:

- Issuance of shares for existing shareholders: 51,835,540,000 VND

- Issuance of shares under the selection program for employees: VND 12,960,000,000

- Stock dividend payment: 161,996,930,000 VND

d. Transaction of treasury stocks: not available

e. Other securities: not available.

6. Report the environmental and social impact of the company

6.1 Energy consumption

- Using electricity for production and daily activities:

In 2018, 84.146 million Kwh / year was used, with total electricity payment of VND 147,806 million.

- Using gas fuel: 99,852 kg / year, with a total amount of VND 2,319 million paid.

In 2018:

- Using modern lines and technologies with low energy consumption and no impact on the environment.

- Building a sense of saving electricity in use for employees in production and living at home.

6.2 Water consumption (water consumption of business activities in the year)

Water supply and water use

The water source used by the company is the water source of the water supply and drainage company, used for the main purpose of living ..

In 2018, the whole company consumed 88,463 m³, with a total payment of 929 million.

6.3 Comply with the law on environmental protection.

- Report on environmental photometry every 4 years

- Report on working environment photometry once a year

- Report on mining results twice a year.

- Report on environmental impact assessment according to each project of the company at the request of functional agencies and current law provisions.

- Construction of industrial waste treatment systems meeting the prescribed standards for projects and each factory, including systems for treatment of production and daily-life waste water. Sign contracts with units with the function of collecting and treating wastes according to regulations.

The environment at the manufacturing factory is guaranteed.

6.4 Policies related to employees:

6.4.1 Number of employees, average salary for employees:

- Average labor: (including subsidiary) by 31/12/2018: 5,083 people.

- Average salary: VND 6,965,875 / person / month.

6.4.2 Labor policy to ensure the health, safety and welfare of workers:

- Periodically report on the situation of use and the demand for recruitment of 6-month and annual employees with the Department of Labor, Invalids and Social Affairs.

- Periodically report on the situation of occupational accidents and diseases every 6 months and year with Department of Labor, Invalids and Social Affairs.

- Well implementing policies for employees: timely payment of allowance for sickness, maternity, occupational disease, occupational accident insurance, property insurance ...

- Human insurance of units purchasing 100% of employees; buying 100% insurance for manufacturing factories, machinery, assets, goods at factories with potential risks of fire, accidents and natural disasters.

- Settlement of sickness, maternity allowance, rest period for health recovery, occupational accident and death for 4,008 turns of people with the amount paid by Social Insurance: VND 2,885,597,191 (of which: sickness: 3,717 people = VND 925,845,927; maternity: 239 people = VND 1,766,178,140; health recovery: 38 turns = VND 98,454,000; accident labor: 14 turns of people = 85,124,129)

- Ensure labor protection equipment, first aid drugs with a total amount of VND 4,557,694,200 (*in which: labor protection equipment = VND 4,511,833,200; first aid drugs = VND 45,861,000*).

- Total insurance amount is VND 41,946,436,848 (*Social Insurance: 33,353,796,079 VND; health insurance: 3,964,028,173; unemployment insurance: VND 1,308,888,964*).

- Work safety:

* Education and propaganda:

- Propagating labor regulations, regulations and regulations of the company.

- Disseminate in many forms the process of safe operation and warning of occupational accidents in workshops and production teams to minimize accidents for workers.

* Work protection:

- Periodically report on the work of labor protection every 6 months and year with Department of Labor - Invalids and Social Affairs.

- Periodic health examination, occupational disease.

- Testing labor environment, verifying and re-testing all kinds of machinery and equipment with strict requirements on occupational safety, equipment for labor protection, equipping with equipment of Fire & Explosion Prevention.

- Fully equipped with labor protection standards for workers. Issuing the time limit for each type of equipment equipped with labor protection to manage and allocate. Implementing incentives to help workers voluntarily wear and use enough labor protection equipment when working to limit possible accidents.

* Work of occupational safety and health - Fire & Explosion Prevention:

- Fully implementing the normative procedures on occupational safety and hygiene in production. Organizations measuring and inspecting the working environment, verifying and re-inspecting machines with strict labor safety requirements; organizing materials, products and maintaining cleaning system continuously during and after production to ensure a clear and safe working environment. Assigning specialized labor safety officers to supervise the observance of occupational safety and hygiene in factories and factories. Attending training courses, training to ensure professional qualifications for the employees.

6.4.3 Activities of the training workers:

- Training objectives: supplementing new knowledge, improving professional qualifications, meeting job requirements.

- Encouraging employees, workers and employees in the whole company to actively participate in "Technical innovation initiatives" to contribute to improving production and business efficiency.

6.5 Report relating to responsibility for the local community:

In 2018, the total contribution was 335 million.

Creating conditions and time for Trade Union companies to participate in activities launched by the local, participating in supporting the relief of floods, natural disasters, people with meritorious services to the revolution.

PART III: REPORT AND EVALUATION OF THE BOARD OF DIRECTORS

1. Evaluation of results of production and business activities:

a. General evaluation:

- With a sustainable development strategy, the company has made good use of and effectively exploited the favorable factors of the business environment such as low volatility of foreign exchange rates, low interest rates, accessed to credit capital for development investment with reasonable capital costs.

- The company is supplemented with new resources thanks to the development investment with accumulated capital over the years, the quality of human resources is enhanced. The prestige of the company in the market is increasingly affirmed, creating favorable conditions for the development of production and business.

- With good preparation, high determination in implementing production and business tasks, and timely and reasonable combination of solutions, although the business environment is still difficult, the company has completed the planned targets of 2018.

- The company received the attention and support of local government agencies at all levels where the company and its member units operate and support the shareholders, the effort to complete and exceed the targets of business and production and company construction of the Company's cadres and staffs.

b. The company's achieved progress:

In fierce competition conditions from domestic and foreign competitors, the company and its member units have made great efforts to maintain the traditional market and develop new customers, organize the re-evaluation of market work as well as propose solutions to change the approach, select international fairs to participate in order to promote consumption and product promotion, build flexible sales policies from time to time, suitable for each group of customers, attach special importance to investment and development of new products with high added value in order to take initiative in goods resources supplied to the market.

+ Export market grew 24% compared to 2018.

- Control measures:

Renovating management and control of production and business activities in a regular way.

The systems of technical and economic norms, production cost management procedures are regularly evaluated and improved to suit production scale and technology applied.

Applying product quality control process to each production department. Maximizing the ability to detect and timely correct errors of products.

Measures to mitigate impacts on the community environment are ensured. Attaching special importance to labor safety, fire prevention and safety in the management of the use of explosive materials in regular activities of the enterprise.

Maintaining the evaluation, improvement and practical application of quality management systems of ISO9001: 2008, COC, FSC.

+ Achievements:

An enterprise with prestigious export achievements in 2018 recognized by the Ministry of Trade.

The General Department of Taxation presented the flag for achieving good performance of the tax law policy in 2017.

Top 500 Best Profitable Companies in Vietnam in 2017.

Top enterprises with the best financial capacity index in 2017.

Top 50 Best Listed Companies of Vietnam 2017.

2. Financial situation in 2018:

a. Situation of assets:

Short-term assets is 2,096,125 million dong, equal to 148% compared to the same period, accounting for 62% of total assets.

The inventory is 1,020,172 million dong, equal to 141% compared to the same period, accounting for 49% of short-term assets. The value of inventories increased because the company consolidated data of subsidiary -Phu Tai Real Estate Company Limited in the year.

Short-term receivable debt is 730,963 million dong, equal to 141% compared to the same period, accounting for 35% of short-term assets. Receivable debts are debts that have not yet matured.

Long-term assets is 1,303,117 million dong, equal to 112% compared to the same period, accounting for 38% of total assets.

b. Situation of liabilities:

Liabilities are 1,738,347 million dong, equal to 117% compared to the same period, the Company did not have any overdue debts or extended debts. In which:

+ Short-term liabilities are 1,655,558 million dong, equal to 79% compared to the same period, accounting for 95% of liabilities.

+ Long-term liabilities are 82,789 million dong, equal to 548% compared to the same period, accounting for 5% of liabilities.

- The company has no bad debts payable at the time of December 31, 2018.

c. Equity:

- Equity in 2018: 1,660,895 million dong, equal to 151% compared to the same period.

3. Improvements in organizational structure, policy and management:

Regular tasks in the year:

- Improving organizational structure and policy:

- Improving the management, production organization, labor management, production cost management, well handling of labor policies.

- Amending and supplementing regulations on salaries, bonuses, technical and economic norms, common labor agreements, production operating regulations

- Changing recruitment, training, arranging human resources at all levels in accordance with needs of management, actual business conditions.

4. Future development plan:

- Investing properly for research and development of new industries, new products for the industry of stone and wood processing to increase the scale and efficiency of the company's business and production.

- Implementing additional investment for the existing manufacturing industries as well as new projects and new lines in the direction of focusing in depth, using advanced technology to improve the competitive capacity, efficiency and minimize impacts on environment.

- Managing and controlling the supply chain of input materials strictly in conditions of increasing quantity and quality of the domestic and export markets.

- Ensuring the quality for senior management personnel, timely meeting the development and expansion needs of the company in the future.

5. Explanation of the Board of Directors for comments of auditors:

Agreeing with the opinion of the independent auditing unit.

PART IV. EVALUATION OF THE BOARD OF MANAGEMENT ON THE OPERATION OF THE COMPANY:

1. Evaluation of the Board of Management on the activities of the Company.

- The company has made good preparation and high determination, flexibility in implementing business and production tasks in 2018, adapted to the rapid change of the business environment, reasonably used of resources and advantages, made good exploitation of business opportunities. In the context of unfavorable changes in the business environment compared to the forecasts at the beginning of the year, the company has completed the business and production plan in 2018: revenue of the parent company increased by 29% compared to the same period, profit after tax of the parent company increased by 14%; Consolidated revenue increased by 18%, consolidated profit increased by 11% compared to the same period.

- The company has well implemented development investment tasks, completed investment projects to ensure progress and quality, promptly put into operation effectively, contributing to the increase of scale and effectiveness of business and production in 2018. The total investment value in 2018 is VND 266,199 million dongs, including:

+ Incomplete investment projects in 2017 such as: Phu Cat wood processing plant stage 1, working office of Vina G7 Joint Stock Company;

+ Projects implemented in the year such as: project of Long My 1, Long My 2 stone factories, investment in expanding Dak Nong plant, Phu Cat stone processing plant, Phuoc Thanh wood processing plant, production line of new products for Vina G7 company, working office of Nhon Hoa construction materials enterprise and additional investment in machines and equipment to increase capacity of stone and wood factories.

*** Shortcomings and causes affecting business and production performance:**

- In-depth investment to improve professionalism, enhance the quality of management and administration of the company as well as some member units has not achieved the set targets.

- The recruitment, training of human resources for indirect management, for workers with direct production fails to keep up with the pace of development investment, affecting the efficiency of new investment projects.

- In the management and administration, there are some departments and agencies of the company and member units have not done well the company's motto action as " Be creative, speed, sustainable".

2. Evaluation of the Board of Management on the operation of the Board of Directors of the Company.

Supervising the operation of the General Director and managers is carried out in accordance with the law and the charter of the company. The Board of Management inspects and supervises the business and production situation through direct inspection at the member units monthly, quarterly and unexpectedly. The General Director regularly exchanges information about the company situation with the Board of Management, ensuring the Board of Management to issue decisions on management and administration for the company in a timely manner. Every month and every quarter, the General Director reports business and production results, financial situation, management and administration to the Board of Management.

Inspecting and supervising the basic construction investment of the member units through the Project Management Board and inspecting and supervising directly at the projects.

The Board of Management has well performed the assigned tasks, financial management, ensuring business efficiency, legal compliance and transparency in operating activities.

Result of supervision in 2018:

+ The General Director has operated the company to complete the norms of business and production and company construction assigned by the General Meeting of Shareholders and the Board of Management; well performed the company's administrative regulations, been public and explicit in managing, protecting the company's interests without taking advantage of positions and powers for personal purposes; organized the implementation of investment projects in accordance with the law and the guidelines of the Board of Management.

+ For managers, there are no signs of violation of the company's administration regulations and relevant legal documents. Most managers in the company have successfully completed the assigned tasks, the Deputy General Directors have well performed the tasks assigned by the General Director, managed and operated the company together with the General Director to complete the business and production targets. Besides, the managers have well promoted their capacity, quality, responsibility, upheld the spirit of solidarity, discipline, protected the interests of the company all the time, not taken advantage of positions, powers and business opportunities for personal purposes.

3. Plans and orientations of the Board of Management

Always set challenges to direct and manage, be drastic flexible in managing, administering targets in association with implementation time. Improve the quality of planning targets for operating business and production plans, financial plans monthly, quarterly and yearly. Report and give information timely and correctly. Continue to invest in developing the market for the company's products, ensuring the company's business and production in a smooth operation.

Strictly monitor the macroeconomic and international & domestic market developments in order to have timely solutions in order to adjust production, business and investment of the company and member units for adapting to changes of the business environment.

Continue to invest in developing the market for the company's products, ensuring the company's business operations in a smooth operation and maintaining continuous development.

Continue to mobilize sufficient resources for investment to achieve rapid development targets. Ensure sufficient capital, low capital costs for business & production, development investment, mergers and acquisitions. Be willing to apply new ways of raising capital to meet the company's development requirements.

Build a team of managers with a high sense of responsibility and determination to overcome obstacles, always set short and long-term challenging business and production targets and strive to achieve the targets set.

- Attach special importance to training, recruitment (domestic recruitment and hiring foreign experts) to improve the quality of human resources, implement reasonable remuneration to attract high-quality personnel in order to meet development needs, implement step by step integration for costs of wage. Ensure rights for shareholders to be assured to implement long-term investment and attract new investors to the company.

- Direct industries to get sustainable solutions to tasks of environment, handling industrial waste and hazardous waste in compliance with regulations. Strictly implement labor safety in production and business.

- Strengthen financial management, strictly implement quarterly financial plans, use capital economically in production and business, strictly control inventory and receivables.

*** *Stone processing industry:***

- Continue to invest in market tasks, attach special importance to the export market, develop and expand new markets to overcome limitations, concentrate a large proportion on a market to overcome risk factors when the market suffers from unusual impacts on economy - politics or trade defense policies. Promote marketing activities to promote products, build programs to participate further in domestic and international fairs in order to promote brand, introduce products of the industry. Take advantage of the opportunity to shift the supply market from China to other countries including Vietnam. Restructure products, increase products with deep processing, completed products such as exported and domestic cutting stone, lavabo, gravestone, etc to increase the value of products, prevent the decline to implement step by step increase in profit margin contributing to increasing the efficiency of the industry. Promptly deploy the development of the market for fresh concrete products in Binh Dinh province.

- Focus on investing in good quality human resources, including hiring foreign experts for industries of manufacturing new products.

- Continue to invest in finding and buying more raw material mines with good reserves and quality, stones and colors with high profit margins. Build exploitation enterprises into professional units with advanced management and exploitation capability, be a key unit to implement raw material security strategies, ensuring adequate supply of raw materials for stone processing factories.

- Speed up the progress of projects being invested and put into operation in first quarter of 2019 (Long My 2 plant, project of expanding Phu Cat stone plant, project of expanding Dak Nong plant), deploy projects and put into operation in the second quarter of 2019 (Thanh Chau Phu Yen plant, Nhon Hoa stone plant, fresh concrete plant), speed up the progress of investment in artificial quartz stone plant.

- Focus on directing and speeding up the progress of legal procedures related to permits for exploiting quarries (Granida black stone quarry, Da Du ice cream quarry, Phu Cat purple stone quarry (expanded part), Phan Rang pink stone quarry).

*** *Wood processing industry:***

- Continue to invest in expanding markets associated with the restructuring of customers in line with the large production model of the company's wood industry. Make good use of opportunities to move suppliers from China to Southeast Asian countries, trade agreements between Europe and Vietnam, etc to expand market scale, fully exploit the capacity of factories which has been investing.

- Continue to drastically implement policies on in-depth investment: Enhancing management capacity, attaching special importance to internal management to create a breakthrough in the management of inputs of raw materials and materials for production, arrange scientific production lines, well control the daily production schedule, well control the quality of products and production costs, strive to achieve the targets set out by the industry effectively. Strictly implement the instructions of the Board of Management on developing the wood industry.

- Continue to speed up the progress of projects that are investing and put into operation: expanded Phuoc Thanh Wood Plant in the first quarter, the production line of new products of Vina G7 plant, re-arrange the production site, invest in supplementing machinery and equipment for Phu Cat wood plant with the targets of 2019 that fully exploiting the capacity of stage 1, continuing to study investment in the project to expand 5.2 hectares of Phu Cat wood plant, the rest is expected to be deployed in early 2020 when the capacity of stage 1 is fully exploited, for the project to expand Phu Tai Dong Nai wood plant, it is expected to put into operation in the early fourth quarter of 2019.

*** *The industry of trading and service of cars and real estate:***

- The automotive industry has a flexible and effective solution, striving to complete the business and production targets in 2019. Strive to raise the ranking of Toyota Vietnam agents to meet the eligibility criteria to develop new business establishments. Develop and propose a reasonable wage policy to retain capable and skilled cadres and staffs. Minimize the embroilment from new agents. Reserach to seek sites for building a new establishment for Toyota Binh Dinh at the request of Toyota Vietnam. 5.3 Sustainable development targets(environment, society and community) and short-term related program of the Company.

- Phu Tai Real Estate Company has accelerated the progress of completing investment and construction procedures for the project of Phu Tai residence. Comply with all legal regulations during the entire project operation process. Ensure that the project is constructed in compliance with schedule, quality and safety. Strive to complete the project by the end of 2020. Continue to invest in reserve land fund to meet new projects in the next years..

PART V. THE COMPANY'S MANAGERS:

1. The Board of Management:

a. Sub-committees under the Board of Management: Due to the organizational nature, the company has not established subcommittees under the Board of Management.

b. Operation of the Board of Management:

The Board of Management regularly monitors, inspects and evaluates the operation of the Board of General Directors in implementing the provisions of the Company's Charter, Resolutions of the General Meeting of Shareholders, Resolutions and Decisions of the Board of Management and internal management regulations of the company. Orient to expand business lines of the company and develop investment plans to develop potential projects.

Supervise the implementation of investment projects as well as the quality of completed projects.

Enhance the administration of the Board of General Directors in accordance with the best administration practices to ensure the rights and interests of shareholders and employees of the Company. Strengthen the exchange of information between the Board of Management and the Board of General Directors to promptly make reasonable and timely decisions.

- Number of meetings of the Board of Management:

No.	Member of the Board of Management	Position	Number of meetings attended	Rate	Reason of absence
1	Mr. Le Vy	Chairman of the Board	16	100%	
2	Mr. Phan Van Thao	Vice Chairman of the Board	16	100%	
3	Mr. Phan Quoc Hoai	Member of the Board	16	100%	
4	Mr. Tran Thanh Cung	Member of the Board	16	100%	
5	Mr. Nguyen Sy Hoe	Member of the Board	16	100%	
6	Mr. Le Van Loc	Member of the Board	16	100%	
7	Mr. Tran Huu Duc	Independent member of the Board	16	100%	
8	Mr. Do Xuan Lap	Independent member of the Board	16	100%	

Resolutions / decisions of the Board of Management in 2018

No.	Resolution No.	Date	Content
1	11/NQ-HĐQT	18/01/2018	Results of implementing business and production tasks in 2017 and business and production plan in 2018
2	13/QĐ-HĐQT	18/02/2018	Approving the settlement of completed investment items: Phu Cat Wood Processing Factory
3	14/QĐ-HĐQT	18/02/2018	Approving the settlement of completed investment projects: the project of Dien Tan paving stone processing factory
4	21/TB-HĐQT	02/03/2018	Notice of issuance of shares to existing shareholders
5	29/TB-HĐQT	02/03/2018	Notice of issuance of shares under the selection program for company employees (ESOP)
6	37/BC-HĐQT	23/03/2018	Report of ESOP stock issuance results
7	38/CBTT-HĐQT	23/03/2018	Changing the number of shares with voting rights in circulation

8	53/NQ-HĐQT	17/04/2018	Results of implementation of production and business tasks in the first quarter of 2018 and production and business plan for Quarter II / 2018
9	56/QĐ-HĐQT	20/04/2018	Establishing Phu Tai Real Estate One Member Limited Company
10	74/QĐ-HĐQT	24/05/2018	Increasing charter capital after completing the issuance of shares to existing shareholders and ESOP
11	78/NQ-HĐQT	01/06/2018	Implementing the plan to pay dividends in 2017
12	87/QĐ-HĐQT	26/06/2018	Establishing an internal audit committee under the Board of Management
13	94/BC-HĐQT	05/07/2018	Report of results of issuing shares to pay dividends
14	95/CBTT-HĐQT	05/07/2018	Changing the number of shares with voting rights in circulation
15	99/QĐ-HĐQT	18/07/2018	Result of implementing the production and business tasks in the first 6 months of 2018 and the business and production plan for the last 6 months of 2018
16	102/QĐ-HĐQT	20/07/2018	Increasing charter capital after completing the issuance of shares to pay dividends
17	118/QĐ-HĐQT	02/08/2018	Appointment of staff: Cadre in charge of the corporate governance
18	120/QĐ-HĐQT	10/08/2018	Approval of the policy to receive the transfer of contributed capital of Thanh Chau Phu Yen Granite Stone Co., Ltd (rate of 100% charter capital)
19	128/QĐ-HĐQT	21/08/2018	Approval of investment project: Expanding Thang Loi Enterprise wood processing factory
20	143/NQ-HĐQT	20/10/2018	Approval of investment project: Expanding Thang Loi Enterprise wood processing factory
21	151/QĐ-HĐQT	03/12/2018	Establishment of a branch - Phu Tai Joint Stock Company - Khanh Hoa Stone Exploiting Enterprise
22	154/QĐ-HĐQT	03/12/2018	Establishment of a branch – Phu Tai Joint Stock Company – Binh Dinh Stone Exploiting Enterprise
23	157/QĐ-HĐQT	05/12/2018	Approval of the policy to receive the transfer of shares in Mineral - Van Phu Investment Joint Stock Company (accounting for 98% of charter capital)

c. Operation of non-executive independent members of the Board of Management without management: 02

d. List of members of the Board of Management with certificate of corporate governance training:

e. List of members of the Board of Management participating in corporate governance programs during the year:

Mr.: Phan Quoc Hoai: Member of the Board of Management, who participated in the following corporate governance program:

- *Training on organization of the 2018 Annual General Meeting of Shareholders and new regulations on Corporate Governance (24/01/2018).*

- *Workshop "Giving comments on the draft Law on Securities (amended)" in the South area (14/01/2018).*

2. Transactions, remuneration and other benefits of the Board of Management, the Board of Directors and the Board of Supervisors (The Board of Supervisors of the previous term arises from January to April in 2018):

a. Salary, bonuses, remuneration and benefits

No.	Member of the Board of Management, Board of Directors and Board of Supervisors	Position	Salary, bonus and remuneration
1	Mr. Le Vy	Chairman of the Board of Management	1,462,000,000
2	Mr. Le Van Thao	Vice chairman and General Director	1,290,920,000
2	Mr. Tran Thanh Cung	Commissioner, and Deputy general director	750,960,000
3	Mr. Phan Quoc Hoai	Commissioner, and Deputy General Director	860,610,000
5	Mr. Nguyen Sy Hoe	Member of the Board of Management	796,632,000
6	Mr. Le Van Loc	Member of the Board of Management	512,872,093
7	Mr. Do Xuan Lap	Member of the Board of Management	97,200,000
8	Mr. Nguyen Huu Duc	Member of the Board of Management	97,200,000
7	Mr. Nguyen Duc Thang	Member of the Board of Management	43,200,000
9	Mr. Bui Thuc Hung	Chief of the Board of Supervisors	120,000,000
10	Mr. Truong Cong Hoang	Member of the Board of Supervisors	61,470,000
11	Mr. Nguyen Duc Hanh	Member of the Board of Supervisors	16,000,000

According to the plan approved by the Annual General Meeting of Shareholders in 2018, in addition to salary from participating in production and business, bonuses, remuneration for the Board of Management and the Board of Supervisors, there is no any benefit arisen.

Among the members of the Board of Management, Mr. Do Xuan Lap and Mr. Nguyen Huu Duc are independent members, the total income only includes remuneration of the Board of Management and bonuses in accordance with regulation.

b. Share transactions of internal persons and related persons of internal people for listed company shares:

No.	Transaction performer	Relationship with internal shareholder	Number of shares owned at the beginning of the period		Number of shares owned at the end of the period		Reason for increasing or decreasing
			Number of shares	Rate %	Number of shares	Rate %	
1	Le Vy	Chairman of the Board of Management	2,902,367	11.2	5,762,458	11.86	Buying shares, shares of 20% of existing shareholders, Esop shares, paying dividends in 2017
2	Le Van Loc	Member of the Board of Management	1,419,530	5.48	2,798,602	5.76	Buying shares, shares of 20% of existing shareholders, Esop shares, paying dividends in 2017
3	Le Anh Van	Son	42,300		63,400		Buying shares and paying dividends in 2017
4	Nguyen Thi Minh	Wife	113,112	0.43	27,891		Selling shares, shares of 20% of existing shareholders, Esop shares, paying dividends in 2017
5	Le Van Thao	Vice Chairman and General Director	1,929,214	7.44	3,557,333	7.32	Buying shares, shares of 20% of existing shareholders, Esop shares, paying dividends in 2017
6	Do Xuan Lap	Member of the Board of Management			225,140	0.46	Buying shares

c. Contract or transaction with internal shareholders: None

d. The implementation of regulations on corporate governance: The Company strictly complies with the requirements of corporate governance in accordance with the current laws as well as the Regulation of Internal Management approved by the General Meeting of Shareholders.

PART VI. Financial statement

1. Opinions of auditors:

“In our opinion, the consolidated financial statement reflected truthfully and reasonably on key aspects of Phu Tai Joint Stock Company's financial situation as at **December 31st, 2018**, as well as the Income statement and Cash flow statement in the fiscal year ended **December 31st, 2018** in accordance with current Vietnamese accounting standards and regulations and related legal regulations”

2. Audited financial statements:

The consolidated financial statements audited include: Balance sheet; Income Statement; Cash flow statement; Notes to the financial statements in accordance with the law on accounting and auditing.

Separate financial statements of the company are published at the website: www.phutai.com.vn

**ON BEHALF OF THE BOARD OF
MANAGEMENT**

CHAIRMAN

(Signed)

LE VY