



DONG HAI JOINT STOCK COMPANY OF BEN TRE



2018 ANNUAL REPORT



TABLE OF CONTENTS

- 1 GENERAL INFORMATION
- 2 OPERATIVE ACTIVITIES IN THE YEAR
- 3 REPORT OF THE BOARD OF MANAGERS
- 4 REPORT OF THE BOARD OF DIRECTORS
- 5 COMPANY'S ADMINISTRATION
- 6 FINANCIAL REPORT

GENERAL INFORMATION

Overall information

Process of establishment and development

Business sectors and area

Organization structure

Risks



CÔNG TY CỔ PHẦN HẢI BẾN TRE

Thể hiện tâm huyết và lời hiệu triệu của người đứng đầu Công ty và toàn thể cán bộ công nhân viên về sự cam kết hành động và phát triển Công ty bền vững.
Đây cũng là lời kêu gọi toàn thể cán bộ công nhân viên Công ty CP Đông Hải Bến Tre hãy suy nghĩ và nhận thức nâng cao tinh thần trách nhiệm và cố gắng hành động thiết thực trong công việc hàng ngày của mình, kể cả ý thức và trách nhiệm trong việc ngăn ngừa ô nhiễm, bảo vệ môi trường.
Chính sách này thể hiện sự khát khao phát triển lớn mạnh của Công ty dựa trên nền tảng môi trường sống của cộng đồng.



NG PAPER





GENERAL INFORMATION

DONG HAI JOINT STOCK COMPANY OF BEN TRE

Certificate of Business Registration No. 1300358260 issued by Ben Tre Province's People's Committee for the first time on April 2, 2003,

Registered for the 16th change on March 6, 2019

Charter capital: 447.975.260.000 VND

Equity capital: VND 447.975.260.000 VND

Stock code: **DHC**.

Head office: Block AIII, Giao Long Industrial Zone, An Phuoc Ward, Chau Thanh District, Ben Tre Province.

Tel.: (0275) 363 5739.

Fax: (0275) 363 5738.

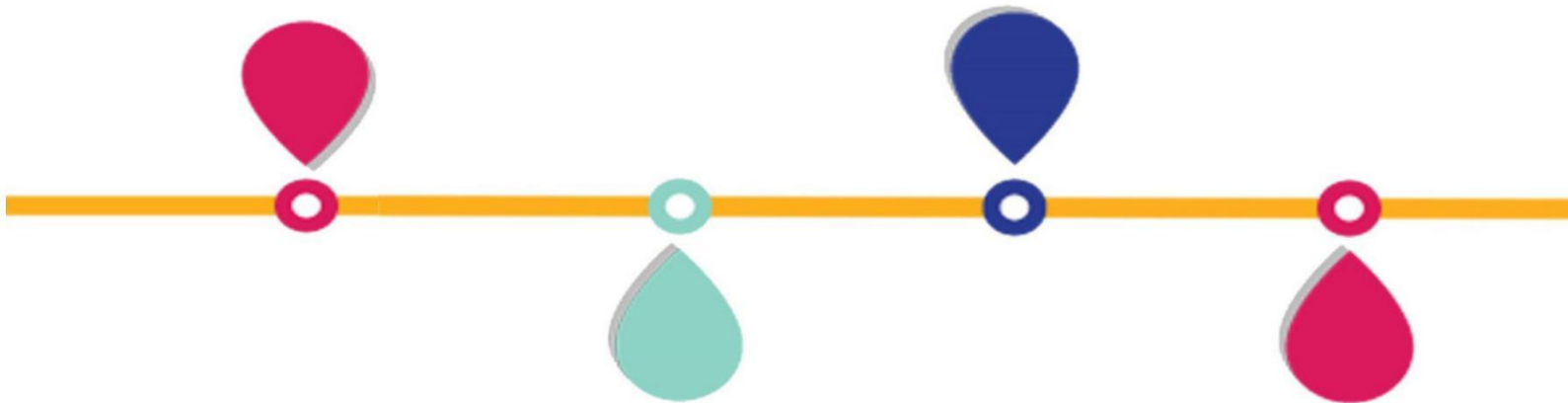
Logo:



THE PROCESS OF ESTABLISHMENT AND DEVELOPMENT

In 2003: Dong Hai Joint Stock Company of Ben Tre was established under Decision no. 4278/QD-UB of Ben Tre Province's People's Committee. The predecessor of the company is Packaging Plant – A state-owned company in Ben Tre Fishery Sector.

In 2009: Dong Hai Joint Stock Company of Ben Tre was officially listed and traded shares on Ho Chi Minh City Stock Exchanges (HOSE) with stock code DHC



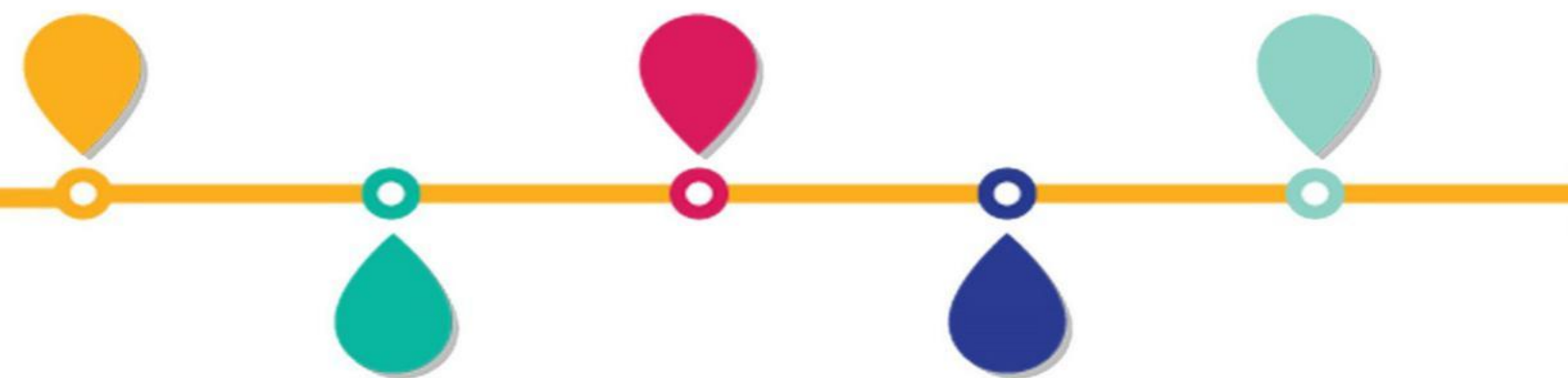
In 2008: Dong Hai Joint Stock Company of Ben Tre officially became a publicly held company under Notice of State Securities Commission

In 2011: Dong Hai Joint Stock Company of Ben Tre held the opening ceremony and officially put into operation of Giao Long Paper Factory (Phase 1) and Packaging Factory No.02.

In 2015: Dong Hai Joint Stock Company of Ben Tre officially moved The Company's head office to the address at Block AIII, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province.

In 2017: The Company's charter capital was increased from VND 255, 846,030,000 to VND 344,597,690,000 due to the issuance of shares to pay dividends and shares for existing shareholders.

In 2019: The company's charter capital was increased from VND 413, 515, 490,000 to VND 447, 975, 260, 000 by issuing shares



In 2016:

The Company started the implementation of Giao Long Paper Factory Project – phase 2 with the capacity of 660 tons/day. It is expected to be completed and put into operation in 2019.

In 2018:

The Company's charter capital was increased from 344.597.690. 000 VND to 413. 515. 490.000 VND by paying Dividends in 2017

BUSINESS SECTOR AND AREA

Business Sector

- Production and Running business of Industrial Kraft paper.
- Production and Running business of Carton packaging, and packaging products from paper.

Business area

The Main Business Areas of the Company are Mekong Delta provinces, Southeast region and Ho Chi Minh City; these are three key economic regions of the country where various industries in producing and processing agricultural and aquatic products, leather shoes, pharmaceuticals, garments and other industrial goods.

Typical product

Industrial Kraft paper

Industrial Kraft paper consists of 02 types: Testliner & Medium used for outer and inner layer of carton packaging.

- Paper size: 3.200 cm.
- Quantitative: from 125 g/m² – 200 g/m² for Testliner and medium.
- The product is treated with 2-side sizing with highly waterproof. Capable of supplying a large number at the same time (> 180 tons/day).



Carton board paper- Carton packaging

Including 03 types, 5 layers, etc., with different thickness equivalent to wavelength A, B and E;

The product is suitable for packaging goods; having been treated with waterproof glue and safe to be used in the environment condition with high moisture.

Carton Board paper

- Paper size: 800 – 1.800cm, or according to requirement of customers.
- Length: according to requirement of customers.
- Capable of supplying large volume at the same time (> 120.000 m²/ day).

Types of carton packaging

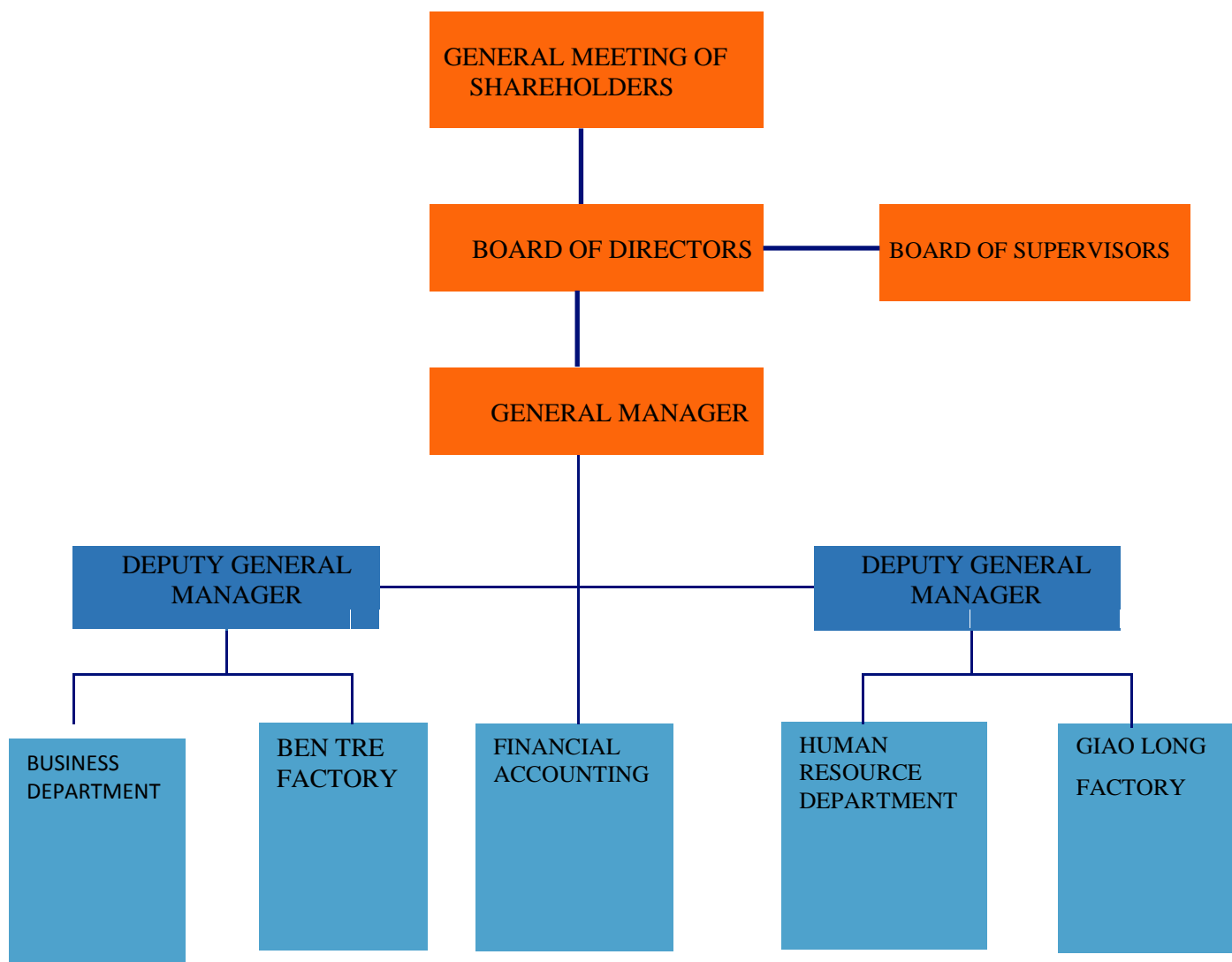
- Specifications, categories, printing, etc.: at the designing requirement of customer.
- Capable of supplying large volume at the same time (> 150.000 products/day).



ORGANIZATIONAL STRUCTURE



Management apparatus



Subsidiary and Associated company

Company name	Tan Cang Giao Long Joint Stock Company
Certificate of business registration	No. 13009990134 dated August 12, 2015 issued by Department of Planning and Investment of Ben Tre province
Address	126 Long Thanh hamlet, Giao Long Ward, Chau Thanh District, Ben Tre Province.
Charter capital	VND 2.600.000.000
Capital contribution rati	26% proportion of voting rights
Business sector	Supplying port exploitation services and transport.

DEVELOPMENT ORIENTATION

Primary objectives

- Primary objectives are: “By 2020 becoming a strong and stable firm, taking 02 products krat paper - carton packaging as development focus”.
- Attract investment capital in order to upgrade production technology and focus the resources on key products with the aim of improving capacity, quality and reaching a more competitive price rate. Seeking new partners to expand markets and increase market share in the industrial paper segment.
- Motto of action “Closed production process – develop capacity scale – improve business efficiency”



Medium and long-term development strategy

- In the long term, the objectives of the Company are to improve production technology, enhance product quality, reduce production expenses, and lower the price. Besides, the Company also focuses on researching and developing recycled and environment- friendly products, both meeting consumer trends and strengthening the development foundation of the Company.
- Boost the expansion of domestic market, promote and build the paper brand – Dohaco in order to increase competitive capacity of the product among domestic and foreign competitors. Moreover, the Company also focuses on seeking exporting opportunities to regional markets.
- Build human resources development strategy through recruitment and training, enhance working skills for worker and develop management skills.

Objectives for the environment, society and community of the Company

Objectives for society and community

- Board of Directors and Board of Management of the Company pay a special attention to and always take actual actions as well as comply with issues related to environment, society and community.
- Perform all regimes of salary, wage, bonus, and social policies in order to improve quality of life for employees of the Company. Encourage individuals to participate in volunteer activities as well as orient and promote thinking towards sustainable development.

Commitment to implementation

- Complying with Environment Protection Law and other regulations related to environmental impacts of the Company.
- Developing goes hand in hand with taking responsibility of protecting environment and reasonably utilizes natural resources.
- Investing in high quality waste treatment system (gas and water) to protect living environment for creatures and surrounding residential community.
- Investing in human activities and employee activities to improve human resources and productivity.
- Actively supporting and participating in social, voluntary, and charitable activities, contributing to Truong Sa and Hoang Sa ...



RISKS OF ECONOMICS

Paper production is one of important auxiliary industries for fishery industry, garments, leather footwear, foods and consuming goods, etc., DHC paper packaging is mainly used in fishery processing and garments. Therefore, economic influences on these two industries will have indirect impacts on the Company's activities.

Economic growth

According to Overall Financial Market Report in 2018 of National Financial Supervisory Commission, in 2018, global economics has various reserve movements: China, Europe, and Japan, showing slowdown development, while US economy in particular grew dramatically and proven to be the pillar of global economic growth which still remained at high level of 3.7%. The US-China trade war has caused global trade volume to plummet to only 4.2% in 2018 (lower than growth level of 4.7% in 2017) and it is estimated to only increase by 4% in 2019.

In the context of 2018, Vietnamese Economy still gained a number of remarkable achievements. According to General Statistics Office, the increase of the whole year 2018 was 7.08% which is the highest increasing rate since 2008, in which, areas of industry and construction increased 8.85% contributing 48.6% to common increasing rate of the whole economy. Inflation is controlled at the rate of below 3.6%; basic inflation remains stable at the rate of below 1.5%. Macroeconomic platform continues to be maintained and strengthened. The aggregate demand of the economy maintained a good growth rate, export and consumption tended to increase, which are favorable conditions for Vietnam's economic development in 2019.

Risks of interest rate

The constant focus of the Company is to use debt appropriately in order to the need of complementing the working capital and investing in fixed assets. In recent years, the Company has been in the process of investment in the construction of Giao Long Factory – Phase 2, which is expected to be put into operation in 2019. Apart from using capital source taken from issuing shares for existing shareholders and intrinsic financial capacity,



DHC also increased financial leverage to support the Phase II of the project. Accordingly, interest rate movements in the next time will have direct influence on business and production results of the Company. However, the Company has forecasted the above-mentioned impacts and balanced its expenses source in the process of making feasible plans for project construction and taking advantage of being a big enterprise in the province, the Company is able to approach to loans at reasonable interest rate. All of these elements have contributed to help the Company manage the risk of interest rate in the future.

In 2018, Federal Reserve System (FED) has raised the overnight lending rate 04 times to the rate of 2.5%. This has significant impacts on interest rate platform of nations having foreign trade relationship with the US including Vietnam. According to statistics of National Financial Supervisory Committee (NFSC), the average interest rate of deposit money in the market increased to 5.25% in 2018 from 5.11% in 2017, and the average lending interest rate reached 8.91% in 2018 higher than that of the year 2017 (8.86%).

According to National Financial Supervisory Committee (NFSC), interest rate trends to increase mainly due to increase in inflation expectation in the context of global goods price fluctuation and restructuring capital source of credit organizations in order to ensure safe proportions in 2019 such as short-term and medium-term capital decreased to 40% and is going to increase level 2 capital according to Basel 2.



Risks of Exchange Rate

Domestic scrap paper market – The input materials only meet 60% of the production need, the remaining shortage is imported from Singapore, Australia and Japan, etc., by DHC. Therefore, exchange rate fluctuation will be one of the risks influencing directly on production costs of the Company.

USD in the international market has increased dramatically in the recent year thanks to the supporting

The US strong economic growth momentum and the action of interest rate increase of Fed. It is these reasons that have contributed to the upward trend of the exchange rate in 2018. However, until the end of 2018, exchange rate in Vietnam still remained stable because

State Bank has taken timely measures to moderate exchange rate proactively, flexibly, and suitably to the international and domestic financial and monetary market situation, synchronously coordinate measures and instruments of monetary policy to regulate liquidity and VND interest rates reasonably and consistently following the policy of gradually limit the situation of dollarization and stabilize market sentiment.

According to identification of financial experts, VND/USD exchange rate is still under increasing pressure in the first months of 2019, of which the main reason is the currencies of major economies such as the US, Europe and Japan continue to have unpredictable changes in the context of

continually increasing interest rate of FED and unpredictable development of US – China trade war. However, in the long term, VND will raise its price slightly compared to USD in the end of 2019 and 2020 thanks to supporting from positive factors of international and domestic business, production and economic growth.

Based on the judgment about complicated development of interest rate and exchange rate in the next time, DHC will closely follow up actual situation in order to give analysis and assessment and have measures to prevent risks suitably, contribute to ensure the business plan and objectives of the Company in the year.

LEGAL RISKS

Operation of DHC is under the influence of Business Law, Securities Law, Law on Environment protection and other relevant Decrees and Circulars. However, at present, Vietnam's legal system and bylaw documents are still in the process of finalization, any modifications of relevant regulations and specific provisions directly have impact on the administration and business activities of the company. Decree No. 71/2017ND-CP on Administration of Publicly held company has taken effect since end of 2017, other relevant Laws will also be modified accordingly, which requires the Company to have preparation so that it will not breach these modified provisions. Besides, due to the specific operation of paper manufacturing industry, the Company will be under great impact of Environment Protection Law with strict standards on waste contents, waste treatment system and warehouse system being dedicated to scrap gathering. Moreover, the Company is also under pressure from price increase of input materials because areas of paper production are narrowed and import tax towards input materials like paper or pulp is rather high, about 5-17%, creating relatively pressure about expenses on industrial paper production companies. This industry is influenced the most from government policies. Therefore, business and production activities of the Company are also affected by Decrees and documents of the State in this area.

RISKS (continued)

COMPETITIVE RISKS

Currently, there are approximately 300 paper industry enterprises of the whole country with production capacity of about 200,000 tons of pulp per year; competition among enterprises in this industry is relatively fierce, especially among domestic enterprises with foreign-invested enterprises. In order to enhance the competitive capacity, DHC has always proactively studied and searched for measures to improve production efficiency, renovations and creation of product so as to server customer tastes. In 2019, the Company will put Giao Long Factory – Phase 2 into operation with the capacity of 660 tons/ day. It is expected by DHC that consumption output will be increased and its products will be developed in new markets. As a result, DHC brand will be affirmed and marked in the heart of customers.

RISKS OF INPUT MATERIALS

The paper manufacturing industry is highly dependent on input materials when cost price of sold goods accounts for about 90% of the company's cost structure. Scrap paper is the main material source for products of DHC, however, the supply of scrap paper in Vietnam Market is unable to meet the demand of the company; furthermore, the change in impurity rules in China's imported scrap paper (decrease from 1.5% to 0.5%) has made the scrap price constantly increase at the end of last year. This situation is predicted to be continued in the next time, which is one of the great challenges for paper manufacturing enterprises in general and DHC in particular. In order to well manage the input materials, the Company always establishes long term and prestigious relationship with domestic partners to ensure the stability of input material price. Besides, DHC also regularly expand the cooperative relationship with many suppliers so that it can get material source at reasonable price.





ENVIRONMENTAL RISKS

While paper manufacturing industry uses natural resources, it also discharges subjects having bad effects on nature and environment, especially the water environment. Production activities of the company use lots of chemicals and catalysts having impact on the surrounding environment. Moreover, nowadays, the attitude of enterprises towards environment is specially noticed by the community. Therefore, together with the investment in the construction of Giao Long Factory, the Company has also invested in mordent projects of treating waste water, waste gas, dust, etc., ensuring the waste water will be treated and discharged to the environment in accordance with legal standards, and quality-environment management systems according to ISO 9001: 2015, ISO 14001: 2015 standards. Besides, the Company always has strategy to upgrade and innovate the discharge system so as to comply with regulations on environment protection, in combination with using natural resources reasonably.



OTHER RISKS

Other risks of the company in business and production are the force majeure cases such as natural disasters, fires, wars, epidemics, etc. Although these kinds of risks are rare, once occurring, they may have strong impacts on business, production and consumption of the Company. Besides, in order to avoid environmental pollution caused by these risks, the Company always pays attention to the investment in equipment with low energy consumption and nature-friendly functions, ensuring labor safety and hygiene standards, minimizing negative impacts on the living environment around the company.

OPERATION STATUS IN THE YEAR

Production status in the year

Organization and human resources

Investment

Financial status

Structure of shareholders and investment capital

Report on impacts related to environment and society





PRODUCTION STATUS IN THE YEAR



Production Output in 2018

Target	Plan in 2018	Achievement in 2018	Percentage of Achievement in 2018/ Plan in 2018	Percentage compared to 2017	
				Achievement in 2017	Percentage compared to
Kraft paper					
Production output (ton)	61.000	62.488	102,4%	61.784	101,13%
Consumption output (ton)	55.600	55.715	100,2%	52.427	106,27%
Revenue (Billion dong)	589.5	641.5	108,82%	559,4	114,68%
Packaging					
Production output (Product)	31.325.000	31.186.371	99,55%	28.535.862	109,29%
Consumption output (Product)	31.325.000	31.008.186	98,98%	28.478.862	108,88%
Revenue (Billions Dong)	262,5	280,7	106,9%	243,7	115,18%,
Net Revenue (Billion Dong)	852	926.653	108,76%	810,024	114,39%
Profit after tax (Billion Dong)	90	134,115	149,02%	80,254	167,11%

STRUCTURE OF NET REVENUE

Unit: Million dong

Item	2017		2018	
	Value	Proportion	Value	Proportion
Revenue from sales of goods materials	1,352.05	0,17%	2,388.34	0,2577%
Revenue from sales of finished products	803,968.03	99.16%	922,444.65	99,525.3%
Revenue from sales of scrap	82.79	0.01%	39.77	0,0043%
Revenue from sales of machinery with deferred payment	5,389.88	0.67%	1,970.98	0,2127%
Total	810.792,75(*)	100%	926.843,7(**)	100%

(*) In 2017, there is an amount deducted from revenue of returned sold goods and price decrease of sold goods, total value is 768 million dong. Therefore, sales revenue from items reached 810,793 million dong compared to the amount of 810,024.75 million dong of net revenue.

(**) In 2018, there is an amount deducted from revenue of returned sold goods and price decrease of sold goods, total value is 190 million dong. Therefore, total sales revenue from items reached 926,843.75 million dong compared to the amount of 926,653.704 million dong of net revenue

DHC's production and business activities in 2018 continue having significant developments; Net revenue in 2018 reached 926.65 billion dong, an increase of 14,40% compared to 2017 and reached 8,76% of the plan. Profit after tax reached 134.12 billion dong, an increase of 67,11% compared to 2017.

Revenue from sales of finished product still makes up a high proportion of revenue structure of DHC; in 2018 (922.44 billion dong equivalent to 99.53% out of total revenue). In which, revenue from Testliner accounts for the highest proportion at 44,23% of net revenue, an increase of 3,14% compared to 2017, followed by Medium and carton packaging with the contributive percentage on net revenue are 25% and 30,3% respectively. The selling price of Testliner is often at 7% – 10% higher level than that of Medium. Accordingly, the Company has focused on producing this product in 2018 and it is expected to expand the production in 2019 as Giao Long Factory - phase 2 is put into operation. This is the main reason for the company's growth of in the past year and is the growth motivation for the next years of DHC.





PRODUCTION STATUS IN THE YEAR

List of executive board

1	Mr. Le Ba Phuong	General Manager
2	Ms. Ho Thi Song Ngoc	Deputy General Manager
3	Mr. Luong Van Thanh	Deputy General Manager
4	Ms. Le Thi Hoang Hue	Chief Accountant

Changes in the executive board: None

Mr. Le Ba Phuong – General Manager

Year of birth	November 20, 1964
Qualification	Bachelor of Economics
Working process	
<i>1983 - 1987</i>	Joining Military Service
<i>11/1987 - 07/2012</i>	Worked in Ben Tre Seafood Import-Export Joint Stock Company.
<i>08/2012 - 07/2013</i>	Member of Board of Directors cum Deputy General Manager of Hai Dong Joint Stock Company of Ben Tre.
<i>07/2013 - 06/2014</i>	Member of Board of Directors cum General Manager of Hai Dong Joint Stock Company of Ben Tre.
<i>06/2014 – present</i>	Chairman of Board of Directors cum General Manager of Hai Dong Joint Stock Company of Ben Tre.
Number of individual shares	2.564.049 shares, accounting for 5,72%/ Charter capital

Ms. Ho Thi Song Ngoc – Deputy General Manager

Year of birth	February 11, 1983
Qualification	Bachelor of Economics
Working process	
<i>09/2005 - 08/2006</i>	Administration officer – Receptionist, Department of Administration and Human Resources – Hai Dong Joint Stock Company of Ben Tre.
<i>09/2006 - 03/2008</i>	Receiving and Dealing with orders Officer, Business Planning Department Hai Dong Joint Stock Company of Ben Tre
<i>04/2008 - 08/2010</i>	Deputy General Manager of Business – Dong Hai Joint Stock Company of Ben Tre
<i>09/2010 - 04/2012</i>	General Manager of Business – Dong Hai Joint Stock Company of Ben Tre
<i>05/2012 – 05/2017</i>	Member of Board of Directors cum Deputy General Manager of Hai Dong Joint Stock Company of Ben Tre.
<i>05/2017 - present</i>	Deputy General Manager of Hai Dong Joint Stock Company of Ben Tre.
Number of individual shares	78.007 shares, accounting for 0,17%/charter capital

Mr. Luong Van Thanh – Deputy General Manager

Year of birth	November 12, 1962
Qualifications	Bachelor of Economics
Working Process	
11/1986 - 09/1999	Deputy Head of Engineering Planning Department – Construction Materials and Installing Company.
09/2003 - 10/2003	Head of Investment and Development Department, Housing Management and Development Company of District 2, Ho Chi Minh City.
11/2003 - 07/2012	Head of Administration Department, Housing Management and Development Company of District 2, Ho Chi Minh City.
08/2012 - 06/2014	Deputy General Manager– Dong Hai Joint Stock Company of Ben Tre
06/2014 – 05/2017	Member of Board of Directors cum Deputy General Manager of Hai Dong Joint Stock Company of Ben Tre.
05/2017 - present	Vice Chairman of Board of Directors cum Deputy General Manager of Hai Dong Joint Stock Company of Ben Tre.
Number of individual shares	2.500.420 shares, accounting for 5,58%/Charter Capital

Ms. Le Thi Hoang Hue – Chief Accountant

Year of birth	March 9, 1973
Qualifications	Bachelor of Economics
Working process	
1994 - 1996	Credit officer of Industrial And Commercial Bank Of Vietnam-Ben Tre Branch.
1996 - 2003	Deputy Chief Accountant of Ben Tre Frozen Seafood Export Company
2003 - 2009	Chief Accountant of Ben Tre Fishery Joint Stock Company
2009 - 05/2013	Transaction Accountant Chief Saigon Commercial Joint Stock Bank - Ben Tre Branch.
07/2013 - present	Chief Accountant of Hai Dong Joint Stock Company of Ben Tre.
Number of individual shares	63.173 shares, accounting for 0,14%/Charter Capital





ORGANIZATION AND HUMAN RESOURCES

Total number of officers and employees calculated until December 31, 2018

NO.	Classification Features	Number (persons)	Proportion (%)
I	Sex	419	100
1	Male	366	87,35
2	Female	53	12,65
II	Qualifications	419	100
1	University, College	109	26,01
2	Vocational Training	35	8,35
3	Technical Worker	26	6,21
4	Normal Worker	249	59,43
III	Type of contracts	419	100
1	Indefinite – term contract	81	19,33
2	Seasonal contract (less than 1 year)	10	2,39
3	Definite – term contract from 1 to 3 years	328	78,28

Average income

Target	Unit	2016	2017	2018
Average income	Dongs/individual/month	7.268.120	7.301.366	7.412.155

Welfare policy

The deduction and payment of social insurance, health insurance, and unemployment insurance is implemented in accordance with legal regulations.

The Company organizes travelling trips for officers and employees every year.

Human Resources Policy

The Company applies the working regime of 48 hours/week; overtime working, Holiday, Annual leave, other leaves is in compliance with regulations of the State.

Employees are provided with uniform, computer and office supporting equipment, business allowance, lunch fee, etc., Depend on working position, employee may be equipped with laptop and other regimes.

Policy for Employees' Achievement Assessment

The assessment of employees' achievement will be carried out periodically and following 03 criteria:

- Working results
- Skills
- Attitude

Through achievement assessment, the management will find out potential employees to set up a succeeding team and make plan of training for the employees. This is also a basis for building an occupation development roadmap for the employees.

Wage and Bonus policy

DHC set up the salary policy for officers and employees suitable with their capacity and position. Besides, Management Board of the Company regularly inspects, supervise and evaluate productivity of officers and employees; thence, the Board will assess and adjust the salary for employees of the whole company.

The reward policy is applied in line with the results of work, production and business efficiency in order to create a positive work motivation for employees. Fundamentally, there are modes of reward in the Company as follows:

- To reward technical innovations
- To reward good person with good activity
- To reward outstanding and excellent individual/ team
- To reward new project/ product.
- Unexpectedly reward for successful completion of the assigned tasks in the period.



**INVESTMENT STATUS****Investment table of Packaging Factory and Giao Long Factory***Unit: Dong*

	Housing - Items - Architect	Machinery Equipment	Means of Transport	Management equipment	Total
Office	-	89.200.000	-	198.945.000	288.145.000
Giao Long Factory	1.145.234.676	206.188.000	-	526.909.091	1.878.33.1767
Packaging Factory	-	823.498.451	490.000.000	-	1.313.498.451
Total	1.145.234.676	1.118.886.451	490.000.000	725.854.091	3.479.975.218

Total basic expenses of unfinished construction of Project “Giao Long Paper Factory 2” until December 31, 2018 is: VND 1. 084. 886. 559. 838.





FINANCIAL SITUATION

Unit: Million dong

Indicator	2017	2018	% Increase/ Decrease
Total value of assets	1.289.945	1.812.237	40,49%
• <i>Short-term assets</i>	563.707	564.539	0,15%
• <i>Long-term assets</i>	726.239	1.247.698	71,80%
Net revenue	810.025	926.654	14,40%
Cost of goods sold	678.158	722.034	6,47%
Profit from business activities	92.926	151.481	63,01%
Profit before tax	93.285	154.961	66,12%
Profit after tax	80.254	134.116	67,11%
Ratio of dividend payment (%)	20%/ Charter Capital	20%/Charter Capital	-

Total assets of DHC on December 31, 2018 are 1. 812,24 billion dong, increased 40,49% compared to 2107. The main reason for this increase is that long-term assets in progress increased from 529.64 billion dong in 2017 to 1088.08 billion dong in 2018 (an increase of 105.44%). This is the investment amount into Giao Long Paper Factory - Phase 2 since 2016 to present.

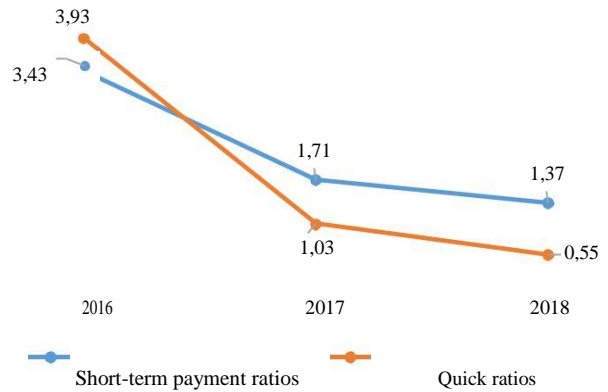
Ratio of cost of goods sold/ net revenue in 2018 is at relatively low level compared to 2017 (77.95% compared to 83.72%). It can be seen that judgment and plan of purchasing materials of DHC in 2018 has been effective, which is the main factor contributing to the impressive increase of this year profit after tax, an increase of 67.11% compared to 2017, reaching 134.12 billion dong.

Indicator	Unit	2017	2018
1. Indicators for solvency			
Short-term payment ratios	Time	1.71	1.37
Quick ratios	Time	1.03	0.55
2. Indicator for capital structure			
Debt /Total Assets Ratio	%	44.87	53.54
Debt/ Equity Ratio	%	81.40	115.24
3. Indicator for operational capacity			
Inventory turnover	Turnover	4.83	2.57
Net revenue/ Total average assets	Turnover	0.84	0.60
4. Indicators of profitability			
Ratio of Profit after tax / Net revenue	%	9.91	14.47
Ratio of Profit after tax / Average equity	%	13.03	17.27
Ratio of Profit after tax / Total average assets	%	8.36	8.65
Ratio of Profit from business/ Net revenue	%	11.47	

FINANCIAL SITUATION

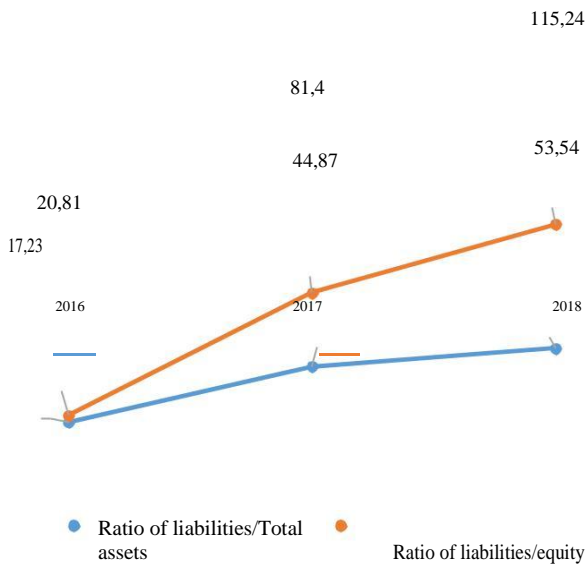
Both short-term payment ratios and quick ratios in 2018 decreased compared to 2017 and reaching the levels of 1.37 and 0.55 times respectively. In 2018, the Company has proactively store the input materials in order to ensure stable supplying source for the upcoming contracts. Accordingly, inventory in the year increased more than 112.59 billion dongs equivalent to 50.13% compared to 2017; this is the main reason why quick ratios declined more than short-term payment ratios in 2018.

Indicators for solvency



Short-term loan in 2018 is 411,949 billion dongs, increased 24, 81% compared to 2017. The main reason comes from the increase in loans and long-term finance lease liabilities from 104, 25 billion dongs to 285, 98 billion dongs. Although indicators for solvency in 2018 decreased, it has not influenced on solvency of DHC because the Company still keep up with short-term payment ratios more than 01 times, always ensure making payment for all short-term liabilities due to high liquidity of short-term assets.

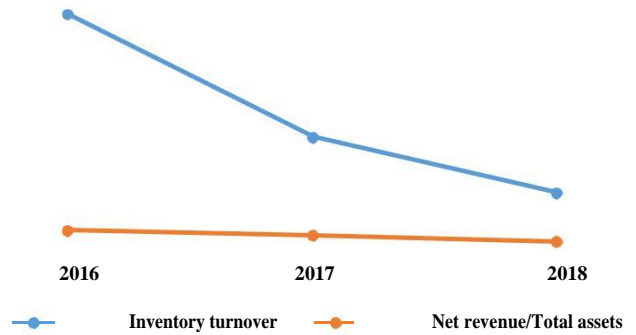
Indicators for capital structure



In order to meet the demand of capital for the construction of Giao Long Phase 2 Factory, DHC has increased liabilities in the capital structure in recent years. Ratios of liabilities/ total assets are 17.23%, 44.87%, and 53.54% respectively. Total liabilities in 2018 of DHC are 970, 272 billion dongs, increased 67.63% compared to 2017, this increase mainly comes from long-term finance liabilities (long-term borrowings and finance lease liabilities in 2018 is 558.32 billion dongs, increased 2.24 times compared to 2017), using for Giao Long Phase 2 project. However, with the business and production of DHC in the recent time, and Giao Long phase 2 Factory is going to operate in 2019, it is evaluated that the ratio of liabilities/ total equity is not high and will be stable in the next time. Accordingly, DHC still ensure its solvency of debt, efficient use of financial leverage and maximize the use of capital in the process of production and business of the Company

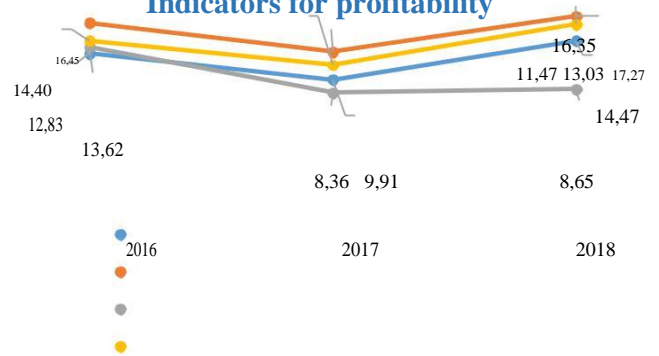
As above-analyzed, there are certain fluctuations in indicators for operational capacity as inventory turnover decreased from 4.83 turnovers to 2.57 turnovers, total asset turnover decreased from 0.84 turnovers to 0.60 turnovers. The causes are the increase in costs of goods sold and net revenue is lower than the increase of inventory and total assets. The plan of storing materials for the next time has resulted in the decline in inventory turnover. In which, the increase in basic construction expenses in progress of the project “Giao Long Phase 2 Factory” has created the fluctuations of total assets turnover.

Indicators for capital structure



In general, indicators for profitability in 2018 trends to increase compared to 2017. Profit after tax/ Net revenue increased from 9.91% up to 14.47%, ROE increased from 13.03 % to 17.27%, ROA in 2018 has less change than ROE, recording the growth from 8.36 % to 8.65%. Profit from sales/ net revenue also increased from 11.47% up to 16.35%, this shows that the Company has effectively implemented cost savings to raise the profits.

Indicators for profitability



STRUCTURE OF SHAREHOLDERS, CHANGES IN OWNER'S EQUITY

Stock

- Charter capital: 447.975.260.000 dongs
- Number of issued shares: 44.797.526 shares
- Number of treasury shares: 0 share
- Par value: 10, 000 dongs/share
- Common share: 44.797.526 shares
- Preferred shares: 0 share
- Number of outstanding shares: 44.797.526 shares

Shareholder structure on November 27, 2018

NO.	Kind of shareholders	Number of shareholders	Number of Stock	Proportion
1	Domestic shareholders	907	24.544.138	67.31%
	Individual shareholders	809	25.286.478	56.45%
	Institutional shareholders	98	4.868.162	10.87%
2	Foreign shareholders	97	14.642.886	32.69%
	Individual shareholders	37	178.464	0.40%
	Institutional shareholders	60	14.468.422	3.29%
3	Treasury shares	-	-	-
Total		1.004	34.459.769	100%





List of major shareholders on December 31, 2018

NO.	Name of organization/ individual	Address	Number of shares	Proportion
1	Daiwa-Ssiam Vietnam Growth Fund II L.P.	PO Box 309, Uglan House Grand Cayman KY1-1104	6.390.312	14,26%
2	Le Quang Hiep	178 Bis Ly Chinh Thang, W7, D3, HCMC	3.361.299	7,50%
3	SSI Fund Management Company Limited	5 th floor, No. 1C Ngo Quyen, Hoan Kiem, Ha Noi.	2.904.687	6,48%
4	Le Ba Phuong	A303 Nam Long 2, Phu My Hung, Tan Phong ward, D7, HCMC.	2.564.049	5,72%
5	Nguyen Thi Thuy	90/5 Nguyen Khoai, W.2, D.4 HCMC	2.536.226	5,66%
6	Luong Van Hanh	08 My Giang 2A, Phu My Hung, Tan Phong ward, D.7, HCMC.	2.500.420	5,58%
Total			2.256.993	45,20%

Unit: dong

Time	Capital value before issuance	Value of increasing capital	Charter capital after issuance	Form of increasing capital	Remarks
2018	344.597.690.000	68.917. 800.000	413.515.490.000	Pay dividends by shares in 2017 at the rate of 20%	Decision of Annual in 2018 NQ- ĐHĐCĐ No. 01 dated May 20, 2018.
2019	413.515.490.000	34.459. 770. 000	447.975.260.000	Pay dividends by shares for the shareholders at the rate of 10:1	Decision of Annual in 2018 NQ- ĐHĐCĐ No. 01 dated June 7, 2018.

Transaction of treasury shares: None

Other securities transaction: None

REPORT ON IMPACTS RELATED TO ENVIRONMENT AND SOCIETY

Management of Materials

Being an enterprise operating in the area of paper production with the specific features having impacts on the surrounding environment; however, DHC always pays attention to build a green, clean and safe working environment as well as orient to images of environment - friendly factory. With synchronization in scientific and technical applications as well as management systems and technical software, using advanced and environment - friendly equipment and technology, DHC can proactively meet the criteria for sustainable construction, water saving, energy efficient use and environment protection.

In 2018, the cost of raw materials regularly fluctuates, especially the increasing tendency of scrap paper price at the end of the year. Having been aware of the impact of material costs, over the past years, the Company has streamlined the working process as well as enhanced the performance of workers to save costs. Besides, the Company has continuously carried out research into technology and improved other components during its operation, thence using efficiently materials. The Company always focuses on using environment -friendly materials which are recyclable or reusable. Furthermore, the Company also has regulations on preserving chemicals used in waste treatment in order to avoid the abuse of chemicals, causing living environment pollution.



Energy consumption

Electricity is the primary source of energy consumption of the Company which is used for operation in Company's office area and manufacturing factories every year. Electricity is supplied by Ben Tre Electricity Company – Chau Thanh Power.

In 2018,

Electricity output has been used is:

- Average: 2.072.994 kWh/month (Jan, Feb and Mar, 2018)
- Average: 2.376.541 kWh/ month (Apr, May and June, 2018)
- Average: 2.418.356 kWh/ month (Jul, Aug, and Sep, 2018)
- Average: 2.398.775 kWh/ month (Oct, Nov and Dec, 2018)

Water consumption

The Company uses water for the purposes of production and living of employees, cooking, watering plants, and watering roads, usage level is:

- Average: 22.199 m³/ month (Jan, Feb and Mar, 2018)
- Average: 26.367 m³/ month (Apr, May and June, 2018)
- Average: 25.313 m³/ month (Jul, Aug, and Sep, 2018)
- Average: 25.443 m³/ month (Oct, Nov and Dec, 2018)

In compliance with the Law on Environmental Protection

Packaging manufacturing is an activity causing environment pollution, the main reason is:

- Waste pollution (waste water and solid waste).
- Air pollution (dust, noise, etc.)

Waste pollution

Waste water

- Rainwater: when rain falls down on the ground, the dust and dust will be contaminated in. The Company has made planning for rainwater drainage in order to prevent rainwater from being blocked and overflowing to dangerous areas. The Company has connected with water drainage system of the Industrial Zone, ensuring that water is treated in accordance with regulations.
- Domestic wastewater: Domestic wastewater coming from canteens, sinks and toilets will be collected, and led into 3-compartment septic tank system constructed under the model of toilets with sedimentation and sediment self-decomposing functions, so that domestic waste water will be pretreated before being led into waste water collection system of the Company and then sent to the centralized wastewater treatment system.

Production wastewater: Production wastewater of the company mainly comes from manufacturing process of krat paper through stage like hydraulic stage, concentration, etc., and it contains components having bad impacts on the environment and human health such as TSS, COD, and BOD5. Currently, the company has built wastewater treatment system with capacity of 1,000 m³/day and centralized wastewater treatment system technology. Accordingly, the whole amount of wastewater from production will be collected, led into this system for treatment. At the same time, the Company is also renovating the system of 4,900 m³/day for treatment.

REPORT ON IMPACTS RELATED TO ENVIRONMENT AND SOCIETY

WASTEWATER TREATMENT SYSTEM



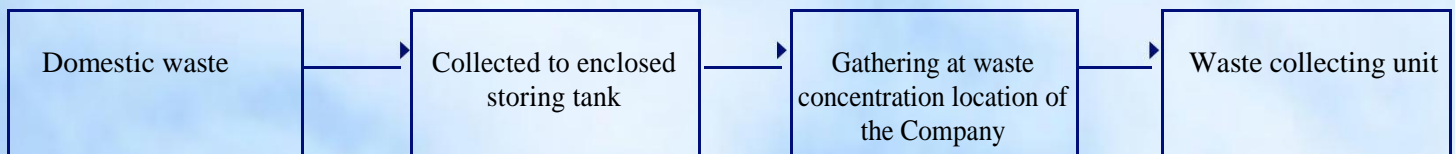




REPORT ON IMPACTS RELATED TO ENVIRONMENT AND SOCIETY

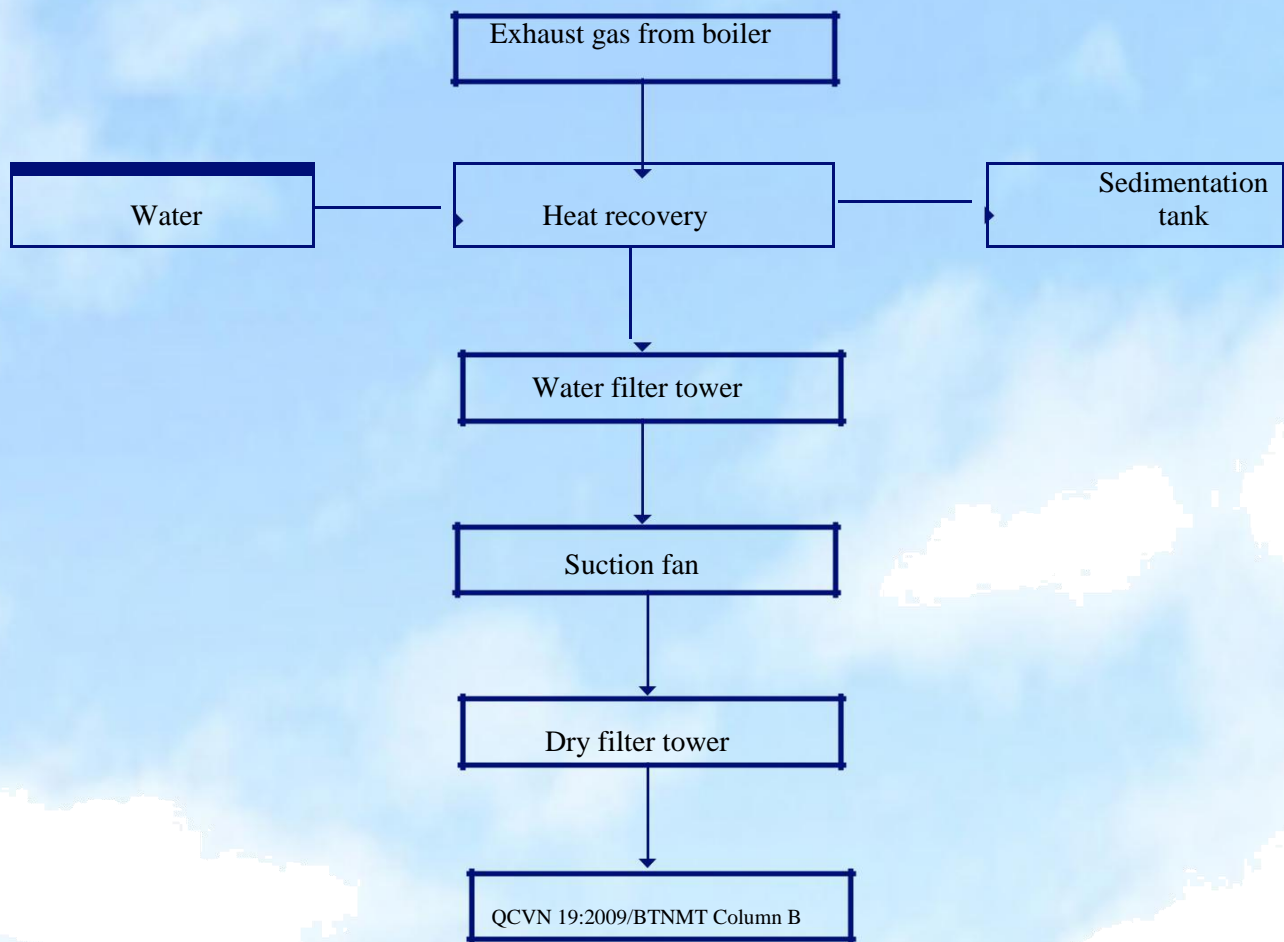
Solid waste

- Domestic solid waste: Domestic solid waste of the Company will be managed as in following diagram:



- Domestic waste will be collected by Ben Tre Urban Construction Joint Stock Company.
- Non-hazardous industrial solid waste: Solid waste from paper will be recycled; solid waste like nylon, plastic, soil and sand arising from the burning process together with domestic waste will be collected by Viet Xanh QN Construction Trade Services Company Limited in accordance with the signed contract.
- Hazardous solid waste: Hazardous solid waste shall be collected and treated in accordance with instruction of Degree No. 38/29015/ND-CP dated April 24, 2015 of the Government and Circular No. 36/2015/TTBTNMT dated June 30, 2015 of Ministry of Natural Resources and Environment. Currently, the Company has signed Hazardous Waste Collection Contract with Chan Ly Environment Company Limited. During the storage time at the company, this volume of hazardous waste will be arranged in the separate area to be collected and transported flexibly.
- The Company will put 30-liter and 240-liter trash bins at various locations in office area and manufacturing area, then cleaning workers will collect and transport waste to concentration location every day for treatment of authorities.

- Boiler system of Giao Long Paper Factory is using rice husk as a burning fuel. In order to minimize population caused by operation of boiler system, the Company has installed the exhaust smoke treatment system for the boiler system with the technological process to treat exhaust smoke as follows:



From July, 2018, the Company has transferred the steam supply job to Thanh Cong Energy Joint Stock Company.

To sum up, it can be seen that although the business and production in the industry having strong impact on the environment, the Company is always complying with standards, rules and laws in order to build a stable and steady construction environment. As a result, the Company has been sanctioned for any violations of regulations on environmental protection



REPORT ON IMPACTS RELATED TO ENVIRONMENT AND SOCIETY

Policies related to employees:

The number of employees, the average salary level for the employees:

- The number of employees: Total number of employees until December, 2018 is 419 persons.

- The average salary level is 7.412. 155 dongs/person/month. The salary payment depends on each position, working productivity and business achievement of the Company.

Ensuring health, safety and welfare for the employees:

- The Company has well performed the labor protection such as: Periodic health examination, In-depth examination to classify occupational disease for employees; all job titles belonging to heavy and dangerous working group have been received allowance in accordance with regulations; the employees have been equipped with personal protective instruments based on working features, etc.

- Comply with and fully perform all regulations, rules, and process of labor safety and), especially firefighting and prevention.

- Equipping labor protection, performing labor environment testing. Regularly organize inspection, self-inspection and urge the implementation of labor safety measures in the Company. As a result, in 2018, there was no labor accidents occurred in the Company.

Training employees: Training is always an important goal of the Company. In 2018, the Company has organized training program for the employees to update and improve professional knowledge and ensure labor safety; foster vocational skills for production workers and unskilled workers.

REPORT RELATED TO LOCAL AND COMMUNITY RESPONSIBILITY




Image and reputation in the market are always crucial elements to DHC; therefore, the company has focused on the compliance with the law on environment protection. In 2018, the business and production of the Company has developed in accordance with the planning with no cases of violating environment protection and no cases of complaints about noise, smoke or health, etc., in the operation area. Besides, the Company has fully complied with the social security policies of local area with the hope to partly contribute to the general development of the society. At the same time, the Company has always taken care and created conditions for the contribution to local development funds, and local construction projects; participated actively in union activities and education program on necessary legal knowledge for the people; campaigned family planning, disease preventing, organized and joined in green, clean and sanitary movement of the local, support charity as follows:

- Participating in the program “Kindness connection”: supporting the disadvantaged in the provincial area.
-
- Support in giving Tet gifts to disadvantaged people, and mid-autumn gifts for children.
- Support expenses for activities to welcome big holiday in the year: War Invalids and Martyr’s Day July 27, Hung King’s Commemoration Day, etc.

REPORT OF THE BOARD OF DIRECTORS

Evaluation of operation results in year

Financial situation

Development plan in the future

Renovations in year

Report on responsibilities towards environment and society





EVALUATION OF OPERATION RESULTS

Evaluate general situation

Unit: million dong

Indicators	2017	2018	% increase/ decrease
Total assets value	1, 289, 945	1, 812, 237	40.49%
Net revenue	810, 025	926, 654	4.40%
Profits from business operation	92, 926	151, 481	63.01%
Other profits	360	3, 480	866.67%
Profit before tax	93, 285	154, 961	66.12%
Profit after tax	80, 254	134, 116	67.11%
Ratio of dividend payout / profit	20%	20%	-

In 2018, the Company has fulfilled its plan of both net revenue and profit before tax passed by Shareholder Meeting in Decree No. 01/NQ-DHDCD dated May 20, 2017, net revenue reached 926.65 billion dong, a growth of 4.4% compared to 2017 and profit before tax reached 154.96 billion dong, an increase of 66.12% compared to 2017, of which the cause is the strong improvement of paper packaging price, The Company has negotiated to raise the selling price of paper packaging with the increasing rate at 10-15%; moreover, the price of material paper has also been adjusted in the end of 2018 due to the decline in purchasing and storage of Chinese paper packaging manufacturing enterprises.

Advantages

- The domestic macroeconomic situation is relatively stable, GDP growth rate is higher than that in 2018 and exceeds the target set by the Government. However, under the instability and volatility of the world economy in the last year, it is encouraging that DHC still remains the administration and business at a stable growth rate. Besides, inflation rate is controlled at a low level, stable interest rate and slight fluctuation of exchange rate have created premise for the development of DHC in the next time.
- The business and production of DHC in 2018 is relatively good. The Company has made much effort in sales and manufacturing. In the Company, machines are well operating and being inspected periodically; the employees and staffs have good relationship and master the technology; the quality and quantity of products are getting higher and better.
- Giao Long Paper Factory plays the role of both manufacturing krat industrial paper for sales and being the material supply for the operation of Packaging Factory.
- Located in the area of Mekong Delta, it is convenient for the Company to use husk material at the cheap price and friendly to the environment.
- The Company is applying the management system in accordance with ISO 9001:2015, ISO 14001:2015 standards of which the certificate was granted in March, 2018.
- DHC and Giao Long paper brands promoted strongly in the market has created favorable conditions for the development of the company.
- The company is entitled to investment incentives: incentives in tax, leasing land, etc., and getting the strong support from the authorities and partners.
- Prevention of equipment and spare parts are fully prepared.
- Managers and technical workers are gradually mastering the technology.



Disadvantages

- The fluctuation of material price makes it difficult for the preparation of purchasing material for production. There are many factories competing in the process of purchasing materials.
- The exploitation in sales of carton boxes is still weak, mainly focuses on small orders and still depends on customers processing seafood; customer care has not been closely monitored.
- Debt collection is still slow, many customers delayed the payment.
- It is difficult to attract high-qualified labor force in the operation area of the Company.
- The far distance from the factory to ports and big customers leads to the high costs of transporting.
- Many competitors, especially foreign – invested paper factories, have high capacity and technology; it is estimated that there would be fierce competition in the next time.
- The Company has to strengthen its attention in regulations on environment in manufacturing paper due to their tightness.
- Standard of import licenses for paper industry has become increasingly high.



The Company's position in the industry



The Company's position in the industry: The largest industrial paper manufacturers in Vietnam are Vinakrat (Binh Duong), Chanh Duong (Binh Duong), and Leeman (Hau Giang). The primary consumption market of DHC paper and DHC carton packaging are Mekong delta, Southeast triangle area, and Ho Chi Minh City. This is the key economic region of the whole country – concentrating many importing and industrial processing and manufacturing enterprises with the highest demand for paper products and carton packaging, details as follows:

- For market of Mekong delta, the market shares of the Company for carton packaging products makes up 30%. This region has a big consumption demand for carton packaging, with about 500 large seafood processing enterprises and more than 1, 200 enterprises producing and processing agricultural products as well as many other industrial production enterprises. However, at present, most of the carton packaging companies are focusing more in the Southeast region.

- The market of The Southeast provinces and Ho Chi Minh City makes up about 12%; these are two key markets of the Company where the industrial paper products are developed sustainably in. The market shares of the Company in this area accounts for 12%.
- Moreover, the Company is orienting to expand its consumption market to the Northern region and export to neighboring countries.



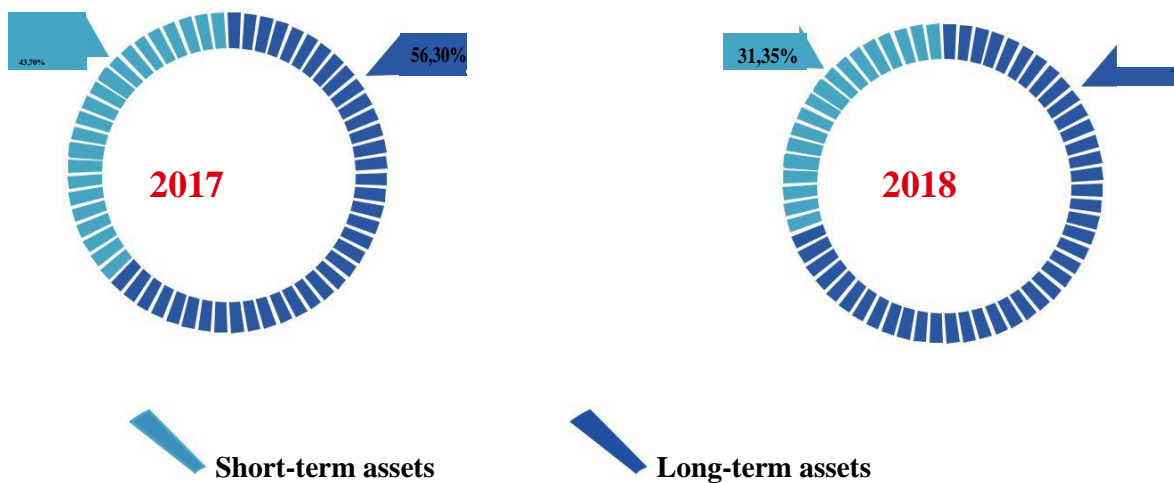
On the other hand, self-supplying the majority of Krat paper to the production stage of carton packaging has helped the Company reduce the costs and minimize the risks from input material fluctuation; as a result, gross profit margin of DHC is higher than that of companies of the same industry. Apart from the strict cost management, DHC always proactively invests in modern machinery and equipment to manufacture products with high quality and at a competitive price rate.

The management board of DHC gathers individuals with experience, profound knowledge in paper manufacturing field and enthusiasm in the construction and development of the Company. The management board of the Company also responsively seizes investment opportunities, establish extensive relationship with partners of the same industry and financial organizations in order to help the company to renovate, improve its competitive position in Vietnam market and expand export market shares in the next time.

FINANCIAL SITUATION

Assets

Indicators	Unit	2017	2018	% Increase/ decrease
Short-term assets	Million dong	563, 707	564, 539	0.15%
Long-term assets	Million dong	726, 239	1, 247,698	71.80%
Total assets	Million dong	1, 289, 945	1, 812, 237	40.49%
Total asset turnover	Turnover	0.84	0.6	-28.57%
Ratio of Profit after tax/ Total assets	%	8.36	8.65	3.47%



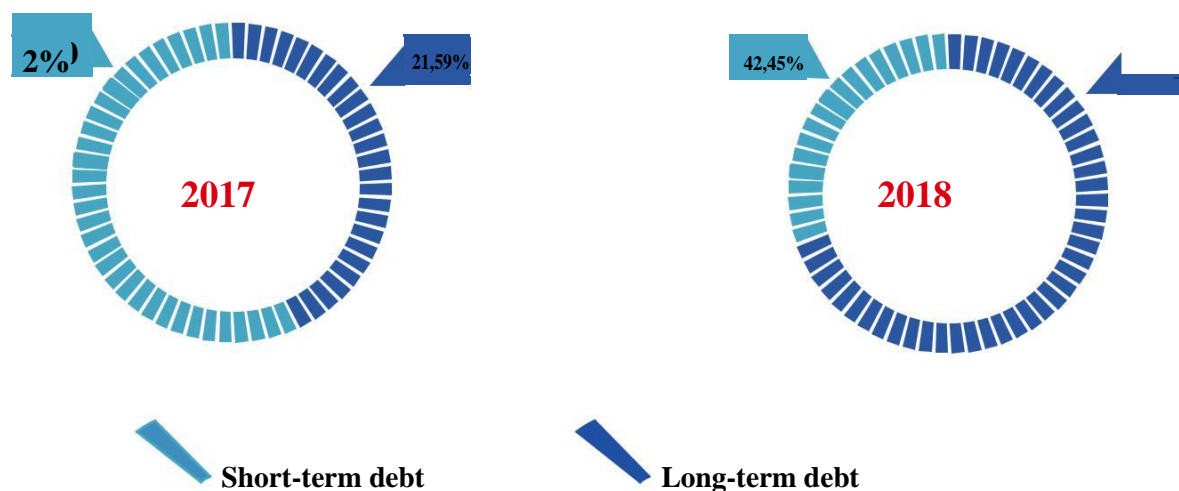
Total assets of the Company in 2018 are 1, 812.24 billion dong, increased 40.49% compared to 2017 (1, 289.95 billion dong). This growth comes from the increase of 02 items in asset structure. While short-term assets increased from 563.71 billion dong to 564.54 billion dong, 0.15% higher than that of 2017, long – term assets increased up to 71.80% which reached the number of 1, 247.70 billion dong compared to 726.24 billion dong in 2017. The reserve materials and construction costs for Giao Long Phase 2 Factory are primary factors leading to the strong growth of assets in 2018.

On the other hand, the investment in Giao Long Phase 2 Factory has made the performance of the Company decrease 28.57% compared to 2018. However, this indicator will be improved as putting Giao Long Phase 2 Factory into operation in Quarter II, 2019. Besides, DHC still well remains the profitability on the assets which can be proven by the profitability indicators from total assets in 2018 reaching 8.7%, increased 4.07% compared to 2017.

Liabilities situation

Unit: million dongs

Indicators	2017	2018	% Increase/ decrease
Short-term debt	330.055	411.949	24,81%
Long-term debt	248.766	558.323	124,44%
Liabilities	578.822	970.272	67,63%
Owners' Equity	711.124	841.965	18,40%
Total capital	1.289.946	1.812.237	40,49%



The liabilities of the Company have increased considerably in 2018 at the rate of 67.63%, reaching 970.27 billion dongs. The main cause is the increase in short-term debt leading to the change in total number of debt; short-term debt used as working capital funding the production and business has increased with high value. Besides, the balance of taxes payable to the State and dividends payable to shareholders also contributed to the increase of short-term debt compared to last year. Long-term debt in the year has decreased because these due date amount were changed to short-term debt.

Owners' equity increased 18.40%, reaching 841.97 billion dongs due to the successful sales of 3, 445,997 shares to public. Whereas, financial liabilities mainly from BIDV – Ben Tre branch and Vietcombank – Tien Giang branch under the capital demand for Giao Long Phase 2 Factory have contributed to the strong increase in total liabilities of the Company in the recent year.

DEVELOPMENT PLANNING IN THE FUTURE

Pursuant to the developing speed of the market and production capacity of the Company, together with the forecast of upcoming development of international and domestic economy; the management has set up indicators for business and production in 2019 as follows:

Indicators	2018		% compared to plan 2018	2019	
	Planning	Performance		Planning	% compared to Performance 2018
Giao Long 1 Paper Factory					
Production output (ton)	61.000	62.487	102,4%	62.000	99,22%
Consumption output (ton)	55.600	55.715	100,2%	55.600	99,79%
Revenue (Billion dong)	589,5	641,5	108,8%	560	87,3%
Giao Long 2 Paper Factory					
Production output (ton)	-	-	-	90.000	-
Consumption output (ton)	-	-	-	80.000	-
Revenue (Billion dong)	-	-	-	640	-
Packaging Factory					
Production output (product)	31.325.000	31.186.371	99,55%	34.150.000	109,5%
Consumption output (product)	31.325.000	31.008.186	98,98%	34.150.000	110,13%
Revenue (Billion dong)	262,5	280,7	106,9%	300	106,87%
Total net revenue (billion dong)	852	926,653	108,76%	1500	161,87%
Profit after tax (billion dong)	90	134,115	149,02%	150	111,84%



Implementation measures:

Management of implementation:

Keep up with promoting effective traditional methods - human and applying technology of managing and arranging labor. Strengthen and enhance the value of employees, especially in the coordination. Ensure that all management programs and policies are regularly updated and modified flexibly in order to be suitable for the labor force of the Company; Encourage and support outstanding employees with efficient performance; at the same time with strict treatment towards violation cases and disobedience of related regulations in working. In the process of business and production: Quickly fix machine errors, sunk costs, minimize costs for investigating steps and inefficient performance; strengthen saving all excess value and damage if possible; flexibly use modern technology to minimize costs while having high value; promote and encourage self-awareness and responsibility for the job of workers.

Implementation measures:

The market, customers and supply:

For roll paper:

- Strengthening the sale of testliner paper, aim to reach the rate of 60% for Testliner paper - 40% for Medium paper.
- Developing customer market in order to prepare for the Project - Giao Long Phase 2 Factory.
- Setting up waste paper purchasing stations to meet the raw materials for the operation of the factory.

For packaging:

- Focusing on marketing to exploit and expand the packaging consumption market into other industries like pharmaceutical, food, leather shoes, etc.
- Reduce small orders; boost the exploitation of large orders.



RENOVATIONS

- The Company has increased skills for staffs and employees by training professional skills suitable for every working position. Maintaining the recruitment work in order to ensure the full supply of direct labor demand for the operation of the company.
- Increase specialization in the operation of every production department and divisions to create transparency at work, the contribution level into the business operation, rights and obligations. Consider to give awards to staff and employee who have excellent performance in their job.
- Building a healthy, comfortable and safe working environment, take care of the material and spiritual life of workers, thereby increasing labor productivity, contributing to promoting business development

REPORT ON RESPONSIBILITY TO ENVIRONMENT AND SOCIETY

In 2018, the Company has the policy to boost the construction progress of Giao Long Phase 2 Factory so that this factory may be put into operation in Quarter 2, 2019 as set planning. The official operation of Giao Long Phase 2 Factory will help to improve production capacity of the Company, increase the competitive ability with international and domestic competitors by economic efficiency. Besides, as the project is put into operation, it will bring social benefits as follows:

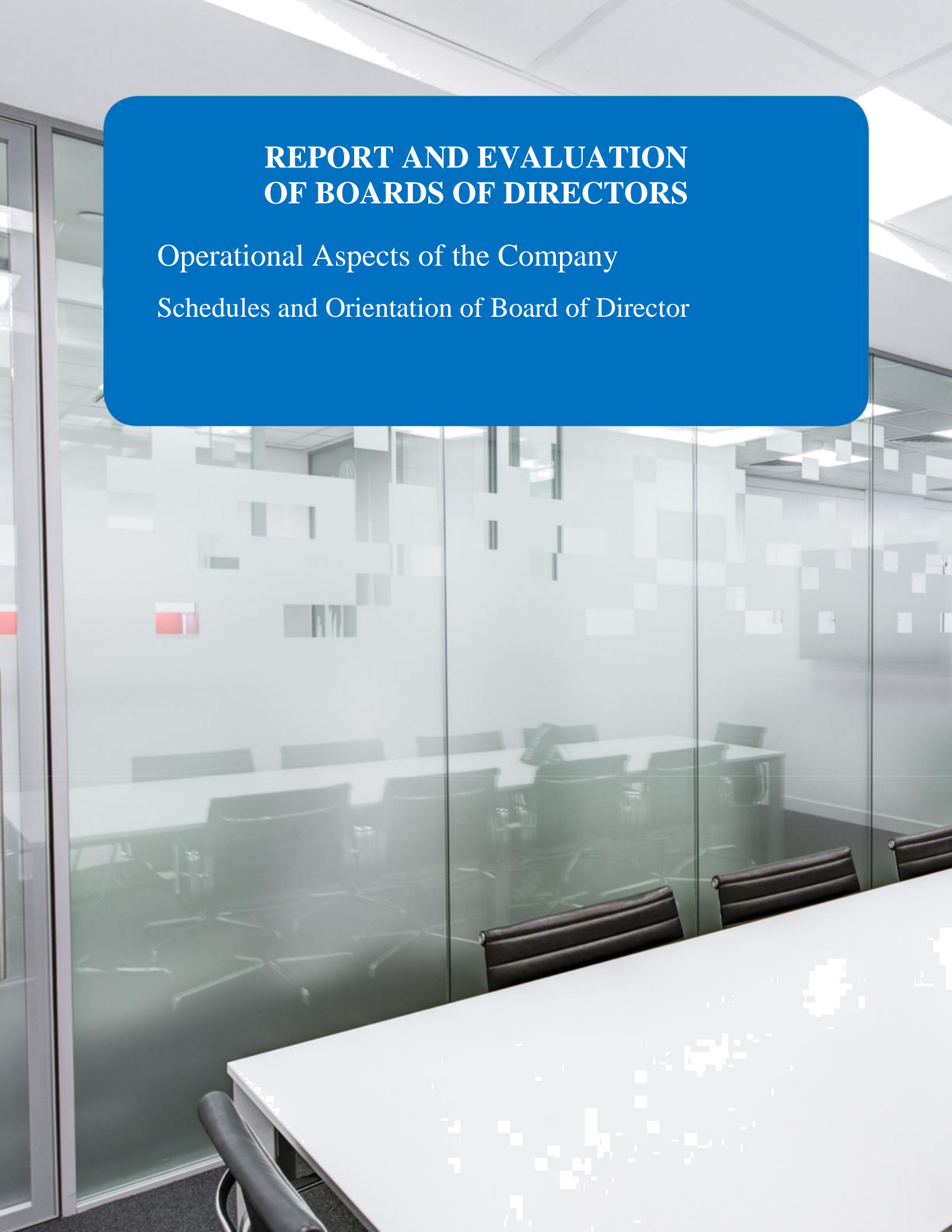
- Deal with employment matter, reduce the rate of unemployment, and contribute to increase income for employees.
- Waste treatment contributes to environmental protection...
- Implementing the policy of national industrialization and modernization of the Party and State, together with other enterprises to help Ben Tre catch up with other provinces in the region in terms of annual economic growth.

In the process of managing the labor force, select employees with high quality, assign the right person to the right job, and avoid the idle status among the employees leading to the loss of management costs of the Company. Besides, to motivate employees to actively participate in the production and devote more and more to the company, DHC also sets rewarding standards in work, rewarding individuals and collectives who have excellent, effective and creative labor results. In addition, the company also focuses on cooperation, cohesion, synchronization among departments to quickly solve related issues and facilitate the cohesion of employees and with the Company.

REPORT AND EVALUATION OF BOARDS OF DIRECTORS

Operational Aspects of the Company

Schedules and Orientation of Board of Director





OPERATIONAL ASPECTS OF THE COMPANY

Over the year 2018, with the sustainable recovery and growth of global economy, the active trading activities and globalization have had positive impacts on domestic economic situation. With remarkable growth of Vietnam's economy such as: Growth rate of GDP reached 7.08%; inflation has been controlled in the allowable limit (lower than the set target of the Government – 3.6%); the growth rate of construction reached 9.2%. At the same time, domestic business environment has been gradually improved with a drastic deployment policy of stable measures for macroeconomic development of the Government. All of this above-mentioned action has created favorable conditions for the development of DHC in recent year.





In 2018, before the difficulties and challenges of the Company, the management board together with all staffs and employees has made an utmost effort to keep the production and business flexible under market movements. The management board has in time updated provincial policies of economic and social development, market's demand and trends, and sales policies, etc., to screen, analyze, evaluate and make short, medium and long-term plans as well as leading all employees implement the set business planning.

In general, in the last year, despite of facing many difficulties, The Management Board still well implemented the policies of the Board of Directors, performed the work under its function and had acumen in business decisions, supported and timely solve problems having impacts on the business and production of the Company.

PLANNING AND ORIENTATION OF BOARD OF DIRECTORS

Production and business plans in 2019 are as follows:

Indicators	Unit	Plan in 2019
Net revenue	Billion dong	1,500,000
Profit after tax	Billion dong	150
Dividends	%	20%

Measures to fulfill the plan

Consumer's market and supply:

Roll paper:

- Strengthening the sales of tesliner paper, making effort to reach the rate of 60% for Tesliner paper - 40% Medium paper.
- Develop the customer market to prepare for Project of Giao Long phase 2 Factory.
- Increasing sales to large customers, raising the total number to more than 60 customers.
- Developing the importing market for roll paper.
- Opening representative office in Ho Chi Minh City.
- Build FSC policy to ensure requirement of natural resources and environment.

Packaging:

- Focusing on marketing to exploit and expand the consumer packaging market into other industries such as pharmaceutical, food, leather shoes, etc.,
- Reduce small orders; increase the exploitation into large customers.
- Strengthening the development of sales teams in provinces and customer care.

Supply:

- Build a sustainable system of material suppliers satisfying the demand on quality, quantity and price.
- Meeting the needs of materials, machinery, equipment, and develop the market timely and rapidly.

PRODUCTION:

- Improve product quality; avoid complaints and feedback from customers.
- Increased the proportion and quality of testliner paper Production.
- Making maintenance plan of machinery suitably, ensuring the thoroughly operation and reaching the planned output.
- Controlling the consumption of material in production appropriately.
- Closely control product quality throughout the stable production process, at the same time,
- Control and prevent major product failures, control reasonable production and safety costs according to regulations, etc., in order to reduce production costs.
- Setting a movement to promote initiatives and improve quality and renovate techniques to lower product costs.

Investment in machinery, equipment, and basic construction:

The company plans to make large investment in 2019 as follows:

About basic construction:

- Building a new office for the company.
- Making roofs for paper yard of Giao Long Paper Factory
- Expanding and upgrading the ground of Packaging Factory

Backup machinery and equipment:

- Giao Long Paper Factory: Prevention of paper machine, pulp system, upgrade the pulp system, inverter, etc.,
- Packaging factory: Machine for making liquid polymer, wave B batch, batch of glue for carton box, paper clip vehicles.

COMPANY'S ADMINISTRATION

Board of Directors

Board of Supervisors

Transaction, wage and other benefits







BOARD OF DIRECTORS

Members and structure of Directors Board

NO.	Full name	Position
1	Le Ba Phuong	Chairman of Board of Directors
2	Luong Van Thanh	Vice Chairman of Board of Directors
3	Le Quang Hiep	Member of Board of Directors
4	Nguyen Thanh Nghia	Member of Board of Directors
5	Nguyen Phan Dung	Member of Board of Directors
6	Tatsuyuki Ota	Member of Board of Directors

Background profile of board members

Mr. Le Ba Phuong - Chairman of Board of Directors cum Chief Executive (*refer to information in background of management board*)

Mr. Luong Van Thanh – Vice Chairman of Board of Directors cum Deputy Chief Executive (*refer to information in background of management board*).

Mr. Le Quang Hiep -Member of Board of Directors

Year of birth	22/08/1955
Qualifications	Bachelor Degree
Working process	
<i>1983-1985</i>	Assistant Manager of Engineering Department - Ho Chi Minh City Plastic Import Export Union.
<i>1985-1994</i>	Manager of Plastic State-owned Enterprise of Ho Chi Minh City
<i>1994-2004</i>	Manager of Do Thanh Plastic Company of Ho Chi Minh City
<i>2004-present</i>	Chairman of Board of Directors cum Chief Executive of Do Thanh Technology Corporation
<i>2007- present</i>	Member of Board of Directors of Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	3.361.299 shares, accounting for 7,50%/Charter Capital

Mr. Nguyen Thanh Nghia– Member of Board of Directors

Year of birth	27/11/1963
Qualifications	Bachelor
Working process	
1987 - 03/1992	Officer in Seaprodex Credit Finance Company
04/1992 - 11/1993	Officer in Ho Chi Minh City Seafood Import-Export Company
12/1993 - 04/2001	Assistant Manager, Manager of Ho Chi Minh City Seafood Import-Export Company
2001- 05/2007	Chairman of Members' Council cum Manager of Dai Thien Loc Steel Company Limited
06/2012 - 08/2013	Member of Board of Directors of Ben Tre Seafood Import and Export Joint Stock Company
06/2007 - present	Member of Board of Directors cum Chief Executive Dai Thien Loc Joint Stock Company
05/2012 - 05/2017	Vice Chairman of Board of Directors of Dong Hai Joint Stock Company of Ben Tre
05/2017 - present	Member of Board of Directors of Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	1.046.756 shares, accounting for 2,34%/Charter Capital

**Mr. Nguyen Phan Dung – Member of Board of Directors**

Year of birth	1980
Qualifications	Master
Qualifications	
2007 - 2011	Investment Officer of SSI Fund Management Company Limited
2011 - 2013	Investment Manager of SSI Fund Management Company Limited
2013 - present	Deputy Manager - SSI Fund Management Company Limited
04/2014 - present	Member of Board of Directors – Transimex Joint Stock Company
04/2016 - present	Member of Board of Directors - OPC Pharmaceutical Joint Stock Company
05/2017 – present	Member of Board of Directors - Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	32.500 shares, accounting for 0.07%/ Charter Capital

Mr. TATSUYUKI OTA – Member of the Board of Director

Year of birth	21/01/1963
Qualifications	Bachelor
Working process	
1987 - 1992	Graduated and worked at Daiwa Securities Co., Ltd - Japan
1992 - 1996	Deputy Manager of Daiwa Securities Co., Ltd Singapore
1996 - 1999	Deputy Manager of Daiwa Securities Co., Ltd – Hong Kong
2000 - 2006	Manager of Advance Intelispace Company – Japan
2006 - 2008	In charge of international investment - Daiwa Corporate Investment Co., Ltd
2008 - present	Head of representative office – Daiwa Corporate Investment Asia Limited in HCM City.
2016 - present:	Member of Board of Directors - Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	0 share, accounting for 0%/ Charter Capital

**Meetings of the board**

NO.	Full name	Position	Date of becoming the board member	Number of meetings attended	Proportion (%)	Reasons for absent
1	Le Ba Phuong	Chairman of Board of Directors	05/03/2004	9	9/9	
2	Luong Van Thanh	Vice Chairman of Board of Directors	21/06/2014	9	9/9	
3	Le Quang Hiep	Member of Board of Directors	28/02/2007	9	9/9	
4	Nguyen Thanh Nghia	Member of Board of Directors	26/04/2012	9	9/9	
5	Nguyen Phan Dung	Member of Board of Directors	20/05/2017	9	9/9	
6	TATSUYUKI OTA	Member of Board of Directors	25/06/2016	9	9/9	

Decrees/ Decisions

NO.	Number of Decrees/ Decisions	Date	Content
1	01/NQ-HDQT	10/01/2018	Agreed to choose Voith Paper Fabrics Asia Pacific SND.BHD Company to be the supplier of grid, blanket and drying silver for the Project of Giao Long Phase 2 Factory.
2	02/NQ-HDQT	02/02/2018	Agreed to pass by the report on business and production results in Quarter 4, 2017 and objectives for Quarter 1, 2018.
3	03/NQ-HDQT	02/02/2018	Agreed to approve the submission No. 01/TT-HDQT dated January 2, 2018 regarding unit price request of product salary from January 1, 2018.
4	04/NQ-HDQT	02/02/2018	Agreed the approval of bonus payment list for Executive Board. Agreed the approval of bonus payment list for the Board of Directors and Supervision Board.
5	05/NQ-HDQT	02/02/2018	Agreed to choose Truc Ha Electricity Production – Trading and Construction Company Limited to be the constructor of medium voltage line for the project of Giao Long Phase 2 Factory.
6	06/NQ-HDQT	20/03/2018	Agreed to choose Minh Phat Trading – Services – Production and Construction Company Limited to be the constructor of waterproofing for the project of Giao Long Phase 2 Factory.

NO.	Number of Resolution/ Decisions	Date	Content
7	07/NQ-HDQT	20/03/2018	Agreed the policy of leasing the additional area of land to make storage warehouse of material for the project of Giao Long Phase 2 Factory.
8	08/NQ-HDQT	20/04/2018	Agreed the approval of report on business and production results in Quarter 1, 2018 and objectives for Quarter 2, 2018.
9	09/NQ-HDQT	23/04/2018	Agreed the approval of organization plan for Annual Shareholder Meeting in 2018.
10	10/NQ-HDQT	20/04/2018	Agreed the policy of building warehouse and maintenance workshop for Giao Long Phase 2 Factory
11	11/NQ-HDQT	20/04/2018	Agreed the Decree of Contract Liquidation No. 09-XDCB-DCC2016 with Industry Construction Joint Stock Company (Descon).
12	12/NQ-HDQT	18/05/2018	Agreed the scheduled time for the organization of Annual Shareholder Meeting in 2018.
13	13/NQ-HDQT	18/05/2018	Agreed to choose Hebei Melin Paper Machinery to be the supplier of auxiliary equipment for Giao Long Phase 2 Factory
14	14/NQ-HDQT	28/05/2018	Agreed the contents of Annual Shareholder Meeting in 2018.
15	15/NQ-HDQT	07/06/2018	Agreed to appoint Ms. Nguyen Ngoc To Uyen - secretary of the Board as the person in charge in the administration of Dong Hai Joint Stock Company of Ben Tre.
16	16/NQ-HDQT	07/06/2018	Agreed to choose Saigon Securities Joint Stock Company (SSI) - the shares issuance unit to pay 20% dividends in 2017.
17	16A/NQ-HDQT	07/06/2018	Agreed to receive 02 coal fired boilers with capacity of 10tons / hour.
18	17/NQ-HDQT	07/06/2018	Agreed with the approval of purchasing materials and building storage warehouse at Lot AIV-8, AIV-9, Giao Long Industrial Zone, An Phuoc Commune, Chau Thanh District, Ben Tre Province.
19	18/NQ-HDQT	29/06/2018	Agreed to choose Deloitte Vietnam Company Limited to be the audition unit of financial statement in 2018.
20	19/NQ-HDQT	01/07/2018	Agreed with the method of liquidating the steam boiler 18 tons/hour, steam boiler 20 tons/ hour, and steam pipeline system.



NO.	Number of Decrees/ Decisions	Date	Content
21	20/NQ-HDQT	24/07/2018	Agreed with the approval of report on business and production results in Quarter 2, 2018 and objectives for Quarter 3, 2018.
22	21/NQ-HDQT	24/07/2018	Agreed to choose Deltaield Engineering Pte.Ltd Company to be the supplier of Polymer equipment system and Bentonite equipment system for Project of Giao Long Phase 2 Factory
23	22/NQ-HDQT	25/07/2018	Agreed to borrow short-term capital to supplement working capital from Vietcombank – Tien Giang branch under the business plan in 2018.
24	23/NQ-HDQT	25/07/2018	Agreed to borrow short-term capital to supplement working capital from Vietcombank – Bac Sai Gon branch under the business plan in 2018
25	24/NQ-HDQT	25/07/2018	Agreed to borrow short-term capital to supplement working capital from Military Commercial Joint Stock Bank - Ben Tre branch.
26	24A/NQ-HDQT	20/08/2018	Agreed to choose Andritz Technologies H.K Company Limited to be the supplier of backup equipment for main equipment of pulp treatment system Project of Giao Long Phase 2 Factory.
27	25/NQ-HDQT	20/08/2018	Deploy the plans to issue shares for dividends payment in 2017.
28	26/NQ-HDQT	20/08/2018	Passing by the application file for offering shares to existing shareholders.
29	27/NQ-HDQT	10/09/2018	Passing by detailed method of using capital gained from the offering.
30	27A/NQ-HDQT	01/10/2018	Passing by the estimated construction of warehouse and maintenance workshop for Project of Giao Long Phase 2 Factory.
31	28/NQ-HDQT	09/10/2018	Detailed adjustment of the plan to use the capital gained from the offering
32	29/NQ-HDQT	20/10/2018	Agreed with the short-term capital loan to supplement the working capital at BIDV – Ben Tre Branch under business plan 2018-2019.

No.	Number of Decree/ Decision	Date	Content
33	30/NQ-HDQT	30/10/2018	Agreed with the approval of report on business and production results in Quarter 4, 2018 and objectives for Quarter 4, 2018.
34	31/NQ-HDQT	30/10/2018	Agreed to choose Andritz Technologies H.K Company Limited to be the supplier of backup equipment for Andritz Pumper of Project of Giao Long Phase 2 Factory.
35	32/NQ-HDQT	30/10/2018	Agreed to choose Yong Jia Yu Technology Co., Ltd. (Vietnam) to be the contractor for the operation of paper factory in 06 months for Project of Giao Long Phase 2 Factory.
36	33/NQ-HDQT	14/11/2018	Through the latest date of registration to make the list of securities 'owners.

Supervision of the Board of Directors towards the Board of Chief Executives

The supervision of the Board for the operative activities of the Chief Executive is a constant and regular action. The Board focuses on supervising the compliance with regulations of Enterprise Law, Company rules, Company administration towards operative activities of the Chief Executive, supervising planned indicators suggested by Shareholder Meeting and the Board of Directors, the implementation in 2018 plan on market, customers, goods consumption, capital use, human resources arrangement, company layout, etc., in 2018, the Company has remained its activities stable with positive movements.

Activities of sub-committee under the Board of Directors

At present, the Company has not set up any direct sub-committee under the Board of Directors. The Board of Directors assign its member to take charge in wage and bonus, human resources, and investment in developing the Company to support the administration of the Company.



SUPERVISORY BOARD

Members and Structure of Supervision Board

NO.	Full name	Position
1	Doan Thi Bich Thuy	Head of Supervisory Board
2	Doan Hong Lan	Member of Supervisory Board
3	Nguyen Quoc Binh	Member of Supervisory Board

Background profile of Members of Supervisory Board

Ms. Doan Thi Bich Thuy – Head of Supervisory Board

Year of birth	11/05/1985
Qualifications	Bachelor of Accountant
Working process	
12/2015 - 11/2007	Accountant in Dai Thien Loc Steel Manufacturing & Trading Co., Ltd
12/2007 to 03/2011	Accountant in Dai Thien Loc Joint Stock Company
04/2011 – present	Head of Supervisory Board of Dai Thien Loc Joint Stock Company
05/2017 - present	Head of Supervisory Board of Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	10.400 shares, accounting for 0.02%/Charter Capital

Ms. Doan Hong Lan – Member of Supervisory Board

Year of birth	17/04/1986
Qualifications	Bachelor of Business Administration
Working process	
11/2006 to 01/2009:	Staff of Business Planning Department of Dong Hai Joint Stock Company of Ben Tre
01/2009 to present:	Human Resource Management staff of Dong Hai Joint Stock Company of Ben Tre
04/2012 to present:	Member of Supervisory Board of Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	7, 800 shares, accounting for 0.02%/Charter Capital

Mr. Nguyen Quoc Binh– Member of Supervisory Board

Year of birth	26/05/1977
Qualifications	Bachelor of Economics
Working process	
01/2007 - 09/2007:	Analyst of Viet Phat Investment Company
09/2007 - present:	Senior Investment Officer in SSI Fund Management Company Limited
06/2016 – present:	Member of Supervisory Board of Dong Hai Joint Stock Company of Ben Tre
Number of personal shares	120, 513 shares, accounting for 0.27%/Charter Capital

Meetings of The Boards of Directors

No.	Full name	Position	Starting day of being a member of the Board	Number of Meeting attended	Proportion (%)	Reasons for absent
1	Doan Thi Bich Thuy	Head of Supervisory Board	20/05/2017	4	4/4	
2	Doan Hong Lan	Member of Supervisory Board	26/04//2012	4	4/4	
3	Nguyen Quoc Binh	Member of Supervisory Board	25/06/2016	4	4/4	

Activities of Supervisory Board

The Supervisory Board has supervised in accordance with the Company's regulations, regularly carry out supervision of business and production activities via records, document, papers and attending meetings of the Board of Directors and the Board of Operation, thereby giving out suggestion of the Supervisory Board on policies, planning, implementation of business and production, finance, and announce information as regulated, details are as follows:

- Review Decrees of the Board of Directors related to the implementation, completion of business strategic objectives and planning passed by the Shareholder Meeting in 2018.
- Read quarterly reports of production, business and accounting departments. Tracking and catching up with actual business and production in terms of production output, sales, business costs, profits achieved.

- Evaluating and giving comment on the application of salary regimes and reward policies for employees. Evaluate internal management process and work process.
- Join the project management board in inspecting the progress of project implementation, inspecting capacity of basic construction contractors and equipment suppliers.
- Check accounting records on tracking operating costs and procurement costs of the project. Check paper material purchasing contracts, contract of purchasing backup materials and office equipment.



TRADING, INCOME AND OTHER BENEFITS

Trading shared of internal persons and individuals related to internal persons.

No.	Trading performer	Relationship with internal person	Number of shares At the beginning of period		Number of shares At the end of period		Reasons for increase, decrease (sell, buy, transfer)
			Number of shares	%	Number of share	%	
01	DAIWA-SSIAM VIETNAM GROWTH FUND II L.P.	Major shareholder	4,915,625	14.26%	6,390,312	14.26%	Buy
02	Le Quang Hiep	Major shareholder / Member of the Board of Directors	2,685,615	7.79%	3,361,299	7.5%	Buy
03	KINGSMEAD VIETNAM AND INDOCHINA GROWTH MASTER FUND	Major shareholder	2,413,463	7.00%	1,950,393	4.35%	Sell
04	SSI Fund Management Company Limited	Major shareholder	2,234,375	6.48%	2,904,687	6.48%	Buy
05	Le Ba Phuong	Major shareholder/ Chairman of the Board	1,972,347	5.72%	2,564,049	5.72%	Buy
06	Nguyen Thi Thuy	Related person of Mr. Le Ba Phuong	1,950,944	5.66%	2,536,226	5.66%	Buy
07	Luong Van Thanh	Major shareholder/ Vice Chairman of the Board	1,923,400	5.58%	2,500,420	5.58%	Buy
08	Nguyen Thanh Nghia	Member of the Board	805,198	2.34%	1,046,756	2.34%	Buy
09	Ho Thi Song Ngoc	Deputy Chief Officer	68,006	0.20%	78,007	0.17%	Buy
10	Le Thi Hoang Hue	Chief Accountant	48,595	0.14%	63,173	0.14%	Buy

Income of Board of Directors, Supervisory Board: 790.000.000 VND

Bonus of Board of Directors, Supervisory Board (by exceeding the planning): 801.000.000 VND.



No.	Trading performer	Relationship with internal person	Number of shares At the beginning of period		Number of shares At the end of period		Reasons for increase, decrease (sell,
			Number of shares	%	Number of shares	%	

11	Nguyen Phan Dung	Member of the Board of Directors	25, 000	0.07%	32, 500	0. 07%	Buy
12	Nguyen Quoc Binh	Member of the Supervisory Board	92, 703	0.27%	120, 513	0.27%	Buy
13	Nguyen Quoc Tuan	Related person to Mr. Nguyen Quoc Binh	55, 770	0.16%	72, 501	0.16%	Buy
14	Nguyen Thi Bich Thuy	Head of Supervisory Board	8, 000	0.02%	10, 400	0.02%	Buy
15	Doan Hong Lan	Member of Supervisory Board	6, 000	0.02%	7, 800	0.02%	Buy
16	Le Minh Thanh	Related person to Ms. Doan Hong Lan	30, 000	0.09%	39, 000	0.09%	Buy
17	Nguyen Ngoc To Uyen	Person in charge of Company's Administration	15, 000	0.04%	19, 500	0.04%	Buy

Performing regulations on company's administration: Dong Hai Joint Stock Company of Ben Tre always complies with and perform in accordance with legal provisions and internal regulations on Company's administration.



FINANCIAL STATEMENT



DONG HAI JOINT STOCK COMPANY OF BEN TRE

(Incorporated in the Socialist Republic of Vietnam)

AUDITED FINANCIAL STATEMENTS

For the year ended 31 December 2018

TABLE OF CONTENTS

<u>CONTENTS</u>	<u>PAGE(S)</u>
STATEMENT OF THE BOARD OF DIRECTORS	1
INDEPENDENT AUDITORS' REPORT	2
BALANCE SHEET	3 - 4
INCOME STATEMENT	5
CASH FLOW STATEMENT	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 26



STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors of Dong Hai Joint Stock Company of Ben Tre (the "Company") presents this report together with the Company's financial statements for the year ended 31 December 2018.

BOARDS OF MANAGEMENT, SUPERVISORS AND DIRECTORS

The members of the Boards of Management, Supervisors and Directors of the Company who held office during the year and to the date of this report are as follows:

Board of Management

Mr. Le Ba Phuong	Chairman
Mr. Luong Van Thanh	Vice Chairman
Mr. Nguyen Thanh Nghia	Member
Mr. Le Quang Hiep	Member
Mr. Tatsuyuki Ota	Member
Mr. Nguyen Phan Dung	Member

Board of Supervisors

Ms. Doan Thi Bich Thuy	Head of the Board of Supervisors
Ms. Doan Hong Lan	Member
Mr. Nguyen Quoc Binh	Member

Board of Directors

Mr. Le Ba Phuong	General Director
Mr. Luong Van Thanh	First Deputy General Director
Ms. Ho Thi Song Ngoc	Second Deputy General Director

BOARD OF DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors of the Company is responsible for preparing the financial statements, which give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. In preparing these financial statements, the Board of Directors is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting principles have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- design and implement an effective internal control system for the purpose of properly preparing and presenting the financial statements so as to minimise errors and frauds.

The Board of Directors is responsible for ensuring that proper accounting records are kept, which disclose, with reasonable accuracy at any time, the financial position of the Company and that the financial statements comply with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting. The Board of Directors is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of frauds and other irregularities.

The Board of Directors confirms that the Company has complied with the above requirements in preparing these financial statements.

For and on behalf of the Board of Directors,



Le Ba Phuong
General Director
29 March 2019

No.: 708 /VN1A-HC-BC

INDEPENDENT AUDITORS' REPORT

To: The Shareholders, the Board of Management, Board of Supervisors, and Board of Directors of Dong Hai Joint Stock Company of Ben Tre

We have audited the accompanying financial statements of Dong Hai Joint Stock Company of Ben Tre (the "Company") prepared on 29 March 2019 as set out from page 3 to page 26, which comprise the balance sheet as at 31 December 2018, the statement of income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.



Nguyen Minh Thao
Audit Partner
Audit Practising Registration Certificate
No. 1902-2018-001-1
**BRANCH OF DELOITTE VIETNAM
COMPANY LIMITED**
29 March 2019
Ho Chi Minh City, S.R. Vietnam

Tran Kim Long Hai
Auditor
Audit Practising Registration Certificate
No. 1503-2018-001-1

BALANCE SHEET
 As at 31 December 2018

Unit: VND


ASSETS	Codes	Notes	Closing balance	Opening balance
A. CURRENT ASSETS	100		564,539,065,223	563,706,735,131
I. Cash and cash equivalents	110	4	28,532,090,163	111,181,973,880
1. Cash	111		8,532,090,163	55,138,177,603
2. Cash equivalents	112		20,000,000,000	56,043,796,277
II. Short-term financial investments	120	5	7,860,086,583	7,562,946,838
1. Held-to-maturity investments	123		7,860,086,583	7,562,946,838
III. Short-term receivables	130		166,573,535,963	164,282,098,350
1. Short-term trade receivables	131	6	153,717,617,047	111,001,583,233
2. Short-term advances to suppliers	132	7	19,192,699,153	59,796,403,878
3. Other short-term receivables	136		255,839,090	816,018,274
4. Provision for short-term doubtful debts	137	8	(6,592,619,327)	(7,331,907,035)
IV. Inventories	140		337,191,340,035	224,603,995,866
1. Inventories	141	9	337,191,340,035	224,603,995,866
V. Other short-term assets	150		24,382,012,479	56,075,720,197
1. Short-term prepayments	151	10	6,542,057,745	3,627,151,301
2. Value added tax deductibles	152	16	17,839,954,734	52,448,568,896
B. NON-CURRENT ASSETS	200		1,247,697,888,567	726,238,614,498
I. Long-term receivables	210		16,327,354,383	4,311,907,200
1. Long-term trade receivables	211	11	16,327,354,383	4,311,907,200
II. Fixed assets	220		133,405,704,064	184,128,277,945
1. Tangible fixed assets	221	13	133,389,265,639	184,061,361,540
- Cost	222		339,378,724,758	368,018,187,368
- Accumulated depreciation	223		(205,989,459,119)	(183,956,825,828)
2. Intangible assets	227	12	16,438,425	66,916,405
- Cost	228		388,834,250	388,834,250
- Accumulated amortization	229		(372,395,825)	(321,917,845)
III. Long-term assets in progress	240		1,088,080,508,258	529,639,585,105
1. Construction in progress	242	14	1,088,080,508,258	529,639,585,105
IV. Long-term financial investments	250		2,600,000,000	2,600,000,000
1. Investment in associate	252	15	2,600,000,000	2,600,000,000
V. Other long-term assets	260		7,284,321,862	5,558,844,248
1. Long-term prepayments	261	10	7,284,321,862	5,558,844,248
TOTAL ASSETS (270=100+200)	270		<u>1,812,236,953,790</u>	<u>1,289,945,349,629</u>

BALANCE SHEET (Continued)
 As at 31 December 2018

Unit: VND

RESOURCES	Codes	Notes	Closing balance	Opening balance
C. LIABILITIES	300		970,272,015,581	578,821,651,015
I. Current liabilities	310		411,949,283,611	330,055,496,639
1. Short-term trade payables	311	17	80,358,926,477	214,430,419,134
2. Short-term advances from customers	312		1,667,894,016	556,939,766
3. Taxes and amounts payable to the State budget	313	16	5,069,052,087	697,950,944
4. Payables to employees	314		7,838,764,745	5,788,040,375
5. Short-term accrued expenses	315	18	26,817,010,655	3,663,281,264
6. Other current payables	319		5,067,770,377	935,678,704
7. Short-term loans	320	19	285,975,752,680	104,250,855,192
8. Bonus and welfare funds	322		(845,887,426)	(267,668,740)
II. Long-term liabilities	330		558,322,731,970	248,766,154,376
1. Long-term loans	338	20	558,322,731,970	248,766,154,376
D. EQUITY	400		841,964,938,209	711,123,698,614
I. Owners' equity	410	21	841,964,938,209	711,123,698,614
1. Owners' contributed capital	411		413,515,490,000	344,597,690,000
- Ordinary shares carrying voting rights	411a		413,515,490,000	344,597,690,000
2. Share premium	412		192,351,739,603	192,413,291,303
3. Investment and development fund	418		23,455,966,342	19,443,248,805
4. Retained earnings	421		212,641,742,264	154,669,468,506
- Retained earnings accumulated to the prior year end	421a		78,525,863,954	74,415,117,770
- Retained earnings of the current year	421b		134,115,878,310	80,254,350,736
TOTAL RESOURCES (440=300+400)	440		<u>1,812,236,953,790</u>	<u>1,289,945,349,629</u>


Pham The Tai
 Preparer

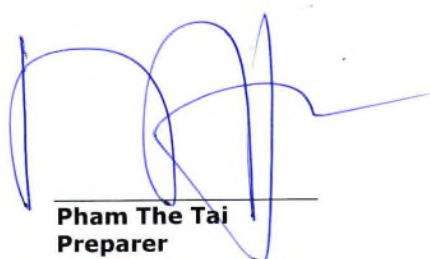

Le Thi Hoang Hue
 Chief Accountant


Le Ba Phuong
 General Director
 29 March 2019

INCOME STATEMENT
 For the year ended 31 December 2018


Unit: VND

ITEMS	Codes	Notes	Current year	Prior year
1. Gross revenue from goods sold	01	24	926,843,746,364	810,792,751,561
2. Deductions	02	24	190,041,900	768,005,950
3. Net revenue from goods sold (10=01-02)	10		926,653,704,464	810,024,745,611
4. Cost of goods sold	11	25	722,034,204,484	678,157,598,327
5. Gross profit from goods sold (20=10-11)	20		204,619,499,980	131,867,147,284
6. Financial income	21	27	2,366,792,683	3,303,885,662
7. Financial expenses	22	28	14,798,276,150	4,720,649,095
- In which: Interest expense	23		11,279,446,826	4,587,707,583
8. Selling expenses	25	29	26,367,617,096	23,162,708,316
9. General and administration expenses	26	29	14,339,414,308	14,361,971,108
10. Operating profit (30 = 20+(21-22)-(25+26))	30		151,480,985,109	92,925,704,427
11. Other income	31		4,834,321,597	855,008,426
12. Other expenses	32		1,353,848,931	495,227,605
13. Profit from other activities (40=31-32)	40		3,480,472,666	359,780,821
14. Accounting profit before tax (50=30+40)	50		154,961,457,775	93,285,485,248
15. Current corporate income tax expense	51	30	20,845,579,465	13,031,134,512
16. Profit after tax (60=50-51)	60		134,115,878,310	80,254,350,736
17. Basic earnings per share	70	31	3,178	2,255


Pham The Tai
 Preparer


Le Thi Hoang Hue
 Chief Accountant




Le Ba Phuong
 General Director
 29 March 2019

CASH FLOW STATEMENT
 For the year ended 31 December 2018

Unit: VND

ITEMS	Codes	Current year	Prior year
I. CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit before tax	01	154,961,457,775	93,285,485,248
2. Adjustments for:			
Depreciation and amortization of fixed assets	02	37,978,329,846	37,834,540,357
Provisions	03	(739,287,708)	1,348,177,669
Foreign exchange loss arising from translating foreign currency items	04	163,593,247	33,939,076
Gain from investing activities	05	(1,904,402,499)	(2,575,530,057)
Interest expense	06	11,279,446,826	4,587,707,583
3. Operating profit before movements in working capital	08	201,739,137,487	134,514,319,876
Changes in receivables	09	(4,605,016,273)	(38,935,083,420)
Changes in inventories	10	(112,587,344,169)	(132,190,299,297)
Changes in accounts payables	11	(100,034,528,031)	57,750,061,918
Changes in prepaid expenses	12	(4,640,384,058)	6,322,294,244
Interest paid	14	(6,471,207,294)	(4,494,974,452)
Corporate income tax paid	15	(16,535,441,306)	(11,830,300,495)
Other cash outflows	17	(2,183,305,701)	(1,146,862,000)
Net cash generated by/(used in) operating activities	20	(45,318,089,345)	9,989,156,374
II. CASH FLOWS FROM INVESTING ACTIVITIES			
1. Acquisition of fixed assets and construction in progress	21	(530,298,198,415)	(412,617,918,815)
2. Proceeds from sale, disposal of fixed assets	22	-	1,373,173,527
3. Cash outflow for short-term investments	23	-	(2,000,000,000)
4. Cash recovered from short-term investments	24	-	60,000,000,000
5. Interest received	27	1,684,677,386	5,465,359,625
Net cash used in investing activities	30	(528,613,521,029)	(347,779,385,663)
III. CASH FLOWS FROM FINANCING ACTIVITIES			
1. Proceeds from issuing stocks	31	-	113,388,810,000
2. Proceeds from borrowings	33	1,186,807,729,944	873,623,937,528
3. Repayment of borrowings	34	(695,526,254,862)	(572,712,460,424)
4. Dividends paid	36	-	(23,624,000)
Net cash generated by financing activities	40	491,281,475,082	414,276,663,104
Net increase in cash (50=20+30+40)	50	(82,650,135,292)	76,486,433,815
Cash and cash equivalents at the beginning of the year	60	111,181,973,880	34,695,484,012
Effects of changes in foreign exchange rates	61	251,575	56,053
Cash and cash equivalents at the end of the year (70=50+60+61)	70	28,532,090,163	111,181,973,880

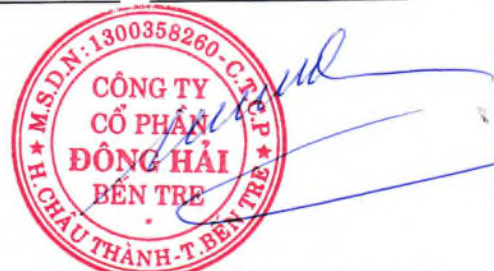


Pham The Tai
 Preparer



Le Thi Hoang Hue
 Chief Accountant





Le Ba Phuong
 General Director
 29 March 2019

NOTES TO THE FINANCIAL STATEMENTS

These notes are an integral part of and should be read in conjunction with the accompanying financial statements

1. GENERAL INFORMATION**Structure of ownership**

Dong Hai Joint Stock Company of Ben Tre (the "Company") was incorporated in Vietnam under Business Registration Certificate No. 5503000006 dated 2 April 2003 issued by the Department of Planning and Investment of Ben Tre Province, as amended.

The Company is listed and trades shares on Ho Chi Minh City Securities Exchange ("HOSE") with the stock symbol of "DHC" under Decision No. 58/QĐ-SGDHCM dated 18 June 2009 issued by HOSE.

The number of employees as at 31 December 2018 was 419 (as at 31 December 2017: 390).

Operating industry, principal activities and Company's structure

The Company operates in the paper manufacturing industry.

The principal activities of the Company are as follows:

- Manufacturing and trading pulp, kraft paper, carton paper, and packaging made from paper and plastics;
- Printing and providing services related to printing;
- Providing road and waterborne transport;
- Processing, growing, trading, importing and exporting agricultural and aquaculture products;
- Trading, importing and exporting iron and steel;
- Trading, importing and exporting machinery, equipment and industrial spare parts.

Company's structure includes these factories as below:

- Giao Long factory – Stage I;
- Packing factory;
- Giao Long factory – Stage II which is under the construction in progress (*Note 14*).

Normal production and business cycle

The Company's normal production and business cycle is carried out for a time period of 12 months or less.

Disclosure of information comparability in the financial statements

Comparative figures are the figures of the audited financial statements for the year ended 31 December 2017.

2. ACCOUNTING CONVENTION AND FINANCIAL YEAR**Accounting convention**

The financial statements, expressed in Vietnam Dong ("VND"), are prepared under the historical cost convention and in accordance with Vietnamese Accounting Standards, accounting regime for enterprises and legal regulations relating to financial reporting.

The financial statements are not intended to present the financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Vietnam.

Financial year

The Company's financial year begins on 01 January and ends on 31 December.

002-C
NH
TY
UUNH
TE
AM
CHI

The evaluation of necessary provision for inventory obsolescence follows current prevailing accounting regulations which allow provisions to be made for obsolete, damaged, or sub-standard inventories and for those which have costs higher than net realisable values as at the balance sheet date.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. The costs of purchased tangible fixed assets comprise their purchase prices and any directly attributable costs of bringing the assets to their working condition and location for their intended use.

Tangible fixed assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and structures	5 - 25
Machinery and equipment	3 - 15
Office equipment	3 - 8
Motor vehicles	3 - 10
Others	8

Loss or gain resulting from disposals of tangible fixed assets is the difference between profit from sales or disposals of assets and their residual values and is recognized in the income statement.

Lease

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals payable under operating leases are charged to the income statement on a straight-line basis over the term of the relevant lease.

Intangible assets and amortisation

Intangible assets represent computer software that is stated at cost less accumulated amortisation. Computer software is amortized using the straight-line method over the period of 5 years.

Construction in progress

Properties in the course of construction for production, rental or administrative purposes, or for other purposes, are carried at cost. The cost includes any costs that are necessary to form the asset including construction cost, equipment cost, other costs and related borrowing costs in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Interests in associates are initially recognized at cost. At the balance sheet date, investments in associates are recognized at cost less provision for impairment of such investments.

Provisions for impairment of investments in associates are made if associates have loss since the investment date.

Investments in associates are measured at cost less provision for impairment of investments. Provision for impairment of investments is made in accordance with Circular No. 228/2009/TT-BTC dated 7th December 2009, of the Ministry of Finance on "Guidance on the setting up and use of provisions for devaluation of inventories, loss of financial investments, bad debts and warranty of products, goods, and construction work at enterprises", Circular No. 89/2013/TT-BTC dated June 28, 2013, of the Ministry of Finance on the amendment of Information Circular No. 228/2009/TT-BTC, and the current accounting regulations.

Prepayments

Prepayments are expenses which have already been paid but relate to results of operations of multiple accounting periods. Long-term prepayments comprise renovation costs and other types of long-term prepayments.

11250
CHI NH
CÔNG
CH NHIE
JELO
VIỆT
- TP.

Renovation costs consist of expenses incurred in repairing the factories of the Company which are expected to provide future economic benefit to the Company. Renovation costs are allocated to the income statement using the straight-line method over a period of two years.

Other types of long-term prepayments comprise costs of small tools, supplies and spare parts issued for consumption which are expected to provide future economic benefits to the Company for one year or more. These expenditures have been allocated to the income statement using the straight-line method over the period of two years in accordance with the current prevailing accounting regulations.

Payable provisions

Payable provisions are recognized when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Board of Directors' best estimate of the expenditure required to settle the obligation as at the balance sheet date.

Revenue recognition

Revenue from the sale of goods is recognized when all five following conditions are satisfied:

- (a) the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- (b) the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (c) the amount of revenue can be measured reliably;
- (d) it is probable that the economic benefits associated with the transaction will flow to the Company; and
- (e) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable interest rate.

Foreign currencies

Transactions arising in foreign currencies are translated at exchange rates ruling at the transaction date. The balances of monetary items denominated in foreign currencies as at the balance sheet date are retranslated at the exchange rates on the same date. Exchange differences arising from the translation of these accounts are recognized in the income statement.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

All other borrowing costs are recognized in the income statement when incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years (including loss carried forward, if any) and it further excludes items that are never taxable or deductible.

Deferred tax is recognized on significant differences between carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using balance sheet liability method. Deferred tax liabilities are generally recognized for all temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

002
ANH
TY
HUU
TTE
JAM
HOC

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the Company intends to settle its current tax assets and liabilities on a net basis.

The determination of the tax currently payable is based on the current interpretation of tax regulations. However, these regulations are subject to periodic variation and their ultimate determination depends on the results of the tax authorities' examinations.

Other taxes are paid in accordance with the prevailing tax laws in Vietnam.

4. CASH AND CASH EQUIVALENTS

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Cash on hand	359,562,000	57,452,200
Demand deposits	8,172,528,163	55,080,725,403
Cash equivalents	20,000,000,000	56,043,796,277
	<u>28,532,090,163</u>	<u>111,181,973,880</u>

Cash equivalents represent time deposits in VND at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch ("Vietcombank Tien Giang") and Bank for Investment and Development of Vietnam JSC - Ben Tre Branch ("BIDV Ben Tre") with maturity terms under 3 months and earn interest rates at 4.5% per annum (2017: 4.2% to 4.3% per annum).

This term deposit was pledged as guarantee for the Company's payment.

5. SHORT-TERM FINANCIAL INVESTMENTS

Short-term investments represent time deposits at VND at Vietnam Joint Stock Commercial Bank for Industry and Trade - North of Sai Gon Branch ("Vietinbank North of Sai Gon") and Vietcombank Tien Giang that have maturity terms from six months to one year and earn interest rates from 5.3% to 6.5% per annum (2017: 5.3% to 6.5% per annum)

As stated further in Note 19, term deposit at Vietinbank North of Sai Gon with amount of VND 5,000,000,000 was used as collaterals for loan obtained from this bank.

6. SHORT-TERM TRADE RECEIVABLES

	<u>Closing balance</u>	<u>Opening balance</u>
	<u>VND</u>	<u>VND</u>
Receivables from operation	148,723,891,834	110,320,148,333
- <i>Box-Pak (Vietnam) Co., Ltd</i>	20,967,351,625	17,690,257,200
- <i>Cat Phu Paper Pulp Processing Company</i>	2,842,372,280	12,224,999,050
- <i>Others</i>	124,914,167,929	80,404,892,083
Receivables from selling machinery (Note 11)	4,993,725,213	681,434,900
	<u>153,717,617,047</u>	<u>111,001,583,233</u>



7. SHORT-TERM ADVANCES TO SUPPLIERS

	Closing balance	Opening balance
	VND	VND
Advance for construction in progress	6,583,558,257	49,018,546,292
- Jiangsu Huadong Paper Machinery Co., Ltd	-	29,146,920,803
- Duong Nhat Investment Construction and Invironmental Technology Co., Ltd	-	5,500,000,000
- Thien Phat Loc Mechanical and Construction Co., Ltd	-	8,469,604,809
- Deltafield engineering Pte, Ltd.	3,685,119,413	-
- Others	2,898,438,844	5,902,020,680
Advance for operation	12,609,140,896	10,777,857,586
- Andritz Technologies H.K.Limited	691,950,000	-
- Thanh Cong Energy Joint Stock Company.	10,779,436,421	-
- Thuan Hai Joint Stock Corporation	-	10,000,000,000
- Others	1,137,754,475	777,857,586
	19,192,699,153	59,796,403,878

8. PROVISION FOR SHORT-TERM DOUBTFUL DEBTS

	Closing balance			Opening balance		
	Cost	Provision for doubtful debts	Recoverable amount	Cost	Provision for doubtful debts	Recoverable amount
	VND	VND	VND	VND	VND	VND
Overdue receivables for:						
- Between 6 months and under 1 year	18,112,730	(5,433,819)	12,678,911	480,384,140	(144,115,242)	336,268,898
- Between 1 year and under 2 years	660,646,465	(330,323,233)	330,323,232	1,914,465,380	(957,232,690)	957,232,690
- Between 2 years and under 3 years	1,914,203,460	(1,339,942,422)	574,261,038	26,877,500	(18,814,250)	8,063,250
- 3 years or more or uncollectable	4,916,919,853	(4,916,919,853)	-	6,211,744,853	(6,211,744,853)	-
	7,509,882,508	(6,592,619,327)	917,263,181	8,633,471,873	(7,331,907,035)	1,301,564,838

9. INVENTORIES

	Closing balance		Opening balance	
	Cost	Provision	Cost	Provision
	VND	VND	VND	VND
Goods in transit	-	-	77,890,173,558	-
Raw materials	328,606,207,312	-	134,663,721,954	-
Tools and supplies	378,532,798	-	273,597,991	-
Work in progress	311,308,438	-	281,995,836	-
Finished goods	7,895,291,487	-	11,494,506,527	-
	337,191,340,035	-	224,603,995,866	-

10. PREPAYMENTS

	Closing balance	Opening balance
	VND	VND
a. Current		
- Tools and supplies issued for consumption	2,506,894,843	1,183,889,943
- Others	4,035,162,902	2,443,261,358
	6,542,057,745	3,627,151,301
b. Non-current		
- Land rental	3,462,487,620	-
- Small tools, supplies and spare parts	3,482,673,998	5,194,204,252
- Renovation for factories	339,160,244	364,639,996
	7,284,321,862	5,558,844,248



11. LONG-TERM TRADE RECEIVABLES

Long-term trade receivables represents receivables from Hop Vang Recycling Co.,Ltd, Thanh Cong Energy Joint Stock Company, Lam Phong Construction Joint Stock Company, and Minh Thien Phat Trading Co., Ltd in 5 years for selling merchandise used for production.

	Closing balance VND	Opening balance VND
Within one year	4,993,725,213	681,434,900
In the second year	4,957,590,720	1,077,976,800
In the third to fifth year inclusive	11,369,763,663	3,233,930,400
	<u>21,321,079,596</u>	<u>4,993,342,100</u>
Less: Amount due for settlement within 12 months (Note 6)	(4,993,725,213)	(681,434,900)
Amount due for settlement after 12 months	<u>16,327,354,383</u>	<u>4,311,907,200</u>

12. INCREASES, DECREASES IN INTANGIBLE ASSETS

	Computer software VND
COST	
Opening balance and Closing balance	<u>388,834,250</u>
ACCUMULATED DEPRECIATION	
Opening balance	321,917,845
Charge for the year	50,477,980
Closing balance	<u>372,395,825</u>
NET BOOK VALUE	
Opening balance	<u>66,916,405</u>
Closing balance	<u>16,438,425</u>

The cost of the Company's intangible assets includes VND 188,834,250 (as at 31 December 2017: VND 82,602,450) of assets which have been fully depreciated but are still in use.

01/01/2018
 CH
 DE
 VI
 /1/17

DONG HAI JOINT STOCK COMPANY OF BEN TRE
NOTE TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

13. INCREASES, DECREASES IN TANGIBLE FIXED ASSETS

	Buildings and	Machinery and	Office equipment	Motor vehicles	Others	Total
	structures	equipment	VND	VND	VND	VND
COST						
Opening balance	118,226,921,207	226,596,275,652	1,989,068,821	21,012,211,688	193,710,000	368,018,187,368
Additions	-	1,058,935,500	725,854,091	490,000,000	-	2,274,789,591
Transfer from construction in progress	1,145,234,676	59,950,951	-	-	-	1,205,185,627
Disposals	(7,157,156,889)	(24,720,144,575)	(42,136,364)	(200,000,000)	-	(32,119,437,828)
Closing balance	112,214,998,994	202,995,017,528	2,672,786,548	21,302,211,688	193,710,000	339,378,724,758
ACCUMULATED DEPRECIATION						
Opening balance	48,376,707,375	126,620,704,896	1,190,814,765	7,598,969,969	169,628,823	183,956,825,828
Charge for the year	9,503,010,738	24,506,735,604	391,684,466	3,502,339,881	24,081,177	37,927,851,866
Disposals	(3,975,661,826)	(11,797,886,976)	(19,532,825)	(102,136,948)	-	(15,895,218,575)
Closing balance	53,904,056,287	139,329,553,524	1,562,966,406	10,999,172,902	193,710,000	205,989,459,119
NET BOOK VALUE						
Opening balance	69,850,213,832	99,975,570,756	798,254,056	13,413,241,719	24,081,177	184,061,361,540
Closing balance	58,310,942,707	63,665,464,004	1,109,820,142	10,303,038,786	-	133,389,265,639

As noted further in Note 19 and Note 20, the Company has pledged its tangible fixed assets with the total amount of VND 229,271,520,044 to secure banking facilities granted to the Company.

As at 31 December 2018, the cost of the Company's tangible fixed assets includes VND 18,286,266,827 (as at 31 December 2017: VND 14,629,782,990) of assets which have been fully depreciated but are still in use.

14. CONSTRUCTION IN PROGRESS

	Closing balance	Opening balance
	VND	VND
Construction of Giao Long Factory – Stage II (*)	1,084,886,559,838	528,403,876,053
Repair	3,193,948,420	1,235,709,052
	<u>1,088,080,508,258</u>	<u>529,639,585,105</u>

(*) The Company is investing in construction the Giao Long Factory – Stage II Project ("Factory") with the capacity of 660 tons per day. In accordance to the Resolution of Annual General Meeting of Shareholders dated 07 June 2018, the factory's investment budget has been approved to increase from VND 1,080 billion (+/- 5%) to VND 1,150 billion (+/- 5%). The Company has successfully revised the Investment certificate dated 2nd June 2017 regarding to the investment budget increase.

At the end of the financial year, the construction including main factory (paper factory, pulp factory, internal road), wastage system, finished goods warehouse, reservoir and machinery have been installed and in the process of accomplishment. The construction is expected for a run trial manufacturing in Quarter 1, 2019.

During the year, the total interest expense which had been capitalized into the cost of construction in progress was VND 32,171,824,878.

As stated in Note 20, off-plan Giao Long Factory – Stage II is pledged to secure the long-term loan from Vietcombank Tien Giang.

15. INVESTMENT IN ASSOCIATE

Investment in associate represents the investment in Tan Cang Giao Long Joint Stock Company ("the Associate") of VND 2,600,000,000 with 26% of ownership interest and voting power held. The Associate is established and operated at 126 Long Thach Hamlet, Giao Long Commune, Chau Thanh District, Ben Tre Province in accordance with Business Registration Certificate No. 13009990134 issued by the Department of Planning and Investment of Ben Tre Province date 12th August 2015. The principal activities of Tan Cang Giao Long are to provide terminal and transportation services.

As at 31 December 2018 and 31 December 2017, the investment in associate was not impaired.

	Closing balance	Opening balance
	VND	VND
Total investment capital of the Associate	10,000,000,000	10,000,000,000
The Company's investment capital in the Associate	<u>2,600,000,000</u>	<u>2,600,000,000</u>
The Company's investment rate in the Associate	26%	26%
Actual equity of the Associate (*)	11,318,583,783	10,301,539,283
Actual equity of the Associate allocated to the Company	<u>2,942,831,784</u>	<u>2,678,400,214</u>

(*) Opening balance is extracted from the audited financial statements of the associate which was audited by another independent auditor whose report dated 28 March 2018, express the unmodified opinion on those statements. Closing balance is not audited until the date of this report.

16. TAXES AND OTHER RECEIVABLES FROM/PAYABLES TO THE STATE BUDGET

	Opening balance	Receivable/Payable	Received/Paid	Closing balance
	VND	during the year	during the year	VND
		VND	VND	
a. Receivables				
Value added tax	52,448,568,896	42,314,376,314	76,922,990,476	17,839,954,734
	<u>52,448,568,896</u>	<u>42,314,376,314</u>	<u>76,922,990,476</u>	<u>17,839,954,734</u>
b. Payables				
Value added tax	-	63,275,448,712	63,275,448,712	-
Corporate income tax	642,150,067	20,845,579,465	16,535,441,306	4,952,288,226
Personal income tax	55,800,877	1,170,323,565	1,149,936,581	76,187,861
Land tax	-	4,650,198,779	4,609,622,779	40,576,000
	<u>697,950,944</u>	<u>89,941,550,521</u>	<u>85,570,449,378</u>	<u>5,069,052,087</u>



17. SHORT-TERM TRADE PAYABLES

	Closing balance	Opening balance
	VND	VND
Payable for acquisition of fixed assets (Note 35)	311,483,011	3,880,883,750
Payable for construction in progress (Note 35)	50,308,307,114	67,637,048,109
Payable for main operation	29,739,136,352	142,912,487,275
New port CH International LLC	-	49,292,570,284
Duong Nhat Co., Ltd.	8,192,863,766	-
Other suppliers	21,546,272,586	93,619,916,991
	80,358,926,477	214,430,419,134

18. ACCRUED EXPENSE

	Closing balance	Opening balance
	VND	VND
Capitalized expense for Giao Long II factory	25,279,469,881	2,359,743,278
+ Salary expense	1,531,252,315	329,272,525
+ Interest expense	6,460,983,171	2,030,470,753
+ Outsource expense	17,287,234,395	-
Other accrued expense	1,537,540,774	1,303,537,986
	26,817,010,655	3,663,281,264

19. SHORT-TERM LOANS

	Opening balance	In the year		Closing balance
	VND	VND		VND
	Amount/ Amount able to be paid off	Increase	Decrease	Amount/ Amount able to be paid off
BIDV Ben Tre	25,338,725,547	342,468,461,159	254,688,275,763	113,118,910,943
Vietinbank North of Sai Gon	20,016,715,164	74,830,768,586	62,591,417,395	32,256,066,355
Vietcombank Tien Giang	58,895,414,481	440,031,318,028	378,246,561,704	120,680,170,805
MBBank Ben Tre	-	19,920,604,577	-	19,920,604,577
	104,250,855,192	877,251,152,350	695,526,254,862	285,975,752,680

Short-term borrowings represent credit facilities from the following banks:

The facilities from Bank of Investment and Development - Ben Tre Branch ("BIDV Ben Tre") with a maximum credit limit of VND 200 billion which included short-term loans, guarantee and undue LC for the purpose of financing working capital. These facilities expire on 31 August 2019, the term for loan disbursement/ guarantee and undue LC is determined in particular contracts. These facilities bear interests at the rates from 5.9% to 6.1% per annum and interest is paid in monthly basis. The Company used its machinery and equipment with the total history cost of VND 45,711,741,499 as collaterals for these facilities under the Loan Contract No 02/2018/670980/HDTD dated on 1st November 2018. The remaining of the loan is unsecured which is approved by the bank.

The facilities from Vietnam Joint Stock Commercial Bank For Industry and Trade - North of Sai Gon Branch ("Vietinbank North of Sai Gon") with a maximum credit limit of VND 40 billion to finance working capital. These facilities expire on 24 September 2019, the term for each loan disbursement is determined by specific disbursement but does not exceed 6 months per. These facilities bear interests at the rate of 6.5% per annum and interest is paid monthly. The Company used its term deposits (Note 5), keep, and benefits arising from the building, machinery, inventories insurance contract and all debt claims, property rights, benefits, chargebacks and other payments that the Company can obtain for sales, lease, modification, replacement, belonging or relating to these assets as collaterals for these facilities.

The facilities from Joint Stock Commercial Bank for Foreign Trade of Vietnam - Tien Giang Branch ("Vietcombank Tien Giang") with a maximum credit limit of VND 250 billion which included short-term loans and undue LC for the purpose of financing working capital. These facilities expire on 26 July 2021 for loan facilities and 26 July 2019 for LC facilities. The term for each loan disbursement and guarantee is determined by specific contracts. These facilities bear interests at the rates from 5.8% to 5.9% per annum and interest is paid in monthly basis. The Company used its motor vehicles, machinery and equipment with the total history cost of VND 183,559,778,545 as collaterals for these facilities under the Loan Contract No 0293/VCB/18LD dated on 26 July 2018. The remaining of the loan is unsecured which is approved by the bank.

The facilities from Military Commercial Joint Stock Bank – Ben Tre branch (“MBBank Ben Tre”) with a maximum credit limit of VND 80 billion to finance working capital which included short-term loans and undue LC. Time for loan disbursement & L/C issued is until 31st May 2019 and validity of credit is determined by specific contract. These facilities bear interests at the rates from 5.3% to 5.5% per annum and interest is paid in monthly basis. The loan is unsecured.

20. LONG-TERM LOANS

Long-term loan represents the disbursed loan in 2018 according to Credit contract for investing project No. 0301/VCB/16CD dated 8 November 2016 provided by Vietcombank Tien Giang . The purpose is for construction of “Giao Long Factory – Stage II” which is conducted by the Company at Lot AIII, Giao Long Industrial Park, An Phuoc Town, Chau Thanh District, Ben Tre Province.

Vietcombank Tien Giang commits to provide the facility of VND 656 billion within a maximum term of 96 months since the first disbursement date. The loan is offered a 24-month principal grace period since the first disbursement date. Principal schedule payment shall be made after the principal grace period.

The loan bears the medium term interest rate according to credit notification of Vietcombank Tien Giang on each time of disbursement which will be subject to market fluctuation during the lending period and upon the agreement of both parties. As at 31 December 2018, the loan is bearing an interest rate at 8.8% per annum. Within the grace period, interest is paid on quarterly basis, after that it shall be paid on monthly basis.

The loan is secured by these collaterals as below:

- Off-plan property from “Giao Long Factory – Stage II” (Note 14) which is valued on 6 September 2017 of VND 118 billion for the construction part. Machinery and equipment of the project will be pledged to Vietcombank Tien Giang following the disbursement progress in the future with estimated value of VND 560 billion. “Giao Long factory - Phase II (Note 14) at 31 December 2018 had a value of about VND 1,084 billion.
- Property associated with land (Note 19).
- Machineries of Kraft paper factory – Stage I including pulp and paper machine, stream boiler for rice husk, sawdust, sugar-cane dregs as presented in Note 19

21. OWNERS’ EQUITY

Movement in owners’ equity

	Owners' contributed capital	Share premium	Investment and development fund	Retained earnings	Total
	VND	VND	VND	VND	VND
Prior year's opening balance	255,846,030,000	142,193,681,303	15,156,950,594	107,973,395,265	521,170,057,162
Capital contribution	88,751,660,000	50,219,610,000	-	(25,582,460,000)	113,388,810,000
Profit for the year	-	-	-	80,254,350,736	80,254,350,736
Provision for funds	-	-	4,286,298,211	(6,000,817,495)	(1,714,519,284)
Remuneration	-	-	-	(1,975,000,000)	(1,975,000,000)
Current year's opening balance	344,597,690,000	192,413,291,303	19,443,248,805	154,669,468,506	711,123,698,614
Capital contribution	68,917,800,000	(61,551,700)	-	(68,917,800,000)	(61,551,700)
Profit for the year	-	-	-	134,115,878,310	134,115,878,310
Provision for funds	-	-	4,012,717,537	(5,617,804,552)	(1,605,087,015)
Remuneration	-	-	-	(1,608,000,000)	(1,608,000,000)
Current year's closing balance	413,515,490,000	192,351,739,603	23,455,966,342	212,641,742,264	841,964,938,209

According to the Resolution of Annual General Meeting of Shareholders No. 01/NQ-DHDCD dated 07 Jun 2018, the Company has distributed the profit after tax for the financial year 2017 as follows:

- The Company has contributed for investment and development fund, bonus and welfare funds with amount of VND 4,012,717,537 and VND 1,605,087,115, respectively.
- The Company has paid remuneration to the Board of Management and Supervisors and bonus to the Board of Supervisors and Executive Management Team for the financial year 2017 with an amount of VND 1,608,000,000.

In addition, according to the Resolution of Annual General Meeting of Shareholders No. 01/NQ-DHDCD dated 07 Jun 2018, the Annual General Meeting of Shareholders has approved the appropriation plan for profit after tax for the financial year 2018 as follows:

- Appropriation for investment and development fund at 5% of profit after tax;
- Appropriation for bonus and welfare funds at 2% of profit after tax;
- Dividend pay-out ratio of 20% of charter capital either in cash or shares;
- Remuneration to the Board of Management and Supervisors with the amount of VND 790,000,000 and bonus to the Executive Management Team and Board of Supervisors at 1% of profit before tax if achieving the business target and 10% of the exceeding profit after tax if exceeding the business target.

Dividends paid to Shareholders, appropriation for Investment and Development fund, Bonus and welfare funds, remuneration to the Board of Management and Supervisors as well as bonus to the Board of Management, Supervisors, and Executive Management Team as per above plan will be executed upon the final approval from Annual General Meeting of Shareholders.

Charter capital

The charter capital of VND 413,515,490,000 had been fully contributed by the Shareholders in accordance with the amended Business Registration Certificate dated on 27 December 2018.

According to the Resolution of Annual General Meeting of Shareholders No. 01/NQ-DHDCD dated 07 Jun 2018, the Company has approved the shares issue plan as below:

- Issue of 6,891,954 shares from the retained earnings to pay dividends for the financial year 2017 at the rate of 20% of charter capital;

The Annual General Meeting of Shareholders have empowered the Board of Management to conduct the shares issue plan.

- The Company has submitted the shares issue document to get approval from the State Securities Commission of Vietnam for shares issue according to Certificate No. 68/GCN-UBCK dated 09 November 2018.
- As at 03 December 2018, the Company has completed the issue of 6,891,780 shares to pay dividends for the year 2017, the remaining of 174 shares has been cancelled in accordance with initial program approved by the Board of Management, the total expense for this progress was 61,551,700 VND. These shares were additionally listed by the Company on 20 December 2018, according to the official dispatch No. 531/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange.

The total quantity of shares issued in the year 2018 was 6,891,780 shares.

Shares

	<u>Closing balance</u>	<u>Opening balance</u>
Number of shares authorized to issue	41,351,549	34,459,769
Number of shares outstanding and fully paid	41,351,549	34,459,769
Par value of share (VND)	<u>10,000</u>	<u>10,000</u>

The Company has only common shares which are not eligible to fixed dividend. Shareholders who own the common shares shall receive the dividends on declaration and have one voting right for one share at the shareholders' meeting. All shares are subjected to equal right of the Company's residual assets.

Shares issued to existing shareholders for dividend payment are unlimited for trading.

At the end of prior year and current year, shareholders who own the quantity of shares and account for the ownership rate as below:

Shareholders	Relationship	Opening balance		Closing balance	
		Number of shares	Rate	Number of shares	Rate
DAIWA-SSIAM Vietnam Growth Fund II L.P.	Majority shareholder	4,915,625	14.27%	5,898,725	14.27%
Mr. Le Quang Hiep	Majority shareholder/ Member of Board of Management ("BOM")	2,685,615	7.79%	3,101,366	7.50%
Kingsmead Vietnam and Indochina Growth Fund	Majority shareholder	2,413,463	7.00%	1,798,792	4.35%

0-002
 HANH
 TY
 HUU
 JITI
 NAN
 HO C

DONG HAI JOINT STOCK COMPANY OF BEN TRE
NOTE TO THE FINANCIAL STATEMENTS (Continued)

FORM B 09-DN

Shareholders	Relationship	Opening balance		Closing balance	
		Number of shares	Rate	Number of shares	Rate
Sai Gon Securities Incorporation Asset Management	Majority shareholder	2,234,375	6.49%	2,681,239	6.49%
Mr. Le Ba Phuong	Majority shareholder/ Chairman of BOM	1,972,347	5.72%	2,366,807	5.72%
Ms. Nguyen Thi Thuy	Majority shareholder/ Related party of Le Ba Phuong	1,950,944	5.66%	2,341,123	5.66%
Mr. Luong Van Thanh	Majority shareholder/ Vice chairman of BOM	1,923,400	5.58%	2,308,070	5.58%
Other shareholders		16,364,000	47.49%	20,855,427	50.42%
		34,459,769	100%	41,351,549	100%

22. OFF BALANCE SHEET ITEMS

	Closing balance	Opening balance
Foreign currencies		
- United States Dollar ("USD")	1,368.10	45,892.17
- Euro ("EUR")	101.10	101.10

23. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business and geographical segments are not presented in the financial statements because the principal activities of the Company are manufacturing and trading kraft paper, carton paper and packaging made from paper in Vietnam territory. The Company's operations by business and geographical segments have no significant difference in terms of risk and profitability.

24. NET REVENUE FROM GOODS SOLD

	Current year	Prior year
	VND	VND
Sales of goods		
Sales of finished goods	922,444,653,478	803,968,027,061
Sales of raw materials	2,388,344,602	1,352,049,500
Sales of scrap	39,765,000	82,791,000
Sales of merchandise for deferred settlement	1,970,983,284	5,389,884,000
	926,843,746,364	810,792,751,561
Deductions		
Sales return	185,952,400	763,724,350
Sales discount	4,089,500	4,281,600
	190,041,900	768,005,950
Net revenue	926,653,704,464	810,024,745,611

25. COST OF GOODS SOLD

	Current year	Prior year
	VND	VND
Cost of finished goods sold	718,106,344,177	672,679,368,118
Cost of raw materials sold	2,347,860,307	1,158,230,209
Cost of merchandises sold for deferred settlement	1,580,000,000	4,320,000,000
	722,034,204,484	678,157,598,327

26. PRODUCTION COSTS BY NATURE

	Current year	Prior year
	VND	VND
Raw materials and consumables	813,044,888,921	805,475,408,861
Labour	49,447,775,772	47,796,955,793
Depreciation and amortisation	37,978,329,846	37,834,540,357
Out-sourced services	111,987,206,454	76,151,127,995
Other monetary expenses	12,892,756,718	16,314,141,220
	1,025,350,957,711	983,572,174,226

27. FINANCIAL INCOME

	Current year	Prior year
	VND	VND
Bank interest	1,897,439,934	3,049,123,053
Foreign exchange gain	446,726,490	197,963,023
Other financial income	22,626,259	56,799,586
	<u>2,366,792,683</u>	<u>3,303,885,662</u>

28. FINANCIAL EXPENSES

	Current year	Prior year
	VND	VND
Interest expense	11,279,446,826	4,587,707,583
Foreign exchange loss	3,518,829,324	132,941,512
	<u>14,798,276,150</u>	<u>4,720,649,095</u>

29. SELLING AND GENERAL AND ADMINISTRATION EXPENSES

	Current year	Prior year
	VND	VND
General and administration expenses		
- Labour	5,755,007,343	5,532,157,190
- Provision	-	1,348,177,669
- Others	8,584,406,965	7,481,636,249
	<u>14,339,414,308</u>	<u>14,361,971,108</u>
Selling expenses		
- Labour	3,286,257,076	3,095,955,258
- Petroleum and oil for goods delivery	3,315,908,132	2,402,436,399
- Out-sourced transportation	7,843,349,870	8,295,690,235
- Sales commission	5,169,558,879	4,061,075,390
- Others	6,752,543,139	5,307,551,034
	<u>26,367,617,096</u>	<u>23,162,708,316</u>

30. CURRENT CORPORATE INCOME TAX EXPENSE

	Current year	Prior year
	VND	VND
Current corporate income tax expense		
- Corporate income tax based on taxable profit in the current year	20,673,253,554	13,031,134,512
- Adjustments for corporate income tax expenses in previous years to the current year	172,325,911	-
Total current corporate income tax expense	<u>20,845,579,465</u>	<u>13,031,134,512</u>

The current corporate income tax expense in the current year was computed as follows:

	Current year	Prior year
	VND	VND
Profit before tax	154,961,457,775	93,285,485,248
Adjustments for taxable profit		
<i>Add back: non-deductible expenses</i>	850,323,201	980,297,626
<i>Net impact of foreign exchange revaluation on cash balance</i>	190,793,173	187,277
Taxable profit	156,002,574,149	94,265,970,151
<i>Taxable profit at normal tax rate of 20%</i>	50,729,961,380	36,045,374,967
<i>Taxable profit at incentive tax rate of 10%</i>	105,272,612,769	58,220,595,184
Current corporate income tax expense	20,673,253,554	13,031,134,512
Adjustment for previous years	172,325,911	-
Total corporate income tax expense	<u>20,845,579,465</u>	<u>13,031,134,512</u>

The Company is obliged to pay corporate income tax at the rate of 20% of taxable profit.

According to Circular No. 96/TT-BTC issued by the Ministry of Finance on 22 June 2015, the Company is entitled to tax incentives for the projects of Packing factory and Giao Long Paper Factory due to meeting tax incentive conditions for incentive location for investment expansion projects. In terms of Packing factory, the Company is entitled to corporate income tax exemption for two years from its first year having taxable income (2013 and 2014) and a reduction of 50% for the following four years (from 2015 to 2018). Furthermore, in respect of Giao Long I Paper factory, the Company is entitled to corporate income tax exemption for three years from its first year having taxable income (from 2013 to 2015) and a reduction of 50% for the following five years (from 2016 to 2020). These tax incentives are applied for the remaining years from 2015.

For the current year, the Company is entitled to tax reduction of 50% for both Packing factory and Giao Long Paper I Factory.

No deferred tax assets or liabilities are recognized as there are no significant temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

31. BASIC EARNINGS PER SHARE

	Current year VND	Prior year VND
Accounting profit after corporate income tax	134,115,878,310	80,254,350,736
Bonus and welfare funds from profit appropriation	2,682,317,566	1,605,087,015
Profit or loss attributable to ordinary shareholders	131,433,560,744	78,649,263,721
Average ordinary shares in circulation for the year (shares)	41,351,549	34,883,587
Basic earnings per share (VND/share)	<u>3,178</u>	<u>2,255</u>

During the year, the Company has contributed for bonus and welfare funds with an amount of VND 1,605,087,015 from profit after tax of 2017. In accordance with the guidance under Circular 200, earnings for calculating earnings per share are determined by profit attributable to ordinary shareholders minus bonus and welfare funds appropriated from profit after tax. Therefore, basic earnings per share of the prior year were recalculated according to Circular 200 for the comparative purpose.

Also, earnings for calculating earnings per share of the current year minus estimated bonus and welfare funds appropriated from profit after tax of financial year 2018 at the rate approved by the shareholders in Shareholders' Annual General Meeting under the Resolution No. 01/NQ-DHDCD dated 07 June 2018 by an amount of VND 2,682,317,566.

In 2018, the Company has paid dividends by 6,891,780 shares from retained earnings, therefore, the weighted average number of ordinary shares for the year ended 31 December 2017 was retroactively restated as follows:

	Weighted average number of ordinary shares
Per the financial statements for the year ended 31 December 2017	29,069,778
The effect of share increase from previous years' retained earnings	5,813,809
Adjusted amount	<u>34,883,587</u>

32. OPERATING LEASE COMMITMENTS

	Current year VND	Prior year VND
Minimum lease payments under operating leases recognized in the interim income statement for the year	1,681,260,334	2,331,110,220

At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	Current year	Prior year
	VND	VND
Within one year	1,726,682,566	1,975,355,760
In the second to fifth year inclusive	7,617,826,479	10,041,391,780
After five years	36,436,887,605	36,322,249,880
	45,781,396,650	48,338,997,420

Operating lease payments represent rentals payable by the Company for renting land and utility infrastructure in Giao Long Industrial Park, Ben Tre Province. These leases were signed for periods from 28 years to 50 years.

33. FINANCIAL INSTRUMENTS

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as disclosed in Note 19, Note 20 offset by cash and cash equivalents as disclosed in Note 4) and shareholders' equity (comprising owners' contributed capital, share premium, investment and development fund and retained earnings).

Gearing ratio

The gearing ratio of the Company as at the balance sheet date was as follows:

	Closing balance	Opening balance
	VND	VND
Borrowings	844,298,484,650	353,017,009,568
Less: Cash and cash equivalents	28,532,090,163	111,181,973,880
Net debt	815,766,394,487	241,835,035,688
Equity	841,964,938,209	711,123,698,614
Net debt to equity ratio	0.97	0.34

Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses) for each class of financial asset and financial liability are disclosed in Note 3.

Categories of financial instruments

	Carrying amounts	
	Closing balance	Opening balance
	VND	VND
Financial assets		
Cash and cash equivalents	28,532,090,163	111,181,973,880
Short-term financial investments	7,860,086,583	7,562,946,838
Trade and other receivables	163,701,991,193	108,352,701,672
	200,094,167,939	227,097,622,390
Financial liabilities		
Borrowings	844,298,484,650	353,017,009,568
Trade and other payables	81,190,535,567	215,093,680,551
Accrued expenses	26,817,010,655	3,663,281,264
	952,306,030,872	571,773,971,383

2800-
 NHA
 NG
 HIEM
 011
 T NI
 TP. HC

The Company has not assessed fair value of its financial assets and liabilities as at the balance sheet date since there is no comprehensive guidance under Circular No. 210/2009/TT-BTC issued by the Ministry of Finance on 6 November 2009 ("Circular 210") and other relevant prevailing regulations to determine fair value of these financial assets and liabilities. While Circular 210 refers to the application of International Financial Reporting Standards ("IFRS") on presentation and disclosures of financial instruments, it did not adopt the equivalent guidance for the recognition and measurement of financial instruments, including application of fair value, in accordance with IFRS.

Financial risk management objectives

The Company has set up risk management system to identify and assess the risks exposed by the Company and designed control policies and procedures to manage those risks at an acceptable level. Risk management system is reviewed on a regular basis to reflect changes in market conditions and the Company's operations.

Financial risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company does not hedge these risk exposures due to the lack of any market for the trading activities of financial instruments.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the year are as follows:

	Assets		Liabilities	
	Closing balance VND	Opening balance VND	Closing balance VND	Opening balance VND
USD	31,664,674	1,040,604,955	27,216,962,021	145,060,490,399
EUR	2,672,073	2,732,935	335,446,625	-

Foreign currency sensitivity analysis

The Company is mainly exposed to United States Dollar. 2% is the sensitivity rate used when reporting foreign currency risk internally to the Board of Directors and represents the Board of Directors' assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 2% change in foreign currency rates. For a 2% increase/decrease in United States Dollar against Vietnam Dong, the profit before tax in the year would decrease/increase by the same amount of VND 543,339,240 (2017: VND 2,880,397,709).

Interest rate risk management

The Company has significant interest rate risks arising from interest bearing loans which are arranged. The risk is managed by the Company by maintaining an appropriate level of borrowings and analysing market competition to enjoy favourable interest rates from appropriate lenders.

Interest rate sensitivity

The loan's sensitivity to interest rate changes may arise at an appropriate level. Assuming all other variables were held constant and the loan balance at the balance sheet date were the outstanding amount for the whole year, if interest rates applicable to floating interest bearing loans had been 200 basis points higher/lower, the Company's profit before tax in the year would have decreased/increased by VND 16,885,969,693 (2017: VND 7,060,340,191).

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Company bears credit risk from operating activities (mainly trade receivables) and financial activities (bank deposits and short-term financial investments). In respect of trade receivables, the Company minimises credit risk by establishing criteria for customer segment evaluation. The Company only deals with customers with good financial performance, and requires letter of credit for new customers or those having no information about their financial performance as well as regularly monitors receivables to collect. The Company does not have any significant credit risk exposure to any counterparty because receivables consist of a large number of customers, spread across diverse industries and geographical areas. In respect of bank deposits and short-term financial investments, the Board of Directors assessed the level of credit risk concentration as low because bank deposits and short-term financial investments are placed in big and reputable banks.

Liquidity risk management

The purpose of liquidity risk management is to ensure the availability of funds to meet present and future financial obligations. Liquidity is also managed by ensuring that the excess of maturing liabilities over maturing assets in any period is kept to manageable levels relative to the amount of funds that the Company believes can generate within that period. The Company policy is to regularly monitor current and expected liquidity requirements to ensure that the Company maintains sufficient reserves of cash, borrowings and adequate committed funding from its shareholders to meet its liquidity requirements in the short and longer term.

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial assets and undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

Closing balance	<u>Less than 1 year</u>	<u>From 1-5 years</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>
Financial assets			
Cash and cash equivalents	28,532,090,163	-	28,532,090,163
Short-term financial investments	7,860,086,583	-	7,860,086,583
Trade and other receivables	147,374,636,810	16,327,354,383	163,701,991,193
	183,766,813,556	16,327,354,383	200,094,167,939
Financial liabilities			
Borrowings	285,975,752,680	558,322,731,970	844,298,484,650
Trade and other payables	81,190,535,567	-	81,190,535,567
Accrued expenses	26,817,010,655	-	26,817,010,655
	393,983,298,902	558,322,731,970	952,306,030,872
Net liquidity gap	(210,216,485,346)	(541,995,377,587)	(752,211,862,933)
Opening balance	<u>Less than 1 year</u>	<u>From 1-5 years</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>	<u>VND</u>
Financial assets			
Cash and cash equivalents	111,181,973,880	-	111,181,973,880
Short-term financial investments	7,562,946,838	-	7,562,946,838
Trade and other receivables	104,040,794,472	4,311,907,200	108,352,701,672
	222,785,715,190	4,311,907,200	227,097,622,390
Financial liabilities			
Borrowings	104,250,855,192	248,766,154,376	353,017,009,568
Trade and other payables	215,093,680,551	-	215,093,680,551
Accrued expenses	3,663,281,264	-	3,663,281,264
	323,007,817,007	248,766,154,376	571,773,971,383
Net liquidity gap	(100,222,101,817)	(244,454,247,176)	(344,676,348,993)

Financial liabilities as at 31 December 2018 was mainly from investment to build Giao Long Factory – Stage II (“Factory”). However, the Factory is planned for trial run at the end of quarter 1, 2019 and through the balance of the Company’s receivables and payables, the Board of Directors believes that the Company will be able to generate sufficient funds to meet its financial obligation as and when they fall due. In addition, Vietcombank Tien Giang commits to finance the construction of the Factory and offers 2-year grace period since 10 August 2017, after that they will prepare the payment schedule which is suitable to the cash flow and financial capacity of the Company. Therefore, the Board of Directors believes that the Company could meet the schedule payment of this long-term borrowing.

34. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties

Relationship

Tan Cang Giao Long Joint Stock Company
 Dai Thien Loc Corporation

Associate
 The Company that member of Board of Management is founder shareholder

During the year, the Company entered into the following significant transactions with its related parties:

	Current year VND	Prior year VND
Purchases of goods and services		
Tan Cang Giao Long Joint Stock Company	7,780,700,800	1,650,661,500
Dai Thien Loc Corporation	<u>1,065,436,635</u>	<u>424,743,000</u>

The related party balances as at the balance sheet date were as follows:

	Closing balance VND	Opening balance VND
Payables		
Tan Cang Giao Long Joint Stock Company	<u>396,000,000</u>	<u>811,506,850</u>

Remuneration paid to the Company’s Boards of Management, Directors, and Supervision during the year was as follows:

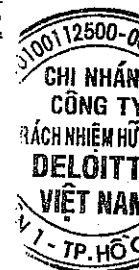
	Current year VND	Prior year VND
Salary and bonus for the Board of Directors and Chief Accountant	2,539,214,305	2,709,384,819
Remuneration for the Boards of Management, Chief Accountant and Supervision Board.	1,506,000,000	1,328,000,000
Dividends distributed to the Company’s Board of Management, Directors, Chief Accountant and Supervision Board.	14,870,280,000	5,518,040,000
	<u>18,915,494,305</u>	<u>9,555,424,819</u>

35. SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash outflows for purchases of fixed assets during the year excluded an amount of VND 311,483,011 (2017: VND 3,880,883,750) (Note 17), representing an addition in fixed assets during the year that has not yet been paid. Consequently, changes in payables have been adjusted by the same amount. Moreover, cash outflows for purchases of fixed assets during the year included VND 3,528,076,136 which was not paid at the end of prior year then settled in current year.

Cash outflows for construction in progress during the year excluded an amount of VND 50,308,307,114 (2017: VND 67,637,048,209) (Note 17), representing an addition in construction in progress during the year that has not been paid. Consequently, changes in payables have been adjusted by the same amount.

Cash outflows for construction in progress during the year included an amount of advance to suppliers of VND 6,583,558,257 (2017: VND 49,018,546,292) (Note 7) for the construction of Giao Long Factory – Stage II. Consequently, changes in receivables have been adjusted by the same amount.



Cash inflows from the liquidation of fixed assets during the year excluded VND 16,231,181,818 (2017: 0 VND) representing proceeds from the liquidation of machinery, equipment during the year which have not been collected. Consequently, changes in receivables have been adjusted by the same amount.

Cash inflows from interest received during the year excluded accrued interest with an amount of VND 101,448,888 (2017: VND 185,826,085). Consequently, changes in receivables have been adjusted by the same amount. Moreover, cash inflows from interest received during the year included VND 185,826,085 which was accrued at the end of prior year then received in current year.

Cash outflows from interest paid during the year excluded accrued interest with an amount of VND 7,069,042,573 (2017: VND 2,260,803,041). Consequently, changes in payables for short-term loans have been adjusted by the amount of VND 608,059,402 and cash outflow for construction in progress have been adjusted by the amount of VND 6,460,983,171 for capitalized interest expense. Moreover, cash outflows from interest paid during the year included VND 2,260,803,041 which was accrued balance of prior year then settled in current year.

During the year, the Company paid dividends in shares with an amount of VND 68,917,800,000 (2017: 25,582,460,000). Accordingly, proceeds from capital contribution and cash outflow for dividend payment did not present this non-cash amount.

36. EVENTS AFTER THE BALANCE SHEET DATE

According to the Resolution of the Annual General Meeting of Shareholders No. 01/NQ-DHDCD dated 07 June 2018, the General Meeting of Shareholders approved the plan of issuing shares to existing shareholders, the number of shares offered is 3,445,977 shares with the selling price of VND 18,000 per share with the purpose of raising reciprocal capital for the construction Giao Long factory project phase II.

The Company has submitted document for the above plans which has been certified valid by the State Securities Commission for the share issuance of the Company under Certificate No. 68 / GCN-UBCK dated on 09 November 2018

On 16 January 2019, the Company has completed the issuance of 3,445,977 shares to existing shareholders at a selling price of VND 18,000/share. The total amount of money collected for this issuance is VND 61,828,427,700 in which the amount of shares sold is VND 62,027,586,000 and the cost of issuing shares to existing shareholders is VND 199,158,300. These shares are additionally listed on 22 February 2019, according to the Official letter No. 46/QD-SGDHCM issued by the Ho Chi Minh City Stock Exchange.

The Company has only common shares which are not eligible to fixed dividend. Shareholders who own the common shares shall receive the dividend when declared and have one voting right for one share at the shareholders' meeting. All shares are subjected to equal right of the Company's residual assets.

For the number of shares issued to pay dividends from the after-tax profit of the fiscal year 2017 and common shares issued to existing shareholders, there is no limitation for trading. For common shares which have not been sold to existing shareholders, they will be redistributed according to Resolution No. 01 / NQ-HDQT dated on 11 January 2019, and these shares will be restricted for transfer within one year from the date of completion of the offering which complies with the law.

37. OWNER'S EQUITY

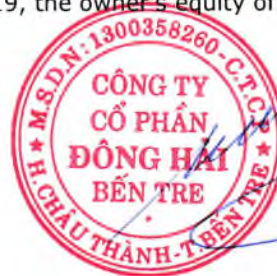
According to the 16th amended Business Registration Certificate issued by the Department of Planning and Investment of Ben Tre Province on 06 March 2019, the owner's equity of Company is VND 447,975,260,000.

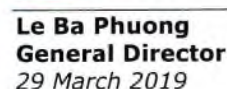


Pham The Tai
Preparer



Le Thi Hoang Hue
Chief Accountant





Le Ba Phuong
General Director
29 March 2019



CÔNG TY CỔ PHẦN ĐÔNG HẢI BẾN TRE
DONG HAI JOINT STOCK COMPANY OF BENTRE

ĐC: Lô A III, Khu công nghiệp Giao Long, Xã An Phước, Huyện Châu Thành, Tỉnh Bến Tre, Việt Nam
Tel: 075.2470655 - 3611666 * Fax: 075.3635222 - 3611222
Email: donghaibentre@yahoo.com * Website: www.dohacobentre.com.vn

No: 65/CV -CTĐH

Ben Tre Province, Mach 29th, 2019

"Re: Explain about the results of the year 2018"

REPRESENTATION REPORT

To: - The State Securities Commission
- Ho Chi Minh Stock Exchange

Pursuant to Circular No 155/2015/TT-BTC on October 06, 2015 of the Ministry of Finance guiding the Information disclosure on securities markets.

According to reviewed report about the results of the year 2018, Dong Hai Joint Stock Company of Ben Tre has profit about 134.115.878.310 VND, increases 67,11% in comparison to the year 2017 by these reasons:

- Production output and revenue increased, kraft paper price increased, raw material price was stable, net revenue increased by 14.40%, cost of goods sold increased 6.47%.

- Revenue from financial activities decreased by 28,36% mainly from the decrease of bank deposit interest of the share issue. Financial expenses increased by 213,48%, of which losses from exchange rate fluctuations and interest expenses increased. The increase in interest expenses was 145,86% due to the counterpart fund of Giao Long Factory Project – phase 2 had been put into use and the policy to increase importing waste paper when the price were relatively low, which will supply sufficient raw material for production.

- Other income increased by 465,41% mainly from payment of compensation from suppliers.

In details:

No	Target	Unit	The year 2018	The year 2017	In comparison to	
					Value	(%)
1	Net revenue from goods sold	VND	926.653.704.464	810.024.745.611	116.628.958.853	14,40
2	Cost of goods sold	VND	722.034.204.484	678.157.598.327	43.876.606.157	6,47
3	Financial income	VND	2.366.792.683	3.303.885.662	(937.092.979)	(28,36)
4	Financial expenses	VND	14.798.276.150	4.720.649.095	10.077.627.055	213,48
	Interest expenses	VND	11.279.446.826	4.587.707.583	6.691.739.243	145,86
5	Selling expenses	VND	26.367.617.096	23.162.708.316	3.204.908.780	13,84
6	General and administration expenses	VND	14.339.414.308	14.361.971.108	(22.556.800)	(0,16)
7	Other income	VND	4.834.321.597	855.008.426	3.979.313.171	465,41
8	Other expenses	VND	1.353.848.931	495.227.605	858.621.326	173,38
9	Current corporate income tax expense	VND	20.845.579.465	13.031.134.512	7.814.444.953	59,97
10	Profit after tax	VND	134.115.878.310	80.254.350.736	53.861.527.574	67,11

Dong Hai Joint Stock Company of Ben Tre kindly report to The State Securities Commission, Ho Chi Minh Stock Exchange.

Sincerely!

DONG HAI JOINT STOCK COMPANY OF BEN TRE
GENERAL MANAGER

To:

- Above;
- Saved.



Lê Bá Phương

ANNUAL REPORT 2018

DONG HAI JOINT STOCK COMPANY OF BEN TRE

GENERAL MANAGER



LE BA PHUONG