

Hung Yen, 19th Apr, 2019

AUDIT COMMITTEE REPORT

To: Annual Shareholders' Meeting

Pursuant to:

- Law on Enterprise, Law on Securities, Company Charter of Everpia JSC
- Rights and duties of Audit Committee as prescribed
- Audited Financial Report 2018 by Ernst & Young Viet Nam Co., Ltd Company.

Audit Committee of Everpia JSC would like to report Annual Shareholders' Meeting the result of 2018 as follow:

1. Audit Committee Activities

In 2018, the Audit Committee has fully implemented activities such as:

- Checking the implementation of the ASM's resolutions and decision of Board of Director (BOD), Management to suitable with Principle of Corporate Governance and Company Charter;
- Manage and supervise the internal Audit Department about the implementation of inspection tasks, supervising the Company operations periodically and extraordinary inspection;
- Propose on selecting the Independent Audit firm
- Attending BOD meetings; and work directly with Management to discuss about risk and weakness of internal control system, fraud, solutions and update company's activities;
- Reviewing Financial Reports and Audited Financial Reports of the Company.
- Supervise internal control and risk control system.

2. Result of BOD and Management's monitoring the activities

- In 2018, the Audit Committee has implemented the investigation as shareholders' requirements. Audit Committee found no fraud in the activities of BOD and Management members as well as managers of the Company.
- BOD's meetings were held as regulated; Resolutions are issued on the basis of ensuring maximum benefits for the Company and its shareholders;
- The Company has carried out its right and duties on information disclosure in accordance with law and regulation of disclosing information on stock market for listed company.

3. Result of monitoring business and financial activities of the Company

a/ Monitoring business activities of the Company

Audit Committee has assigned its members to supervise Company's business activities, including several highlight activities such as:

- Implementing activities related to procedure for the acquire Texpia project;

- Supervise the implementation of internal control system checking according to the Sarbanes-Oxley Act by Internal Audit Department. Base on the checking result, we find out the risk and weakness in finance system, internal governance and propose, consult solutions for BOD and supervise the implementation progress of those solutions.
- Controlling Financial statement report in 2018 to ensure the number is exact and compliance with VAS;
- Managing Account receivable and Inventories periodically within all branches of the Company;
- Supervise internal reports and data, check the corporate governance system which is related to the exactly of numbers in reports.

b/ Company's financial status

Audit Committee agreed with contents of Audited Separate Financial Report and Audited Consolidated Financial Report 2018 by Ernst & Young Viet Nam Co., Ltd Company.

- Business result:

- ✓ Net revenue from sale of goods : VND 1,180.7 bil.
- ✓ Net profit after tax : VND 76.2 bil.
- ✓ Earnings per share : VND 1,933

- Company assets

- ✓ Current Assets : VND 1,176.3 bil.
- ✓ Long-term assets : VND 313.8 bil.
- ✓ Total assets : VND 1,490.1 bil.

4. AC meeting and conclusion, opinion of AC

Meeting date	Meeting content	Conclusion of AC
Mar 09 th 2018	1. Review business performance 2. Review internal audit activities in 2017 and audit plan 2018 3. Preparation for GSM 2018	1. Review business performance: Turnover showed a good enlargement, especially in 4th quarter with the growth up to over 30%, which brought the sales for whole year closely reach 1,000 billion, increased by 13% over the last period. Otherwise, the profit was much lower than expectation, due to the strong expansion of advertising and selling expense, and big provision for Texpia. This had been clearly reflected in the financial statement for the first 9 months, and also explained in details by BOD regarding the expected value of the investments. About the financial status, all indicators on profitability, liquidity, asset-equity structure were still good 2.1 Review internal audit activities in 2017: - The Internal Audit team had carried out the monitoring of payment, purchase, selling, and reviewed entire workflow of B2B team in order to standardize the process in preparation for the upcoming expansion of B2B under BOM's orientation; - Periodically internal audit tested the effectiveness of the key controls, and give recommendations to departments in order to minimize risks and enhance management

		<p>efficiency;</p> <p>2.2. Audit plan for 2018:</p> <ul style="list-style-type: none"> - Factory innovation: The Internal Audit team whereby will take responsibilities in reporting the situation of factory; follow and update the consultant contents, action plans and implementation progress of departments - Continue the missions of monitoring the implementation of internal control process of departments, and the conversion of financial statement in accordance with international standard. <p>3. Preparation for GSM 2018: Audit Committee has to request the Board of Management to organize the Meeting in compliance with the relevant regulations, to assure the shareholders' benefit. Audit Committee will closely monitor the organization process to ensure the compliance of the Meeting</p>
Nov 15 th 2018	<p>1. Review the business performance</p> <p>2. Review the implementation of General Shareholders' Meeting resolutions</p> <p>3. Review internal audit activities</p>	<p>1. Review the business performance:</p> <ul style="list-style-type: none"> - Ending the first 09 months 2018, total sales reached 825.5 billion, growing by 27.1% over last year period due to the flourishing of bedding & padding business, and the contribution of cleaner business acquired from Texpia in Jan 2018. These 03 businesses respectively accounted for 55.8%, 35.9% and 8.1% in sales structure - The total gross margin slightly decreased from 33.4% to 32.6% in the first 09 months of 2018 because the cleaner business has just entered into the innovation following Everpia's management and its gross profit margin is lower compare with the traditional businesses of the Company - The selling expense continued to increase by 46.8% because the Company has strongly invested in new recruitment, marketing & advertising activities, opening showrooms for Curtains & Blind and King Koil spring mattress. - The administration expense decreased 23.5% because in 3rd quarter 2017, we make provision and in 2018, the factory innovation has help us cut down administration expense. - Thusly, the net profit after tax reached VND60.3 billion, increasing by 84.7% over the last period and The liquidity ratios such as current ratio, quick ratio have been maintained at safe level <p>2. Review the implementation of General Shareholders' Meeting resolutions: The Company has fully implemented the resolutions of General Shareholders Meeting</p> <p>3. Review internal audit activities: In 2018, the internal audit has do their job well. Detail as below:</p> <ul style="list-style-type: none"> - Monitoring the transparency of payment, selling, purchasing activities, specially focusing on tracking bad

		debts, samples using and commission payment of B2B - Improving the internal control process in accordance with Sarbanes-Oxley Act under PwC's consultation: periodically test the effectiveness of the key controls, and give recommendations to departments in order to minimize risks and enhance management efficiency - Supervise the conversion of financial statement in accordance with IFRS standard with support from KPMG consultant - Coordinate and support the Korean consultant experts on factory innovation, monitoring the innovation progress of all teams and report to Board of Management
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5. Remuneration and expenses of Audit Committee

In 2018, AC members put a lot of effort into the tasks based on their function and duties. The amount paid to AC members was VND 249,600,000. Detail as follow:

Criteria	Expenses in 2018 (VND)
Remuneration	249,600,000
Business travel expenses	0
Total	249,600,000

To:

- ASM 2019
- Management
- Save

Pp. AUDIT COMMITTEE

HEAD OF AC

(signed)

TRUONG TUAN NGHIA