

Hung Yen, 28th Apr, 2022

REPORT OF BOARD OF SUPERVISORS

To: Annual Shareholders' Meeting

Pursuant to:

- *Law on Enterprise, Law on Securities, Company Charter of Everpia JSC*
- *Rights and duties of Board of Supervisors as prescribed*
- *Audited Financial Report 2021 by Ernst & Young Viet Nam Co., Ltd Company.*

Board of Supervisors of Everpia JSC would like to report Annual Shareholders' Meeting the result of 2021 as follow:

1. Board of Supervisors activities in 2021

In 2021, the Board of Supervisors has performed its supervisory role through the following methods:

- (1) Monitor the activities of Board of Directors ("BOD") through discussion with BOD members, attend regular meetings, email meeting of BOD thereby giving out recommendations to the BOD.
- (2) Supervise Board of Management through direct discussions to update the business performance, progress of the tasks assigned by Annual Shareholders' Meeting as well as resolutions of BOD.
- (3) Monitor through reports of Audit firm.

The scope of supervision includes:

- Supervise activities of the Board of Directors, CEO and other executives
- Supervise business performance and finance of the Company
- Supervise information disclosure and related party transactions
- Supervise internal control system and risk management compliance

In addition, based on monitoring results, Board of Supervisors proposes recommendations and advice to Board of Directors and Board of Management on cost management, evaluation of self-innovation activities, improve inventory management efficiency, strengthen the Internal audit function of Internal Control department.

2. Result of monitoring the activities

Evaluation of the performance of the board of directors

- The Board of Directors organized and maintained regular quarterly meetings. In addition, the Board of Directors asked for its members' opinions in writing to authorize and make decisions on how to guide the Company's business activities in order to carefully track market and consumer trends.
- Every Board of Directors meeting in particular, and other Board of Directors' activities in general, the members of the Board of Directors participated fully and worked with a high sense of responsibility, with the motto of strictly adhering to current laws, the Company's Charter, and internal regulations.
- The resolutions and decisions of the Board of Directors achieved a strong consensus of all members. The Board of Supervisors noted that there was nothing unusual in the activities of the Board of Directors members.

Evaluation of the activities of the Board of Directors and the CEO

- The Board of Management made every effort to maintain production stability and assure safety for pandemic prevention and control, as well as to effectively manage the Company's business activities in line with the Board of Directors' orientations and directives.
- The CEO received monthly and quarterly updates on company activities and strategies, as well as projected orientation for the following month and quarter. In addition, several production improvement activities targeted at maximizing resource efficiency (energy, water, and raw materials) are carried out, with assessment reports issued every six months.
- The Board of Directors operated the company in line with the laws and the Company's Charter, and the CEO and the Board of Directors did not commit any irregularities or breaches in the course of running the company.

Implementation of Resolutions of ASM

- The Company fully implemented the plans approved by the Resolution of the Annual Shareholders Meeting No. 01/DHDCD2021/NQ dated April 23, 2021, including cash dividends payment, selection of an independent financial audit company, and remuneration for the Board of Directors and Board of Supervisors.
- For the Resolution of the General Meeting of Shareholders passed in the form of collecting written opinions of Shareholders on December 27, 2021, on the handling of existing treasury shares to distribute to existing shareholders and sell to the staff. The company quickly carried out the procedures to implement the approved Resolution, until March 30, 2022, the company completed the distribution of shares to existing shareholders at the rate of 8%.

Evaluation of the implementation of the Accounting and Financial Report

- Financial statements for the year 2021 (*including quarterly reports, interim reports, and annual audit reports*) were prepared and presented honestly in accordance with current regulations
- There were no unusual events or transactions during the reporting period
- No cheating or serious mistake
- There was no violation of the obligation to disclose information
- Financial indicators such as liquidity, and financial leverage were at a safe level.
- After the consultation of EY audit firm on building financial statements under IFRS in 2017, the Accounting department of the Company continued and self-researched for the application of IFRS from 2025, following the roadmap of the Ministry of Finance.
- Independent audit service: The audit firm and auditors were qualified. They acted independently. They audited the financial statements in a fair and objective manner, fulfilled all obligations as contracted, and complied with current accounting and auditing standards.

Information Disclosure & Transactions with related parties

- There was no violation in information disclosure in 2021
- Transactions between the company, subsidiaries, companies where Everpia holds more than 50% of its charter capital with members of Board of Directors, General Director, other executives of the Company and their related persons: 01 long-term apartment leasing contract between Everpia and Mr. Cho Yong Hwan - Chairman and Senior Director of the Company (details are presented in Principle 9, Section 2 of the Corporate Governance Report). This transaction was reported and approved by the Board of Directors before implementing and disclosing in accordance with Company's Charter and current laws. The Board of Supervisors found that this transaction was conducted in a transparent and reasonable manner in the interests of the Company and its shareholders.

- Transactions between the Company and the companies in which a member of the Board of Directors, General Director, other executives of the Company who are founding members or executives for the last 3 years prior to the transaction time: None

Internal control and risk management system

The Supervisory Board assesses that the Company was maintaining effective risk management and internal control framework, with the following highlights:

- Completed the installation of point-of-sale systems at all company showrooms and 80 percent of Hanoi agents, allowing for transparent and constant updating of sales and inventory information.
- Improved quality management activities by forming a special Quality Control department - Special QC to enhance quality control of finished products before warehousing.
- Maintained the management system for environment, labor, and production according to independent standards, such as ISO14001, Higg, GRS, and BSCI.
- Followed up on the risk management framework, and continuously update new risks and new preventive measures. There are no significant risks in 2021
- Compliance newsletter was updated periodically and by case as an effective internal communication tool
- Legal Newsletter was continuously updated with the latest legal regulations related to all relevant operations.

Internal Audit

The internal audit function has been gradually improved, and performed by the Internal Control team, specifically:

- Regularly and irregularly checked process compliance, monitor the effectiveness of process and internal control system, then recommended necessary changes in key control points to increase the risk management efficiency.
- Monitored Company activities in the right direction, and strategic goals and made recommendations to the Board of Directors.

3. Meetings of Board of Supervisors and conclusion, opinion of Board of Supervisors

In 2021, Board of Supervisors has conducted 2 regular meetings with the full participation of members and discussed about the work under the assigned authority:

No.	Meeting date	Meeting content	Conclusions of Board of Supervisors
01	26/03/2021	1. Review internal audit activities in 2020 2. Audit plan 2021	<p>1. Review internal audit activities in 2020</p> <ul style="list-style-type: none"> - Activities of Board of Directors & Board of Management: No cheating or abnormal signs. The Board of Directors & Board of Management operate in the best interests of the Company and shareholders, comply with the resolutions of the Annual Shareholders’ Meeting. - Financial status and financial indicators are at a safe level. Independent auditing activities are made transparent and objective. - Business activities: revenue and profit grew negatively due to the heavy impact of the covid pandemic, the profit ratio was only 4.9% - the lowest in 10 years of operation. - Despite the decrease in revenue, the Company has implemented a number of activities that are prerequisites for long-term development: i) installing a sales

			<p>management system at 160/425 agents nationwide, ii) launching the e-commerce website www.everon.com, iii) using natural materials in production, iv) promoting self-innovation activities in production.</p> <ul style="list-style-type: none"> - Internal risk management system: improve internal audit functions according to new regulations <p>2. Audit plan 2021:</p> <ul style="list-style-type: none"> - Resume an effective monitoring role - Support to complete the internal audit function - Consult and instruct to record and break down the costs by business department, by factory - Evaluate the efficiency of factory self-innovation and recommend the production management strategy for the Board of Management.
02	02/10/2020	<ol style="list-style-type: none"> 1. Review the business performance for the first 9M 2021 2. Review the implementation of Annual Shareholders' Meeting resolutions 3. Review internal audit activities 	<p>1. Review the business performance:</p> <ul style="list-style-type: none"> - Sales decreased 5% YOY. Cost control measures by each workshop, by division, contributed to the 9-month cumulative profit after tax increased by 33% over the same period in 2020. - To ensure production safety, the company implements three on-site productions from July 21 to September 21, 2021, at all three factories. - Production improvement and cost control activities have helped cost/revenue to decrease from 71% in the first 9 months of 2020 to 67% in 2021 and administrative expenses to decrease by 13 billion over the same period. - Recommendations: (i) continue to promote innovation activities in production to reduce COGS and improve competitiveness; (ii) coordinate with the medical stations to get the 2nd injection for all staff. <p>2. Review the implementation of resolutions of Annual Shareholders Meeting</p> <ul style="list-style-type: none"> - The tasks assigned by the Annual Shareholders' Meeting are basically completed, such as paying cash dividends, remuneration for independent members of the Board of Directors and Board of supervisors, and selecting an audit firm - The whole company does its best to achieve the assigned revenue and profit targets <p>3. Evaluate the effectiveness of internal control activities</p> <p>The resolutions of the Board of Directors issued in the first, second, and third quarters have been implemented and completed by the company, the most important of which is BOD Resolution No. 005 dated June 29, 2021, on the construction of a new factory in Dong Nai and decided to buy back USD 10,100,000 convertible bonds issued to the Korean fund Rhinos no.4 before the maturity date</p> <p>4. Evaluate the effectiveness of the internal supervision</p> <p>The Internal Audit team has well performed the roles of compliance control and risk control in all operations at the Company under the risk management framework of the Sarbanes-Oxley Act.</p>

4. Remuneration and expenses of Audit Committee

Unit: VND

Board of Supervisors	Position	Remuneration (before PIT)	Other expenses and interest
Mr. Truong Tuan Nghia	Chief	86,400,000	0
Mr. Ko Tae Yeon	Member	86,400,000	0
Mr. Nguyen Dac Huong	Member	86,400,000	0
Total		259,200,000	0

To:

- ASM 2022
- BOD
- Management
- Save

On behalf of. BOARD OF SUPERVISORS

Chief Supervisor

(signed)

TRUONG TUAN NGHIA