



## UNLEASHING INTERNAL STRENGTH

Bamboo shoots, symbolizing continuity and perpetuity, represent the concept of “the old bamboo dies, the young shoots grow,” akin to the inheritance and evolution through generations. With accumulated knowledge, innovative thinking, and the valuable traditions passed down from previous generations of leaders, Searefco ignites ambitions and aspirations, fostering individuals who dare to think, dare to act, and dare to take responsibility, creating a new version of Searefco.

# 1. BUSINESS RESULT EVALUATION

The year 2023 ended with many difficulties and challenges. During this period, the spirit of “ONE SEAREFICO” has become stronger and clearer among subsidiaries of Searefico Group. Searefico’s executives met and communicated more frequently, shared resources, and sought new opportunities in the midst of a volatile market while formulating a development strategy for the next 5 years with ambitious goals and aspirations. We also paid special attention to consolidating and improving operational efficiency and management in all aspects, from finance, human resources, and management system to communication strategy.

Facing market difficulties, Searefico recorded actual revenue of over 1,600 billion VND, up by more than 38% compared to 2022. Particularly, for the first time since our incorporation and development, there has been a subsidiary of Searefico recording its revenue of over 1,000 billion VND, demonstrating our sustainable development.

Signed contract value in 2023 failed to meet the planned target (74.4%) due to the impacts of global geopolitical disruptions, uncertain factors, and force majeure. Though with the modest, less-than-expected profit, we successfully overcame the storm.

We have strengthened our position in promising sectors, such as smart warehouses and automation, and developed PIR panels meeting FM standards to meet market needs with the best quality products. In addition, we also constantly expanded into new sectors with high added value such as logistics, high-tech M&E, and industrial real estate. In this way, we aim to prepare for a period of strong growth, overcoming the disruptions from the domestic to international markets in the past two years.



### For Engineering and construction

While housing, resort and office real estate market sectors were lagging behind, Searefico shifted the focus toward industrial real estate and FDI projects and expanded the cooperative relationships with general construction contractors and partners to increase the operational efficiency. Searee, a subsidiary in the ecosystem, adjusted its business strategy by focusing on developing high-tech clean warehouse projects, construction, and logistics business.

In 2023, Searefico won the bid for large FDI projects requiring high technology content, such as Logos Cu Chi Logistics Warehouse, Can Tho Irradiation Factory.



### For industrial refrigeration

In 2023, there was a significant decrease in the number of projects in the industrial refrigeration sector. Nevertheless, Searefico still managed to stand out as one of the leading providers in this field by signing a contract for a foreign-invested project (Carlsberg). Our revenue grew by more than 34% compared to 2022.

Typical projects awarded in 2023: Carlsberg Brewery; Sapo Dong Thap Factory; and cold storage projects of Vinamilk, etc.



### For construction material production

Despite the real estate market struggling with its recovery in 2023, Greenpan - a subsidiary of Searefico Group, has demonstrated impressive adaptability and innovation. Greenpan has been successful in approaching and selling products to projects with investment capital from Japan and Korea with strict quality standards. In addition, Greenpan also expanded its international market by exporting PIR panels to the Philippines and Singapore for the first time, laying a solid foundation for further development in the near future.

### 1.1. Business plan situation in 2023

 Unit: billion VND

Indicator	2023 plan	Implementation in 2023	Implementation/Plan
Signed contract value	1,500	1,116	74.40%
Revenue	1,700	1,644	96.69%
Earning after taxes of Parent Company	5.46	1.32	24.18%
Consolidated earnings after taxes	31.48	3.76	11.95%

In 2023, there were few positive signs in the real estate market, and as a result, Searefico Group failed to achieve its targets for signed contracts and revenue. Nevertheless, its total revenue grew by more than 38% year-over-year, and notably, the Group had its first subsidiary achieve a revenue of over 1,000 billion VND, setting a solid foundation for sustainable development in the future.

Searefico’s production and business activities were still consistently maintained thanks to the large number of contracts carried over for implementation in 2024. We continued to cooperate more intensively and comprehensively with long-term customers and entered into contracts with leading Asian partners for foreign-invested projects or those with high technological content.



View of the Panel Manufacturing Plant – Greenpan Joint Stock Company at Tan Tao Industrial Park, Binh Tan, Ho Chi Minh City



View inside the fabrication and assembly workshop – Manufacturing Plant of the Asia Refrigeration Industry Joint Stock Company (ARICO) at Tan Tao Industrial Park, Binh Tan, Ho Chi Minh City.



The Panel (PIR) production line, sourced from ITALY, with modern technology is currently operational at the Panel Manufacturing Plant – Greenpan Joint Stock Company.



Images of Searefico E&C employees performing operations and installing equipment at the Smart Cold Storage project undertaken by the company.



At peak times, Searefico E&C can mobilize hundreds to thousands of workers to participate in projects to ensure progress. The image above shows a safety rules briefing session at a construction site.

## 1.2. Outstanding activities and typical achievements in 2023



On the path toward sustainable development, Searefico has been constantly affirming its role by carrying out strategic activities.

### a. Outstanding activities

- » Searefico signed a joint venture cooperation agreement to develop rooftop solar power with CME Solar - one of the leading companies in Vietnam in the field of solar energy. This cooperation is part of Searefico's sustainable development strategy, providing numerous business development opportunities and contributing green value to the community through future solar energy projects.
- » Searefico celebrated 10 years of cooperation with Taisei Oncho. This event was an opportunity for both parties to strengthen their relationship, express gratitude for their cooperation, endeavor towards sustainable development, and commit to supporting future goals.

- » Searefico participated as a speaker in the Culture & Business Forum (CBF 2023) coordinated by the Ministry of Culture, Sports and Tourism, the Ministry of Industry and Trade, and the Central Propaganda Department. Our participation not only made a good impression at CBF 2023 but also demonstrated the Company's commitment to the development of Vietnamese business culture.



This is the first time that a subsidiary's revenue has exceeded the mark of

**1,000 billion dong**

### b. Typical achievements

Despite difficult and challenging situations in 2023, Searefico has made remarkable achievements, marking an important step on the path of development to the new heights.

#### » Operating activities:

- This is the first time that a subsidiary's revenue has exceeded the mark of 1,000 billion dong in a year.
- All the subsidiaries earned profits, with some even paying dividends, marking a recovery to stable development after a challenging year.
- Cooperated with new global brand customers, maintained and promoted extensive cooperation with strategic partners.

#### » Management system:

- Consolidated and standardized the system by building and improving the processes and regulations, applying good management practices, and focusing on daily production and business activities.
- Continued to be certified by BSI Vietnam – British Standards Institute for a suitable quality management system in compliance with ISO 9001:2015 standards.

- » Human resources: Strengthen the human resource system by employing candidates with devotion, ambition, and talent, while orienting HR development towards the principles of mindful leadership, motivated employees, and cohesive teams to realize the goal of sustainable development.



Continued to be certified by BSI Vietnam – British Standards Institute for a suitable quality management system in compliance with ISO 9001:2015 standards.

**ISO 9001:2015**





Through remarkable efforts to overcome difficulties, the Project Management team of Searefico E&C, a member of Searefico Corp, was determined to meet the overall schedule to ensure the topping-out ceremony of the Heritage West Lake Office Tower in Hanoi was on time.



This is one of the regular training activities at Searefico Group aimed at organizational development and enhancing organizational knowledge. Speakers at these training sessions are often reputable experts and entrepreneurs from various fields, both domestically and internationally.



Searefico's Day is celebrated annually on October 26<sup>th</sup> to honor the values and legacy of the company. In 2023, this traditional day will be grandly organized in Ba Ria - Vung Tau Province, combined with the event of announcing the strategy and setting the business plan targets for the 2024-2028 period for the parent company and its subsidiaries.



The event of presenting gifts by the Trade Union and the Company to employees on the occasion of the Lunar New Year 2023 is one of the many activities recognizing the company's concern for the spiritual and material well-being of employees during holidays such as Tet, International Children's Day, and Vietnamese Women's Day.



The year 2023 marked the Searefico Group Trade Union Congress for the 2023-2028 term. The Congress was solemnly and successfully held as the company transitioned to a Holding Company model, reflecting the leadership's commitment to Trade Union activities and the workers' movement across the Group.



As an expression of care and gratitude towards employees after three years of the pandemic, the Trade Union and the Executive Board coordinated a short trip to Thailand in August 2023.

SECTION III – THE MANAGEMENT REPORT

» With continuous innovation efforts in improving the management and operations activities towards the goal of sustainable development, Searefico has proven our capacity, reputation, and service quality and affirmed our brand position by winning a number of awards:



- Top 5 Listed Companies (Small-Cap Category) with the best corporate governance in 2023: again, this award serves as the testament to our reputation, professionalism, and transparency, and promotes the ability to convey information to the investors with focus on management efficiency and sustainable development;



- Top 500 Largest Private Enterprises in Vietnam in 2023 – VNR500: This 9<sup>th</sup> consecutive award is the proof that Searefico always growing stably, demonstrating our inner strengths, appropriate orientation and resilience against unexpected fluctuations in the international context and declining economic growth rate;



- Top 3 prestigious M&E Contractors in 2023: this award affirms our effective operations, experience, and fundamental position, making a positive contribution to the overall development of the entire industry and being a brand trusted by many investors and customers in the market.

» Searefico puts people at the center and creates a friendly working environment where employees can share their knowledge and develop their careers, and is proud of being awarded with reputable prizes in HR sector:



- Top 100 Best Places to Work in Vietnam 2023, by Anphabe Career Community Network;



- Top 05 Most Preferred Employers in the Electrical - Electronics - Refrigeration Industry by CareerViet.

## 2. FINANCIAL SITUATION

### 2.1. Assets

Unit: Billion VND

Indicator	2023	2022	% increase/decrease over 2022
Current assets	1,383	1,382	-
Cash and cash equivalents	254	239	6%
Short-term financial investments	68	118	(43)%
Current receivables	787	727	8%
Inventory	246	275	(10)%
Other short-term assets	28	23	18%
Non-current assets	370	349	6%
Total asset	1,753	1,731	1%

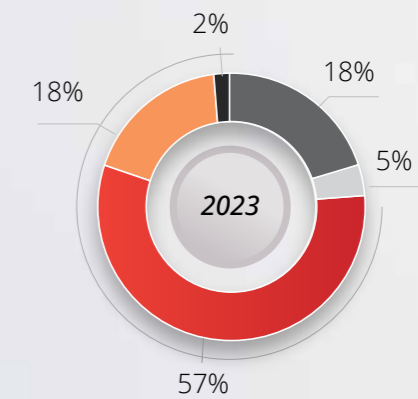
As of the end of 2023, total assets amounted to VND 1,753 billion, equivalent to the previous year. Short-term assets remained comparable to the same period, with short-term receivables increasing by 8%, cash on hand increasing by 6%, and inventory decreasing by 10% compared to the end of 2022. These changes reflect the company's effective asset management and enhanced financial security.

#### Composition of current assets

Total current assets include the following: Cash and cash equivalents 18%, short-term financial investments 5%, inventory 18%, and other current assets 2%. Short-term receivables grew slightly by 8% YoY and accounted for 57% of current assets.

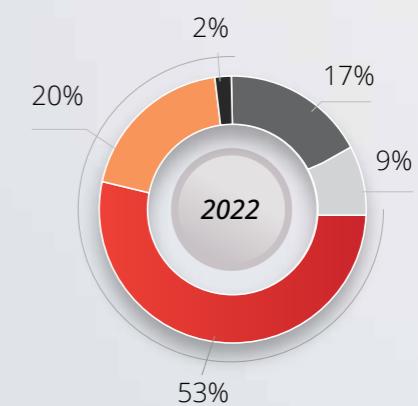
#### Composition of current assets

- Cash and cash equivalents
- Short-term financial investments
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- Inventory
- Other short-term assets



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#### Composition of non-current assets

For non-current assets, fixed assets, long-term construction in progress and other long-term assets accounted for the highest proportions, i.e. 67%, 18% and 12%, respectively.

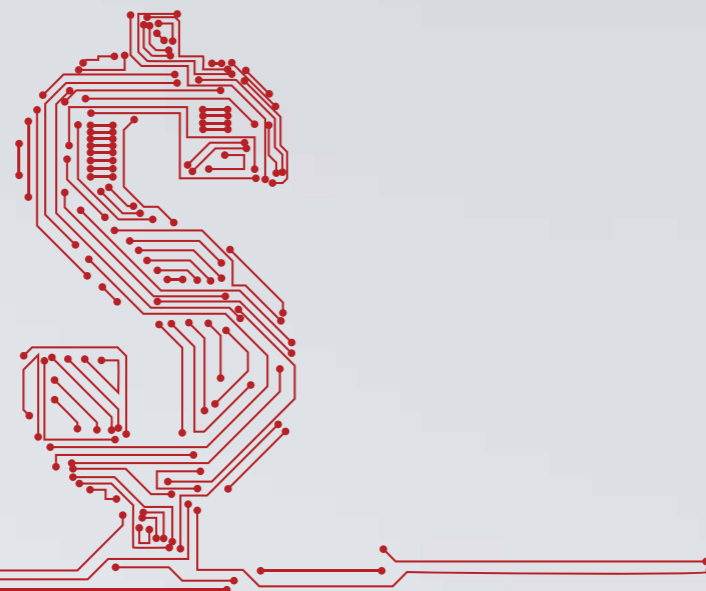
In 2023, Searefico invested in developing logistic business and, to do this, it was required to develop warehouses and assets resulting in the increase of over 50% YoY of construction in progress.

### 2.2. Equity

Unit: Billion VND

Indicator	2023	2022	% increase/decrease over 2022
Liabilities payable	1,321	1,302	1%
Current liabilities	1,247	1,221	2%
Long-term liabilities	74	80	(8)%
Owner's equity	432	429	1%
Total equity	1,753	1,731	1%

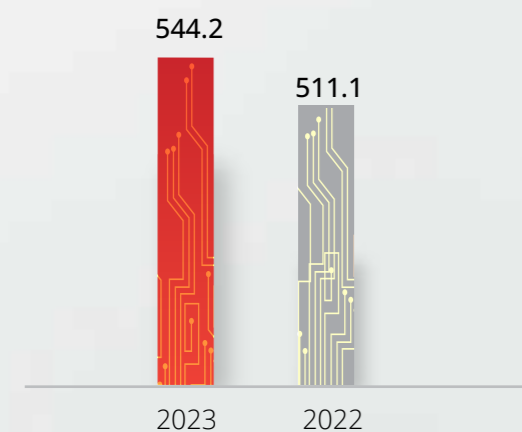
By the end of 2023, total liabilities of the Company were 1,321 billion VND, accounting for 75% of total capital, equivalent to that in 2022. Nevertheless, long-term borrowing was down by 8% YoY. Searefico consistently maintained timely payment of debts, increased its bank creditability, and controlled financial costs effectively.



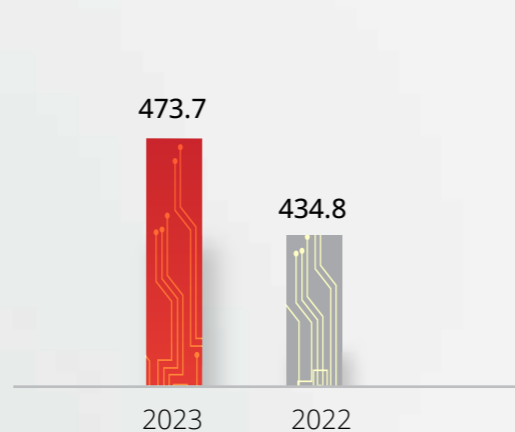
### 2.3. Interest expense and loan interest

Indicator	Unit	2023	2022	% increase/ decrease over 2022
Total outstanding debts	Billion VND	544.2	511.1	6%
Short-term borrowings	Billion VND	473.7	434.8	9%
Long-term borrowings	Billion VND	70.5	76.3	(8)%
Interest expenses	Billion VND	42.9	38.9	10%
Interest expense/revenue	%	2.6	3.3	
Current ratio	Times	1.1	2.3	

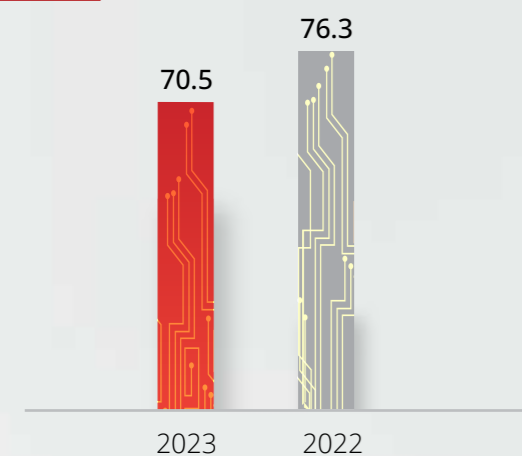
#### Total outstanding debts



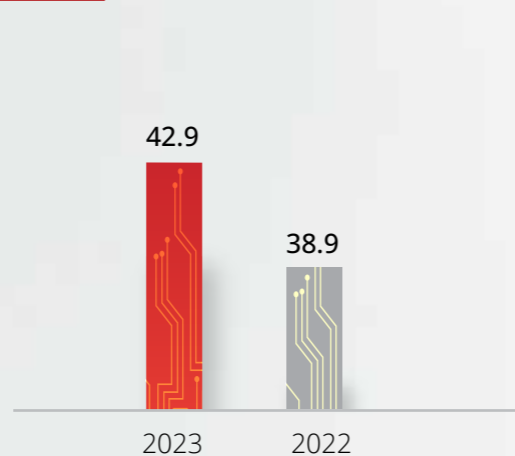
#### Short-term borrowings



#### Long-term borrowings



#### Interest expenses



In 2023, interest expense of the Company was 42.9 billion VND, up by 10% over that in 2022. However, with revenue growth of over 38%, the ratio of interest expense to revenue was only 2.6%, down from 3.3% in 2022, indicating effective management and use of financial leverage. Total outstanding debts were 544.2 billion VND, accounting for 31% of total equity.

## 3. IMPROVEMENTS IN ORGANIZATIONAL STRUCTURE, POLICIES, AND MANAGEMENT

In an increasingly competitive and volatile business market, we have continuously improved Searefico's organizational structure, personnel policies, and management systems to meet current challenges while making positive contributions to the overall development of the industry.

» One of Searefico's major changes in 2023 was in our leadership team, with the addition of a member to the Board of Management who holds a PhD in Civil Engineering and has extensive experience in the construction, real estate, and finance sectors. This has helped Searefico improve our competitiveness and promises rapid development in the future.

» Searefico has always focused on developing our workforce by not only training and enhancing their skills to improve their capabilities and meet increasingly complex work requirements but also by developing an ownership mechanism to enable internal business startups, promote their

entrepreneurial spirit, and enhance their pride and dedication to the Company. Despite the difficult economic situation, employees were still provided with job security, as Searefico established this as a requirement in the Collective Labour Agreement.

» Working towards the goal of comprehensive digital transformation, Searefico has gradually implemented new technology in work management to optimize operational efficiency. In 2023, Searefico began operating the Fast Business Online (FBO) system in Finance and Accounting Management and deployed several centralized HR information management software solutions throughout the Searefico Group.

With such efforts and commitments, Searefico is on track for sustainable development and actively contributes to the overall development of Vietnam while generates benefits to our shareholders, employees, customers, and stakeholders.

## 4. FUTURE DEVELOPMENT PLAN

By implementing the pivot strategy, we aim to gradually realize the goal of becoming a multi-industry corporation in the engineering and technology sector, targeting industries with high technological content and market potential. We continue to regard the technology development platform as the focal point for our future development plans. We are increasing the efficiency of our traditional operations while making investments in expanding into value-added and low-risk sectors, such as logistics, industrial real estate, smart warehouses and automation, new construction materials,

new energy, data centers, and biotechnology, among others. We place great emphasis on the spirit of "People go first, the work follows" and always carefully prepare for succession to ensure that our culture and inner strengths are consistently maintained. Particularly in the coming years, we will focus on promoting good corporate governance, improving the risk management framework to guide our risk-based decisions, enhancing transparency in our activities and disclosures, and maximizing benefits for shareholders and investors.



## 5. BOM' EXPLANATIONS FOR THE AUDITING OPINIONS

### 5.1. Auditor's Qualified Opinion on Receivables and Payables Balances

Qualified Opinion on Receivables Balance:

As of the date of issuance of this audit report, we have not been able to collect sufficiently confirmation letters on receivable balances as at 31/12/2023 and as at 31/12/2022, as well as not being able to obtain sufficient and appropriate audit evidence to assess the recoverability of the receivables at the respective times with a total value of VND 114,246,541,992 and VND 130,499,402,491, respectively.

Therefore, we cannot determine whether it is necessary to adjust the figures related to the provision for doubtful debts, as well as the impact of the above issue on other related items in the Corporation's Consolidated Financial Statements for the fiscal year ended as at 31/12/2023. Details of balances of items are as follows:

	Code	31/12/2023 VND	31/12/2022 VND
Short-term trade receivable	131	94,821,407,951	111,026,152,574
Short-term prepayments to supplies	132	9,817,342,091	9,810,545,391
Other short-term receivable	136	9,607,791,950	9,662,704,526

Qualified Opinion on Payables Balance:

In addition, as of the date of issuance of this audit report, we have not been able to collect sufficiently confirmation letters on the balance of payable balances as at 31/12/2023 and as at 31/12/2022 with a total value of VND 117,311,283,790 and VND 120,658,153,676, respectively. Therefore, we cannot determine whether it is necessary to adjust the impact of the above issue on the relevant items in the Corporation's Consolidated Financial Statements for the fiscal year ended as at 31/12/2023. Details of balances of items are as follows:

	Code	31/12/2023 VND	31/12/2022 VND
Short-term trade payables	311	101,017,042,766	98,997,315,758
Short-term prepayments from customers	312	7,794,600,089	10,480,605,174
Other short-term payables	319	8,499,640,935	11,180,232,744

Regarding the Receivables and Payables, the Company records them in accordance with actual occurrences. Detailed tracking of debts is conducted for each individual entity, with contracts, invoices, and payment documents as required by regulations. Confirmation letters are issued fully and promptly in accordance with audit requirements and have been communicated to Customers, Suppliers, and Subcontractors for reconciliation and submission back to the auditing entity. The receivables and payables presented in the Financial Statements accurately reflect the rights and obligations of the Customers, Suppliers, and Subcontractors. However, due to objective reasons, the Company could not ensure the confirmation letters were returned within the stipulated timeframe, leading to the aforementioned audit conclusion.

### 5.2. Auditor's Qualified Opinion on the Inventory account

Qualified Opinion: Due to being appointed as auditor after the end of the fiscal year 2023, despite performing additional audit procedures, we were still unable to obtain sufficient and appropriate audit evidence to evaluate the validity of the audit. The complete and net realizable value of construction works in progress is presented in the item "Inventory" (Code 141) with the value as at 31/12/2023 and as at 31/12/2022 was VND 100,542,031,326 and VND 101,065,561,892, respectively. Therefore, we cannot determine whether it is necessary to adjust these figures and other related indicators in the Corporation's Consolidated Financial Statements for the fiscal year ended as at 31/12/2023 or not.

Regarding construction projects, all actual costs incurred related to these projects have been fully recorded by the Company. The acceptance and settlement with the Investor for the recognition of revenue and cost of goods sold are entirely appropriate. The value for work in progress at the end of the period, presented under the Inventory account, represents the value of the work completed that the Company is currently working on with the Investor for acceptance/settlement of these projects.

### 5.3. Auditor's Qualified Opinion on the Liability with Construction Joint Stock Company No. 1 (COFICO)

Qualified Opinion: Construction Joint Stock Company No. 01 (COFICO) is recording the joint venture fine as notified to the Corporation of the amount of VND 22,038,757,467 that the Corporation must pay including late fines and other costs related to the Gateway Thao Dien project, however the Corporation has not yet recorded it due to disagreement on the value. As of the date of issuance of this audit report, we have not been able to obtain sufficient and appropriate audit evidence regarding the uncertainty of the Corporation's obligations to COFICO, and therefore cannot determine whether it is necessary to adjust these figures, as well as its impact on related items on the Corporation's Consolidated Financial Statements for the fiscal year ended as at 31/12/2023.

The Company has entered into Agreement No. 27/COF/2015/P.TM/HCM-GAT-1519 dated October 24, 2016, between the Company and Construction Joint Stock Company No. 1 (COFICO) - the General Contractor, related to the joint venture to execute the Gateway Thao Dien residential project, with Son Kim Real Estate Joint Stock Company as the investor. COFICO is recording a joint venture penalty, which includes late completion penalties and other costs related to this Project. However, the value of the penalty unilaterally recorded by COFICO lacks sufficient basis and has not been agreed upon by all parties. Currently, the Company is still working with COFICO to clearly determine the benefits and obligations of the joint venture parties involved in the project construction contract mentioned above.

