



# OPERATIONS OF THE BOARD OF DIRECTORS

## THE BOARD OF DIRECTORS



### MEMBERS OF THE BOARD OF DIRECTORS

By the end of 2016 - 2017, the Board of Directors has five members as follows:

NO.	MEMBER	TITLE
1	Mr. Le Phuoc Vu	Chairman
2	Mr. Tran Ngoc Chu	Vice Chairman
3	Mr. Tran Quoc Tri	Member
4	Mr. Pham Gia Tuan	Independent member
5	Mr. Ly Van Xuan	Independent member

### SUBCOMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors establishes 3 subcommittees in order to specialize in functions and missions of the BOD as well as assigns its members to take responsibility for subcommittees as the following:

- **Strategic development & Investment Subcommittee:** Researching & deploying medium and long-term strategic development of the Group. Mr. Le Phuoc Vu – Chairman of the BOD takes responsibility as Head of the committee.
- **Restructuring, HR, Salary & Rewards Subcommittee:** Researching restructuring plans and establishing mechanism, policies, regulations, salary & bonuses, welfare, HR development of the Group. The committee is led by Mr. Le Phuoc Vu – Chairman of the BOD. Mr. Tran Ngoc Chu – Vice Chairman of the BOD is authorized to take responsible for specialized operations of the committee.
- **Finance & Investor Relations Subcommittee:** Monitoring financial activities and investor relations of the Group. Mr. Pham Gia Tuan – BOD Independent Member takes responsibility as Head of the committee.

In order to implement its functions and missions, each subcommittee is supported by other divisions as follows:

- Divisions are established and managed by the BOD to assist the BOD including Restructuring Board, HR Council, Legislation & Assistant Department, etc.
- Department – Division – Board under the Board of Management including Finance Department, Construction & Investment Department, Project & Manufacturing Department, etc.

## THE BOARD OF DIRECTORS'S OPERATIONS

### MEETINGS OF THE BOARD OF DIRECTORS

During the fiscal year 2016 – 2017 (from October 1<sup>st</sup>, 2016 to September 30<sup>th</sup>, 2017), the Board of Directors held 133 meetings including monthly and extraordinary meetings to issue promptly policies and decisions in production and business operations of the Group.

The number and rate of attendance of the Board of Directors' members:

NO.	MEMBER	TITLE	MEMBER SINCE	NO. OF MEETINGS	ATTENDING RATE
1	Mr. Le Phuoc Vu	Chairman	March 6, 2013	133	100%
2	Mr. Tran Ngoc Chu	Vice Chairman	March 6, 2013	133	100%
3	Mr. Tran Quoc Tri	Member	April 29, 2014	133	100%
4	Mr. Pham Gia Tuan	Independent member	March 6, 2013	133	100%
5	Mr. Ly Van Xuan	Independent member	July 31, 2015	133	100%

The contents of the Board of Directors' important meetings during the fiscal year 2016 – 2017 are summarized as follows:

NO.	RESOLUTION	DATE	APPROVED CONTENTS
1	78A/NQ/HDQT/2016	October 1, 2016	Adjusted registered information of Hoa Sen Nam Cam – Nghe An project. In details, changing the project investment owner due to Hoa Sen Nam Cam – Nghe An One Member Limited Liabilities Company was merged to Hoa Sen Nghe An One Member Limited Liabilities Company.
2	85/NQ/HDQT/2016	October 28, 2016	Approved the holding of the General Assembly of Shareholders Meeting of fiscal year 2016 – 2017.
3	87/NQ/HDQT/2016	October 28, 2016	Approved the reappointment of General Director, Deputy General Director, Chief Accountant and appointed officially Deputy General Director of Export.
4	91/NQ/HDQT/2016	November 7, 2016	Approved the transactions among Hoa Sen Group, its subsidiaries and Hoa Sen Investment & Tourism Co., Ltd., individuals/organizations that related to internal shareholders of the Group.
5	97/NQ/HDQT/2016	December 7, 2016	Approved changes in program of the General Assembly of Shareholders Meeting of fiscal year 2016 – 2017.
6	102/NQ/HDQT/2016	December 26, 2016	Adjusted registered information of investment project of Hoa Sen Binh Dinh One Member Limited Liabilities Company. In details: Dividing Steel Pipe plant and Plastic Pipe plant into 2 separate projects.
7	01/NQ/HDQT/2017	January 5, 2017	Approved the establishment of Hoa Sen Yen Bai Building Materials One Member Limited Liabilities Company.
8	07/NQ/HDQT/2017	January 18, 2017	Approved the transaction of land use rights at Loc An commune, Bao Lam district, Lam Dong province from Hoa Sen Group to Hoa Sen Holdings Group.
9	07A/NQ/HDQT/2017	February 2, 2017	Approved the investment undertakings of Hoa Sen Yen Bai Building Materials Plant project. - Project: Hoa Sen Yen Bai Building Materials Plant project - Location: Minh Quan & Bao Hung commune, Tran Yen district, Yen Bai province. - Area: 20 hectares. - Total capex: 1,050 billion VND.
10	09/NQ/HDQT/2017	February 7, 2017	Performed the first dividend payment in cash for fiscal year 2015 – 2016. Payment ratio: 10%.

<b>NO.</b>	<b>RESOLUTION</b>	<b>DATE</b>	<b>APPROVED CONTENTS</b>
11	17/NQ/HĐQT/2017	March 9, 2017	Implement the stock issue in accordance with “Selection program for key managers and senior employees in Hoa Sen Group 15 <sup>th</sup> Anniversary of Establishment”.
12	21/NQ/HĐQT/2017	March 15, 2017	Established Hoa Sen Group representative office in Singapore.
13	22/NQ/HĐQT/2017	March 15, 2017	Selected Ernst & Young Vietnam to audit financial statements of Hoa Sen Group and its subsidiaries for the fiscal year 2016 – 2017.
14	23/NQ/HĐQT/2017	March 15, 2017	Approved the resignation of Mr. Phan Duy Quang – Deputy General Director of Export and appointed Mr. Nguyen Ngoc Huy – Acting Deputy General Director of Export.
15	23A/NQ/HĐQT/2017	March 15, 2017	Approved the capital contribution to establish Hoa Sen Eco-Homes Limited Liabilities Company. - Charter capital: 22,260,000,000 VND - Location: Lot C3, No.19 street, Song Than II Industrial Park, Di An ward, Di An district, Binh Duong province.
16	23B/NQ/HĐQT/2017	March 15, 2017	Increased in charter capital of Hoa Sen Phu My One Member Limited Liabilities Company: - Initial charter capital: 50 billion VND - Increase in capital: 50 billion VND - Charter capital after increase: 100 billion VND.
17	33A/NQ/HĐQT/2017	April 7, 2017	Changed the headquarters’s address of Hoa Sen Phu My One Member Limited Liabilities Company.
18	35A/NQ/HĐQT/2017	April 12, 2017	Approved the result of stock issue in accordance with “Selection program for key managers and senior employees in Hoa Sen Group 15 <sup>th</sup> Anniversary of Establishment”.
19	38/NQ/HĐQT/2017	May 3, 2017	Implemented stock issues for dividend payment of the fiscal year 2015 – 2016 and issued stocks for shareholders to increase capital from owners’ equity. Total number of shares: 150,000,000 shares Total amount: 1,500,000,000 VND
20	43/NQ/HĐQT/2017	May 10, 2017	Approved the transaction of land use rights from Hoa Sen Group to Hoa Sen Holdings Group.
21	44/NQ/HĐQT/2017	May 10, 2017	Approved the transaction of assets from Hoa Sen Group to Hoa Sen Holdings Group.
22	49/NQ/HĐQT/2017	May 22, 2017	Established Hoa Sen Group representative office in Australia.
23	55A/NQ/HĐQT/2017	June 19, 2017	Approved result of stock issues for dividend payment and stock issue for shareholders to increase capital from owners’ equity.
24	61/NQ/HĐQT/2017	July 6, 2017	Adjusted the registered information of Hoa Sen Phu My Hot Dip Galvanized Steel Pipe Plant project.
25	67/NQ/HĐQT/2017	July 27, 2017	The extraordinary meeting on July 27, 2017 regarding to increase charter capital of Hoa Sen Nghe An One Member Limited Liabilities Company. - Initial charter capital: 330 billion VND - Initial charter capital: 330 billion VND - Charter capital after increase: 450 billion VND.
26	80/NQ/HĐQT/2017	August 17, 2017	Transferred Hoa Sen Group’s shares at Hoa Sen – Gemadept Logistics and International Port Corporation.
27	85/NQ/HĐQT/2017	September 5, 2017	Acquired contributed shares and adjusted business registered information of Hoa Thin Long Duc Phong International Investment One Member Limited Liabilities Company (Vietnam).



## OPERATIONS OF THE BOARD OF DIRECTORS' SUBCOMMITTEES

At periodic meetings of the Board of Directors, the subcommittees report their operations and propose the Board of Directors to approve policies and orientations in accordance with subcommittees' functions and duties. At periodic meetings of the Board of Directors, the subcommittees report their operations and propose the Board of Directors to approve policies and orientations in accordance with subcommittees' functions and duties.

### OPERATIONS OF RESTRUCTURING, HUMAN RESOURCE, SALARY AND REWARD SUBCOMMITTEE

In fiscal year 2016 – 2017, the subcommittee operated the activities as:

#### RESTRUCTURING AND HR ACTIVITIES

- Building and perfecting hierarchy that is suitable to practical operations of the Group. In which, mainly focusing on completing governance model in accordance with Region – Area management and organizational structure of Department – Division – Board at the Group's executive office.
- Composing and promulgating internal governance system of the Group, ensuring all the Group's operations conform with current regulations.
- Building and perfecting organizational structure of HR such as criteria of assessing managerial officers management trainees; stipulations about appointment and dismissal of managerial officers of the Group; policies of planning, displacing, training and developing HR.
- Researching and improving the Group's organizational structure and governance model in response to demand and development strategy in the following period.

#### SALARY, REWARD AND WELFARE POLICY

- Researching, building and proposing policies on salary, welfare, reward – discipline of the Group.
- Besides, the subcommittee also handles other operations relating to salary and reward issues of the Group.

### OPERATIONS OF PROJECT INVESTMENT SUBCOMMITTEE

In fiscal year 2016 – 2017, the subcommittee cooperated with related departments to implement activities regarding to project investments, including:

- Researching, implementing and investment promoting projects that have been approved by the General Assembly of Shareholders/ the Board of Directors, including:
  - Industrial projects: Hoa Sen Nghe An plant project, Hoa Sen Nhon Hoi – Binh Dinh plant project, Hoa Sen Ha Nam plant project, Hoa Sen Phu My hot dip galvanized steel pipe plant project;
  - Researching, preparing the resources for the real estate, tourism and resort projects such as: Hoa Sen Yen Bai Event, Restaurant, Hotel and Commercial Center complex project; Hoa Sen Quy Nhon Tower – Commercial center, hotel and luxury apartment complex project.
  - Promoting investment and proceeding necessary procedures to implement investment projects in Ninh Thuan province.
- Researching, counseling and recommending promising investment plans for the Board of Directors's decision or proposing for the General Assembly of Shareholders' approval. In the fiscal year 2016 – 2017, the subcommittee played a role in consultant, promotion of foreign investment activities in Singapore and Australia in order to perform the Group's development strategy.
- Implementing and supervising other investment activities of the Group

### OPERATIONS OF FINANCE AND INVESTOR RELATIONS SUBCOMMITTEE

#### FINANCIAL SUPERVISION ACTIVITY

- Reviewing periodically of the Group's financial statements to ensure accuracy and transparency of financial data when reporting to state agencies, shareholders and investors.
- Verifying financial expenses reports made by the Board of Management monthly, and then proposing orientations of financial management to the Board of Directors.
- Performing extraordinary verification of the Group's financial figures to ensure the financial situation is always in a good state.

#### INFORMATION DISCLOSURE ACTIVITY

- Performing periodic and extraordinary information disclosure in accordance with Circular 155/2015/TT-BTC of Ministry of Finance.
- Implement important information disclosure whether or not directly affected to investors' benefits and investment decisions.

#### DIVIDEND PAYMENT ACTIVITY

- Advising to the Board of Directors about ratio, plan and date for dividend payment to ensure that not affect to the Group's operation.
- Instructing and answering shareholders' questions and requirements related to shares, share transfer and other requirements.

#### OTHER ACTIVITIES

- Participating in annual and extraordinary meetings of General Assembly of Shareholders; preparing meeting documents and posting these on Hoa Sen Group's website for shareholders to discuss and vote at the meeting in accordance with legal stipulations; responding to shareholders' questions at the meeting fully, carefully, and timely.
- Holding customers' conference to build and strengthen cooperative relationship with partners and investors.
- Meeting and discussing with Vietnamese and foreign investors, introducing Hoa Sen Group and responding to the investors' issues to ensure the investors' trust.





## SUPERVISION OF BOARD OF MANAGEMENT'S OPERATIONS

In the fiscal year 2016 – 2017, the Board of Directors approved the appointment and resignation of positions in the Board of Management as follows:

- Approved the resignation of Mr. Phan Duy Quang – the Deputy General Director of Export and appointed Mr. Nguyen Ngoc Huy – Acting Deputy General Director in accordance with Resolution No. 23/NQ/HDQT/2017 on March 15, 2017.

The current members and responsibility of each Board of Management member as follows:

NO.	MEMBER	TITLE	RESPONSIBILITY
1	Mr. Tran Ngoc Chu	General Director	Administrating general operations of the Group's departments. Besides, undertaking banking transactions, foreign affairs and investment activities of the Group's projects (including industrial projects, real-estate - hotel - tourism investment projects and projects which are expected to be implemented in Ninh Thuan province)
2	Mr. Tran Quoc Tri	Managing Deputy General Director	Managing business activities of the Regional Executive Offices and directing operations related to human resources - internal affairs and business of the Group. Implementing orientations related to internal affairs from the Board of Directors, the Chairman, the General Director.
3	Mr. Hoang Duc Huy	Deputy General Director	Undertaking all the Group's supervision activities.
4	Mr. Vu Van Thanh	Deputy General Director in charge of North executive office	Undertaking Finance activities of the Group. Undertaking all business operations of subsidiaries and retail distribution network located in the North region.
5	Mr. Nguyen Minh Khoa	Deputy General Director of Supply - Manufacturing	Undertaking all operations of supply – service, manufacturing – project and investment promotion of the Group.
6	Mr. Ho Thanh Hieu	Deputy General Director in charge of Central executive office	Undertaking all business operations of subsidiaries and retail distribution network located in the Central and the South region. Undertaking directly all operations of Sales – Distribution Department of the Group. Operating generally activities related to ERP project of the Group.
7	Mr. Tran Quoc Pham	Deputy General Director of Construction & Investment	Undertaking basic construction operations of the Group as well as taking responsible of projects belongs to hotel, real-estate in Yen Bai and Binh Dinh provinces.
8	Mr. Nguyen Ngoc Huy	Acting Deputy General Director of Export	Undertaking export operations.

In order to understand closely the Group's operations, in monthly meetings, the Board of Directors required the participation of the Board of Management and key managers to report on production and business activities of current month to the Board of Directors and the implementation of policies and guidelines supervised by the Board of Directors, as well as presenting business plan of the following months and the detailed orientations to achieve the plan.

In addition, the Chairman and other members of the Board of Directors also joined weekly meetings of the Board of Management, key managers of functional divisions and

subsidiaries to supervise and monitor management activities and to make timely adjustment in accordance with guidelines and orientations of the Board of Directors.

Ending fiscal year 2016 – 2017, the Board of Management fulfilled its role presented timely and flexible solutions of production and business management which were appropriate to guidelines and orientations of the Board of Directors. All commands of the Board of Directors were also fully and timely implemented by the Board of Management and reported in details with high responsibility.

### ASSESSMENT OF THE GROUP'S CONTROL AND AUDIT ENVIRONMENT

#### STRICTLY INTERNAL CONTROL ENVIRONMENT

Internal control is one of the most important activities at Hoa Sen Group and more sticky to all the Group's operations. Internal control is not only the effective monitoring tool of the Board of Supervisor, but also is the effective supporter of the Board of Directors, Board of Management to protect the Group's assets and shareholders' interest at the maximum level.

Hoa Sen Group maintained professional internal control system and participated in monitoring and controlling all activities of the Group strictly to ensure the compliance with issued processes. In addition, the Group also has professional functional divisions to implement for bidding, price controlling in order to minimize the input costs.

Besides, the internal control division has identified high risks during the year, determined production – business process relating to risks and evaluated the coincidence of controlling system as well as the compliance of operational processes.

#### TRANSPARENT AUDIT ENVIRONMENT

Hoa Sen Group always creates the most transparent and convenient audit environment for audit organizations as well as state agencies to approach easily. Documents and files are arranged and achieved scientifically for easy consultation, extraction and collection. The figures in the Group's financial statements truly and fully reflected financial situation, business performance and cash flow in accordance with Vietnamese Accounting Standards, Vietnamese Standards on Auditing and legal stipulations.

## REMUNERATION AND OTHER INCOMES OF THE BOARD OF DIRECTORS

(according to Appendix 4 of Annual Report in Circular 155/2015/TT-BTC of Ministry of Finance)

### REMUNERATIONS OF THE BOARD OF DIRECTORS IN THE FISCAL YEAR 2016 - 2017

NO.	TITLE	REMUNERATION (VND/month)
1	Chairman of the Board of Directors	30,000,000
2	Vice Chairman of the Board of Directors	25,000,000
3	Members of the Board of Directors	20,000,000

### OTHER INCOMES OF THE BOARD OF DIRECTORS' MEMBERS

NO.	MEMBER	TITLE	REMUNERATION (VND/month)
1	Le Phuoc Vu	Head of Project Management Division	100,000,000
		Head of Restructuring Division	12,000,000
		General Director	100,000,000
2	Tran Ngoc Chu	Deputy Head of Restructuring Division	9,000,000
		Chairman of Subsidiaries of the Group	20,000,000
3	Tran Quoc Tri	Managing Deputy General Director	80,000,000
		Deputy Head of Restructuring Division	9,000,000

\* Note: The actual salary of the Head of Project Management Division, General Director and Managing Deputy General Director positions are the scale of salary plus commission. In which, the commission is based on monthly business performance of the Group.

