

HCMC, April 22nd 2017

**INSPECTION COMMITTEE REPORT
ANNUAL GENERAL SHAREHOLDERS MEETING 2017
NAM LONG INVESTMENT CORPORATION**

Respectfully to: The Shareholders of Nam Long Investment Corporation

I. Activities of the Inspection Committee

The Inspection Committee ("IC") is comprised of three independent members that act as representatives of shareholders and receives support from the Board of Directors ("BOD") and the Board of Management ("BOM").

During 2016, the members of the IC are:

NAME	Position	NOTES
Ms. Nguyen Thi Thanh Thao	Chair of IC	New appointed on 23/4/2016
Mr. David Yip Chong Kuan	Member	Reappointed on 23/4/2016
Mr. Vuong Thuan	Member	Reappointed on 23/4/2016
Mr Timothy Thiên Châu	Member	Resigned on 23/4/2016

In 2016, the IC continues to conduct assessment and makes recommendations on necessary changes in key areas that improve corporate governance at the company. Within the scope of our responsibilities, functions and power as provided under the Charter of Nam Long, in accordance with the Enterprise Law and other regulations applicable to listed companies, the IC successfully completed all its tasks. These included assessing compliance with relevant regulations and with Nam Long's Charter in terms of finance and accounting practices, investment activities, and business operations.

1. Monitoring the implementation of the resolutions of the AGM in 2016

2016 AGM's resolutions had been fully implemented as follows:

- Issuance of 500 convertible bonds to Ibeworth Pte (a company 100% owned by Keppel Land on 8/4/2016 at par value of VND 1billion/bond. The issuance price at 100% par value;
- Amendment of the Company's Charter on April 23rd, 2016;
- Issuance of new shares under the long-term incentive scheme for senior executives (ESG): NLG had completed the issuance of 542,353 shares to 38 employees by August 12th, 2016;
- Payment of the 2nd dividend of FY2015 by cash amounting to VND67 billion in May 2016 and made 1st advance of dividend of 2016 of VND35.4 billion in December 2016 for existing shareholders;

- 2016 performance result:

In: VND billion

Index	FY2016			FY2015	% growth compared 2015
	Actual	Plan	% Actual/Plan	Actual	
Revenue	2,534	3,187	80%	1,259	101%
Net profit after tax attributable to shareholders of parent	345	360	96%	206	68%
ROE	14%	15%			

2. Monitoring the implementation of BOD and BOM's activities

During 2016, The BOD held five (5) meetings, all Board members fully participated complied with the Company's prevailing regulation to provide entrepreneurial leadership to the Company, sets the Company's strategic objectives, monitors and reviews the Company's operational and financial performance. The Board of Directors also ensures the Company has sufficient funding, review and approves all major investments, acquisitions and disposals. The implementation of the Company's strategies and approved business plans are delegated to the Board of Management and its performance is assessed regularly by the Board of Directors. The IC took part in all meeting held by BOD to catch up the business activities. Three sub committees assisted the BOD to function more effectively:

- (i) Investment committee
- (ii) Human resource and external relations committee
- (iii) Audit committee

all functions and tasks of the Sub-Committee in accordance with the operation regulations have been properly implemented

The implementation of resolutions of the BOD was strictly monitored. The IC is satisfied the BOD had fulfilled their responsibilities in full compliance with the regulations and there was no major violation that may affect the business of Nam Long.

The Board of Management ('BOM') managed Nam Long's operation according to approved plan and targets under BOD's resolutions. The Chairman and CEO clearly assigned tasks to relevant managers to ensure proper progress. The BOM and the managers carried out their professional tasks and fully complied with their assigned duties and functions that ensure effectiveness and efficiency at work. The BOM was able to implement the 2016 business plan while ensuring tight internal management and minimizing possible risks and violation.

3. Monitoring the finance activities

In 2016, the IC continued to promote interaction with the Company's independent auditors. IC also reviewed and assessed the scope of non-audit services provided by Ernst & Young Co., Ltd. to ensure its independence and impartiality in its audit activities. The IC satisfied with audit opinion of Ernst & Young Vietnam in the financial reports give true and fair view in according to the Vietnamese Accounting Standard and prevailing regulation. The financial statements were published on time according to regulations for a listed company.

IC assessed the Company's financial position in 2016 is quite good with the following results:

- The basic financial indicators such as gearing, loans and liquidity ratio are good
- Although the actual revenue and profit performance of the Company were not reaching 100% of the plan but strong growth compared with 2015
- During the year, actual sales of Nam Long's products were lower compared to the business plan. This was due to delays in the launch of new projects and the highly competitive market conditions. Nam Long diversified its product range with the introduction of "Ehome S" and "Valora" which were well-received in the market.

4. Monitoring the operation activities

In 2016, the IC also coordinated with the controllers of subsidiaries/associates to implement the Group control model. Investigate the activities of companies under the plan year.

II. INSPECTION COMMITTEE'S 2017 PLAN

The IC will continue to strengthen its monitoring and inspection activities through dependent auditing and directly with each inspection members and, in particular, strengthen its operations with the Audit Committee and Internal Audit Department with following details:

1. Risk management system:

The Company's risk management activities in 2016 are at an early stage of development and not closed connection with business activities. The IC will assist the Board of Management and senior management in evaluating Company-level risks and risks related to departmental procedures.

The IC will promote the implementation of the risk management system to the Group's operation; assist the Company to update the trend of advanced risk management.

2. Activities of the Internal Audit Department:

The IC will strengthen the supervision through the Internal Audit Department based on the Company's risk portfolio, ensuring that internal controls are carried out with the most important business risks. The scope of the audit will be expanded to improve the compliance awareness of employees and management of the Company.

Thank you

REPRESENTATIVE OF INSPECTION COMMITTEE



CHAIR OF IC