



DOCUMENTS
FOR ANNUAL MEETING OF
GENERAL SHAREHOLDERS
FISCAL YEAR 2019 – 2020

DEFINITIONS OF TERMINOLOGIES AND ABBREVIATIONS

1. **FY** : Fiscal Year
2. **Hoa Sen Group** : Means a group of companies, including Hoa Sen Group (as a Parent Corporate) and other subsidiaries under Hoa Sen Group
3. **BOD** : Board of Directors
4. **BOM** : Board of General Managers
5. **General Shareholders** : General Assembly of Shareholders
6. **Comm** : Committee
7. **Ltd. Company** : “*Limited Liability Company*” or “*Limited Liabilities Company*” or “*Company Limited*”, depends on whatever it is called in the current Registration Certificate of the Company
8. **NOF assembly line** : NOF is an abbreviation of “Non-oxidizing Furnace”. NOF assembly line is a line for galvanizing steel sheet, steel coil
9. **Transactions with affiliated parties** : Include transactions arising between Hoa Sen Group and affiliated parties
10. **Affiliated parties** : Including entities and individuals having direct or indirect relationship to the Hoa Sen Group in accordance with current Law on Enterprises and Law on Securities

AGENDA OF THE MEETING

No.	CONTENTS
I.	OPENING PROCEDURE
1.	Shareholders check-in; Voting for approval on the Meeting Agenda
2.	Voting the Chair Board, voting the Vote-counting Committee and appointing the Secretarial Board
3.	Opening Address of the Chairman of BOD
II.	MAIN CONTENTS OF THE MEETING
4.	Brief Report of the BOD on the operational result in the FY 2018 – 2019 and Proposal for operational plan in the FY 2019 – 2020
5.	Report on the business result in the FY 2018 – 2019 and Proposal business target in the FY 2019 – 2020
6.	<p>Report and proposal for financial contents:</p> <ul style="list-style-type: none"> - Audited Consolidated Financial Statement for the FY 2018 – 2019. - Report on the Dividend payment of the FY 2017 – 2018 and official funds provision implemented in the FY 2018 – 2019; Proposal for profit distribution plan of the FY 2018 – 2019 and funds provision ratio in the FY 2019 – 2020. - Report on the remuneration for the BOD and other Positions / Units derived from the BOD in the FY 2018 – 2019; Proposal for the remuneration for the BOD and other Positions / Units derived from the BOD in the FY 2019 – 2020 and bonus for achieving target (if any). - Proposal for authorizing the BOD to select the auditing company to audit the Consolidated and Separate Financial Statements of Hoa Sen Group and other Subsidiaries in the FY 2019 – 2020
7.	Report on Internal audit result of Board of Internal Audit under the BOD
8.	Q & A time
9.	General Shareholders vote for each contents in the Meeting
III.	BREAK TIME (20 minutes)
10.	Announcing the voting result
11.	Voting to approve the full text of the Resolution of Annual Meeting of General Shareholders in FY 2019 – 2020
IV.	CLOSING PROCEDURE
12.	Closing Address of the Chairman of BOD

VOTING CONTENTS IN THE MEETING

No.	CONTENTS
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2.	Voting the Chair Board
3.	Voting the Vote-counting Committee
II.	VOTING FOR APPROVAL ON REPORTS AND PROPOSALS TO GENERAL SHAREHOLDERS
4.	Voting for approval on Brief Report of the BOD on the operational result in the FY 2018 – 2019 and Proposal for operational plan in the FY 2019 – 2020
5.	Voting for approval on Report on the business result in the FY 2018 – 2019 and Proposal business target in the FY 2019 – 2020
6.	Voting for approval on the audited separated financial statement of Parent Company and the audited consolidated financial statement of the whole Group in the FY 2018 – 2019; and voting for approval on the result of transactions arising with affiliated parties which was recorded in the audited financial statements in pursuant with current laws and regulations
7.	Voting for approval on Report on Dividend payment of FY 2017 – 2018; Official funds provision implemented in the FY 2018 – 2019; Report on the remuneration for the BOD and other Positions / Units affiliated from the BOD in the FY 2018 – 2019
8.	Voting for approval on Profit distribution plan of the FY 2018 – 2019; Maximum funds provision ratio in the FY 2019 – 2020; Remuneration for the BOD and other Positions / Units derived from the BOD in the FY 2019 – 2020 and bonus for achieving target
9.	Voting for approval on authorizing the BOD to select the auditing company to audit the Consolidated and Separate Financial Statements of Hoa Sen Group and other Subsidiaries in the FY 2019 – 2020
10.	Voting for approval on Report of internal audit operations conducted by the Internal Audit Committee
III.	CLOSING PROCEDURES
11.	Voting for approval full text of the Resolution of Annual Meeting of General Shareholders in FY 2019 – 2020

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CHAPTER I

OPERATIONAL PRINCIPLES FOR ANNUAL MEETING OF GENERAL SHAREHOLDERS

In pursuance of:

- *Current Law on Enterprises and Law on Securities;*
- *Decree No.71/2017/ND-CP dated 06 June 2017 guiding on governing regime for public corporations;*
- *Circular No.95/2017/TT-BTC dated 22 September 2017 detailing Decree No.71/2017/ND-CP;*
- *Current Corporation Charter of Hoa Sen Group.*

The Principles are regulated in details in the current Corporation Charter and the Governance Regulations of Hoa Sen Group, which have been approved by the General Shareholders. Details as below:

1. Principles on the authority for operating the Meeting

Annual Meeting of General Shareholders (also referred as “the Meeting”) shall be chaired by the Chairman of BOD. Since the opening of the Meeting, the Chair is entitled to operating the Meeting in accordance with proceedings, procedures regulated by current Laws and Corporate Charter. All attendees shall comply with the directions and operations of the Chair.

2. Protocols to ensure the security during the Meeting

The Chair is entitled to applying any necessary and reasonable protocols to ensure the security of the Meeting in accordance with the approved Agenda and desires of majority of the attendees.

The Chair is entitled to requesting for any examinations, applying any security protocols or other necessary protocols toward the attendees in accordance with current Laws and Corporation Charters for the effectiveness and order of the Meeting.

In case there are individuals failing to comply with the operation of the Chair or intentionally disrupting the Meeting or failing to comply with the request for security examinations, the Organizing Board shall act on behalf on the Chair to have the security guards expel these individuals from the Meeting.

3. Voting Principles

All contents in the Meeting agenda shall be voted for approval by General Shareholders through raising the Votes. The valid Vote shall assure these following conditions: (i) stamped with the Corporate Stamp of Hoa Sen Group and; (ii) filled with the full name of shareholder(s) or an authorized representative(s) of shareholder(s), identifying numbers of shareholder(s) and owned share(s). Shareholders shall re-check all information in the Vote (especially the owned share(s)). In case there are any defects, shareholders shall promptly inform the Organizing Board for replacement.

Shareholders shall vote for each contents (Approve, Not approve, Blank vote) by rising his/her/their Vote in accordance with the guidance of the Chair.

4. Principles for discussion and answering questions, feedbacks

Shareholders shall discuss the contents within the agenda of the Meeting approved by the General Shareholders and within the decisions, operations of the Chair. All feedbacks, discussion shall be registered in the “Form of Feedbacks and Discussion Registration” and shall be collected by the Secretarial Board before proposing to the Chair for answering

The Chair is entitled to refuse answering any feedbacks, questions without registration, or unsuitable with the Meeting agenda, or arising outside of the Feedbacks, Q & A Time.

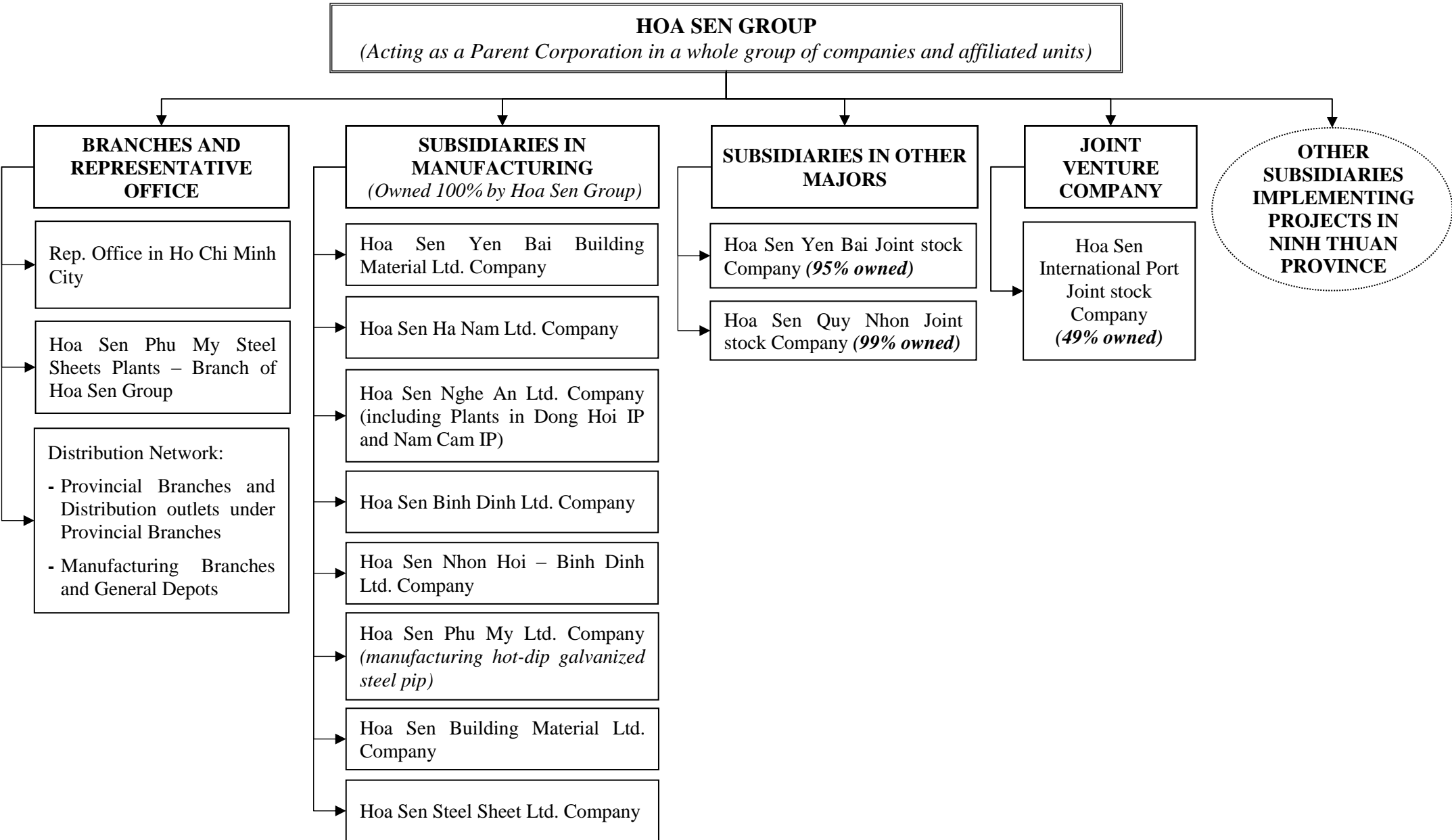
All questions of shareholders will be answered directly by the Chair in within the reasonable time in the Meeting agenda or up to the decisions of the Chair. In case there remaining feedbacks, questions while the Q & A time have run out, the Chair will answer in written and upload the answers on the website of Hoa Sen Group (<https://www.hoasengroup.vn>) within 15 (Fifteen) days after the Meeting.

CHAPTER II
GENERAL INTRODUCTION OF HOA SEN GROUP

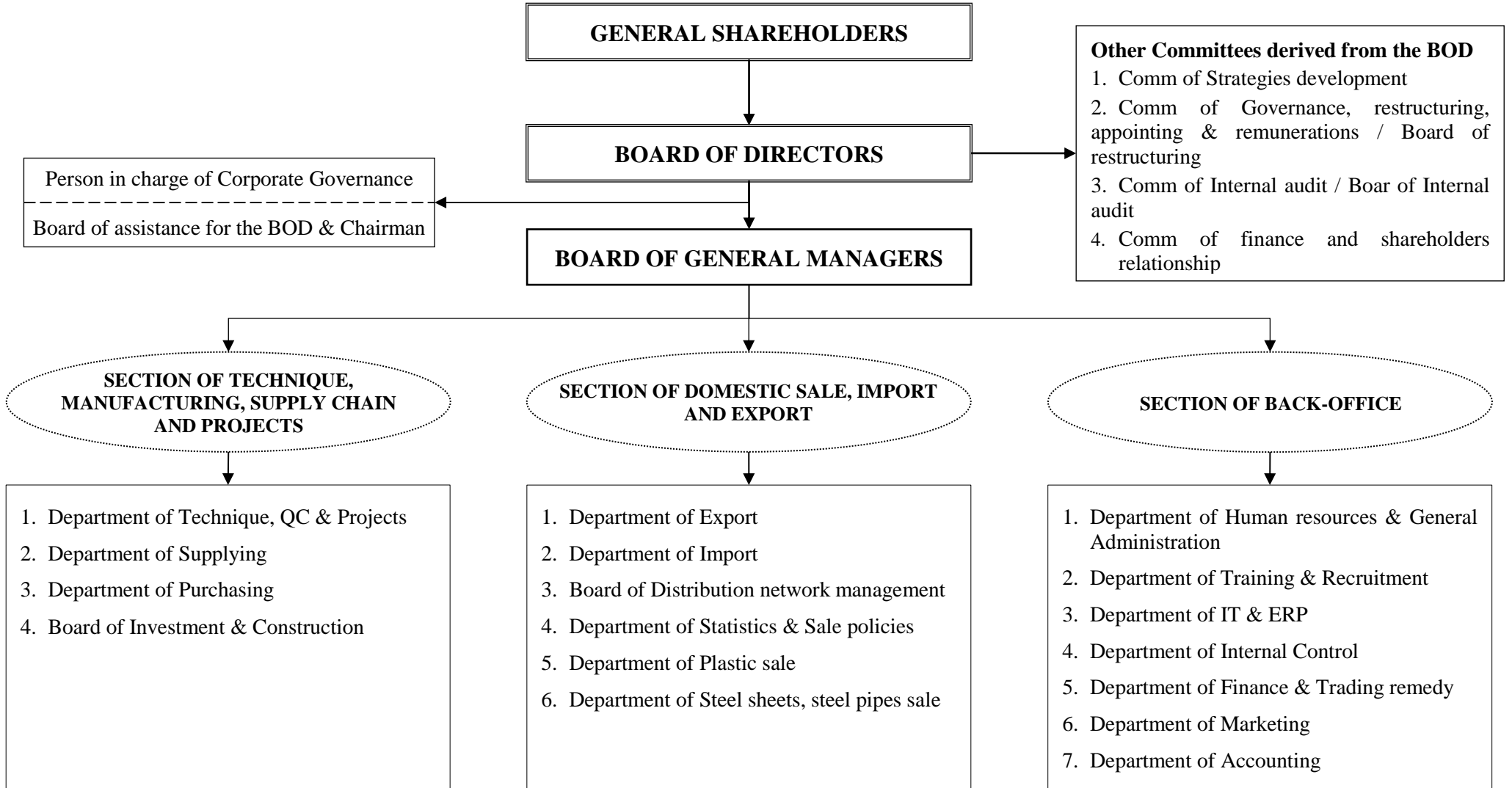
I. GENERAL INFORMATION

Name of the Corporation	HOA SEN GROUP
Name of the Corporation in Vietnamese	CÔNG TY CỔ PHẦN TẬP ĐOÀN HOA SEN
Abbreviation	HSG
Head office	No. 09, Thong Nhat Boulevard, Song Than II Industrial Park, Di An Ward, Di An District, Binh Duong Province, Vietnam
Representative office	Rep. Office in Ho Chi Minh City: No. 183, Nguyen Van Troi Street, Ward 10, Phu Nhuan District, Ho Chi Minh City, Vietnam
Chartered capital	VND 4,234,694,890,000
Business registration Numbers	No. 3700381324 first issued on 08 August 2001, 32 nd issued on 15 May 2019 by Provincial Department of Planning and Investment of Binh Duong
Representatives in Law	<ol style="list-style-type: none"> 1. First Representative: Mr. LE PHUOC VU – Chairman of BOD 2. Second Representative: Mr. TRAN NGOC CHU – Vice Chairman of BOD 3. Third Representative: Mr. TRAN QUOC TRI – General Director
Main business scope	Manufacturing and selling products, materials for building, which concentrates on: Steel sheets, steel pipes, plastic pipes, plastic spare-parts.

CHART OF AFFILIATED UNITS UNDER HOA SEN GROUP



GROUP HEAD OFFICE HIERACHY



II. THE ESTABLISHMENT AND DEVELOPMENT OF THE GROUP

No.	Timeline	Contents
THE TIMELINE FROM 2001 TO THE FY 2017 – 2018		
1.	08 August 2001	Hoa Sen Corporation, formerly name of Hoa Sen Group, was established with the initial chartered capital of VND 30 billion, 22 employees and 03 distribution branches
2.	05 December 2008	Officially listed 57,038,500 shares on Ho Chi Minh Stocks Exchange under stock code of HSG
3.	July 2018	Initiating the Restructuring Plan for Distribution network in 03 pilot provinces: Binh Dinh, Tay Ninh and Thanh Hoa
IN THE FY 2018 – 2019		
1.	October 2018	Successfully operating the new model of Provincial Branches in 03 piloted provinces: Binh Dinh, Tay Ninh and Thanh Hoa
2.	From November 2018 To February 2019	<p>Based on the experiences from the piloted provinces, Hoa Sen Group officially applied new model of Provincial Branches for nationwide Distribution network and contemporarily applied the ERP system to the new model.</p> <p>During this term, Hoa Sen Group has established 55 Provincial Branches nationwide and more than 400 Distribution Outlets under these Branches.</p> <p>Besides, Hoa Sen Group also applied the ERP system designed and adjusted specifically for the Provincial Branches governing model and applied E-invoice system for these branches.</p>
3.	March 2019	<p>Successfully accomplished the restructuring plan for distribution network. Since 01 March 2019, Hoa Sen Group has officially operated 55 Provincial Branches, 10 General Warehouses and Manufacturing Branches and more than 400 Distribution Outlets nationwide.</p> <p>Also, the Group has started to end the legal form of branches running under the old governing model to assure the synchrony of the whole system</p>
4.	18 March 2019	<p>Officially accomplished the investment project of Hoa Sen Phu My Hot dip galvanized steel pipes Plant in Phu My I Industrial Park, Ba Ria – Vung Tau Province.</p> <p>The Plant has a full capacity of 85,000 tons/year, which includes 01 hot dip galvanizing steel pipes manufacturing line, 06 steel pipes manufacturing lines and 01 slitting line.</p>
5.		<p>Officially announced on the accomplishment and operation of ERP system after 02 years of implementation</p> <p>The ERP system is applied for the whole Group, including: Parent Corporation, Subsidiaries; Plants, Provincial Branches and nationwide Distribution Outlets.</p>

No.	Timeline	Contents
6.	22 April 2019	<p>Officially accomplished the investment project of Hoa Sen Nhon Hoi – Binh Dinh Plant – Stage II in Nhon Hoi Economics Zone, Hoi Son Village, Quy Nhon Town, Binh Dinh Province</p> <p>Stage II of the Plant has a full capacity of 430,000 tons/year, which includes 01 NOF manufacturing line, 01 color coating line, 01 cold rolling line with 02 parallel inputs, 01 pickling line and 01 acid recycling system.</p>
7.	15 May 2019	Rising the capital up to VND 4,234,694,890,000 for paying dividend of FY 2017 – 2018

CHAPTER III
REPORT ON OPERATIONAL RESULTS OF HOA SEN GROUP
IN THE FISCAL YEAR 2018 – 2019

I. REPORT ON CORPORATE GOVERNANCE

1. List of Members of the BOD and Units derived from the BOD

Current members of the BOD were elected by the General Shareholders at the Annual Meeting of FY 2017 – 2018 and have service term of 2018 – 2023. Detail as below:

- The BOD of this service term includes 06 members.
- The numbers of non-executive members and independent members shall comply with the conditions regulated in Article 13 Decree No. 71/2017/ND-CP dated 06 June 2017, specifically: Among members of the BOD, there are 03 non-executive members and 02 of whom are qualified to be independent members.
- The detail list of BOD members for the service term 2018 – 2023 as below:

No.	Full name	Title
1.	Mr. LE PHUOC VU	Chairman
2.	Mr. TRAN NGOC CHU	Vice Chairman
3.	Mr. TRAN QUOC TRI	Executive Member
4.	Mr. LY VAN XUAN	Non-executive Member
5.	Mr. NGUYEN VAN LUAN	Independent Member
6.	Mr. DINH VIET DUY	Independent Member

For conducting functions and authority regulated in the Corporate Charter and Governance Regulations, the BOD has established 04 Committees which include the BOD Members and are chaired by one of these members.

In nature, the establishment of these Committees actually comes from the procedure of changing the name of Sub-board under the BOD to “Committee”, which is based on advice of State Securities Commission of Vietnam presented in the Public Corporate Governance Code of best Practices.

The details of name and functions of each Committee as below:

No.	Committee	Functions	Chairman of Committee
1.	<p align="center">Committee of Strategies development</p> <p align="center"><i>(Also referred as: Strategies Committee)</i></p>	<p>Researching, developing and monitoring the implementation of strategies and orientations for the whole Group</p>	
2.	<p align="center">Committee of Governance, restructuring, appointing & remunerations</p> <p align="center"><i>(Also referred as: Restructuring Committee)</i></p>	<p>Researching and monitoring the implementation of restructuring plans, human resources development, including: Arranging the Hierarchy; Introducing, training, appointing managing officials; Advising in building the regimes, policies, remunerations for employees; Designing other restructuring plans with purpose of enhancing the effectiveness, streamline, equity and transparency of the whole Group.</p>	<p>Mr. LE PHUOC VU – Chairman <i>(Mr. TRAN NGOC CHU – Vice Chairman is assigned to be a standing Vice Chairman of the Committee)</i></p>
3.	<p align="center">Committee of Internal Auditing</p> <p align="center"><i>(Also referred as: Auditing Committee)</i></p>	<ul style="list-style-type: none"> - Monitoring the internal auditing and internal control operations; - Monitoring the current financial affairs; - Evaluating, selecting the independent auditing companies for financial statements; - Supervising and approving transactions with affiliated parties. 	<p>Mr. NGUYEN VAN LUAN – Independent Member</p>
4.	<p align="center">Committee of Finance and Shareholders Relations</p> <p align="center"><i>(Also referred as: Finance Committee)</i></p>	<p>Monitoring, analyzing financial affairs, fluctuation of Corporation shares and implementing operations in shareholders relations.</p>	<p>Mr. DINH VIET DUY – Independent Member</p>

For supporting in operations of BOD members and committees, the BOD establishes some specialized units directly under the BOD, including: Board of Internal Auditing; Council of Human Resources; Board of Restructuring & HR, remunerations (also referred as “Board of Restructuring”); Board of assistance for the BOD & Chairman. Besides, the BOD also appoints specialized titles for advising and supporting operations of the BOD, such as: Head and Deputy Head of Board of Restructuring; Head, Deputy Head and Member of Board of Internal Auditing; person in charge of Corporate Governance; Head of Board of assistance for the BOD & Chairman...

2. Responsibilities of each member of the BOD

For assuring the effectiveness in operations, the BOD assigns for each member to take responsibilities in some majors, sections and functions. Details as below:

No.	Name of BOD Member	Responsibilities
1.	<p style="text-align: center;">LE PHUOC VU Chairman</p>	<ol style="list-style-type: none"> 1. Supremely governing and leading on the orientations, strategies of the whole Group 2. Commanding, directing the operations of the BOD and concurrently being in charge of Chairman of the Strategies Committee, Restructuring, remunerations Committee 3. Commanding and directing the operations of the BOM, specialized Committees; Board of Assistance for the BOD & Chairman and other units / titles derived from the BOD
2.	<p style="text-align: center;">TRAN NGOC CHU Vice Chairman</p>	<ol style="list-style-type: none"> 1. Being in charge of standing and executive authority in the BOD for daily operations of the BOD 2. Being in charge of Vice Chairman of Restructuring, remunerations Committee for coordinating the operations of this Committee 3. Being authorized by the BOD and the Chairman to act on behalf of the BOD and the Chairman in conducting functions, authorities of the BOD and the Chairman in pursuance of the Resolutions of BOD or Letters of Authorization of the Chairman 4. Directly commanding and directing the governance of the whole Group and directly approving tasks relating to units / titles derived from the BOD, including the titles of the BOM 5. Directly commanding and governing some following majors: External relationship; Finance, credit, banking; Investment promotion; Industrial investment projects; Real-estate investment projects and other domestic, oversea projects
3.	<p style="text-align: center;">TRAN QUOC TRI Executive Member</p>	<p>Directly commanding, managing daily operations of the whole Group, organizing and monitoring the business target and plan of the whole Group and being responsible to the BOD and the General Shareholders for daily operations of the whole Group</p>
4.	<p style="text-align: center;">LY VAN XUAN Non – executive Member</p>	<p>Supervising transactions with affiliated parties and the shareholders relationship operations</p>
5.	<p style="text-align: center;">NGUYEN VAN LUAN Independent Member</p>	<ol style="list-style-type: none"> 1. Being in charge of Chairman of Auditing Committee, which has an authorization to professionally command the internal auditing and to supervise the internal control system 2. Supervising the transactions with affiliated parties
6.	<p style="text-align: center;">DINH VIET DUY Independent Member</p>	<ol style="list-style-type: none"> 1. Being in charge of Chairman of Finance Committee, which has an authorization to professionally command the finance affairs and shareholders relationship 2. Supervising the compliance with laws, regulations and supervising the transactions with affiliated parties

3. BOD Meetings and brief of significant Resolutions of the Meetings

In the FY 2018 – 2019 (from 01 October 2018 to 30 September 2019), the BOD has approved 81 Resolutions of Meetings discussing material affairs within the authority of the BOD.

The detail numbers of attended meetings of each BOD members as below:

No.	Members of the BOD	Title	Date of appointing	No. of attended meetings	Ratio
1.	Mr. LE PHUOC VU	Chairman	16 January 2018	81	100%
2.	Mr. TRAN NGOC CHU	Vice Chairman	16 January 2018	81	100%
3.	Mr. TRAN QUOC TRI	Executive Member	16 January 2018	81	100%
4.	Mr. LY VAN XUAN	Non-executive Member	16 January 2018	81	100%
5.	Mr. NGUYEN VAN LUAN	Independent Member	16 January 2018	81	100%
6.	Mr. DINH VIET DUY	Independent Member	16 January 2018	81	100%

Brief contents of some significant meetings in the FY 2018 – 2019:

No.	Registered Number	Date	Brief contents
1.	89/NQ/HDQT/2018	25/10/2018	Approval on acquiring branches from Hoa Sen Holdings Group to expand the distribution network
2.	91/NQ/HDQT/2018	31/10/2018	Approval on establishing 02 Provincial Branches in Quang Nam and Da Nang
3.	93/NQ/HDQT/2018	06/11/2018	Approval the transferring result of the real estate in Phuoc Long B Ward, District 9, Ho Chi Minh City
4.	99/NQ/HDQT/2018	21/12/2018	Approval on rising owned ratio in some subsidiaries, including: Hoa Sen Yen Bai Joint stock Company; Hoa Sen Quy Nhon Joint stock Company and Hoa Sen Du Long Joint stock Company

No.	Registered Number	Date	Brief contents
5.	101/NQ/HDQT/2018	25/12/2018	<p>Resolutions for ordinary Meeting in October, November and December 2018:</p> <ul style="list-style-type: none"> - Approval on the business and financial status in FY 2017 – 2018 and the business target for FY 2018 – 2019 to propose to the General Shareholders at the Annual Meeting - Recording the opinions of the BOD Members on fluctuations of the market in the last 06 months of 2018, the solutions for recovering the business from the adverse impacts of market and market forecast for 2019 - Approval on selling some used property to supplement to the business capital - Approval on the transferring results of the real estate in Tran Nao Street, District 2, Ho Chi Minh City - Approval on the stage II of restructuring plan initiating from the end of 2018 to recover from the adverse impacts of the market - Officially appointing Mr. NGUYEN NGOC HUY as the Deputy General Manager on Export after accomplishing the probationary term
6.	08 /NQ/HDQT/2019	28/02/2019	<p>Resolutions for ordinary Meeting in January and February 2019:</p> <ul style="list-style-type: none"> - Approval on business and financial status in the first 02 months of 2019 - Approval on some restructuring plan and solutions in 2019 - Approval on acquiring more branches from Hoa Sen Holdings Group to expand the distribution network - Approval on some solution in rearranging some property for rising capital in business - Approval on seeking for approval of the General Shareholders in written on issuing shares to current shareholders for rising capital in business
7.	08A /NQ/HDQT/2019	28/02/2019	Approval on paying dividend of the FY 2017 – 2018 by shares, with the ratio of 10%
8.	08B /NQ/HDQT/2019	28/02/2019	Approval on selecting KPMG Viet Nam Ltd. Company as an independent auditing company for Separate financial statements of the Parent Corporation and Subsidiaries; Consolidated financial statements of the Group in FY 2018 – 2019

No.	Registered Number	Date	Brief contents
9.	08C /NQ/HDQT/2019	28/02/2019	Approval on acquiring more branches from Hoa Sen Holdings Group to expand the distribution network
10.	08D /NQ/HDQT/2019	28/02/2019	Approval on some solutions on restructuring plan, re-arranging property to recover from the adverse impact of the market
11.	10 /NQ/HDQT/2019	04/03/2019	Approval on establishing new Provincial Branches in Lam Dong and Ninh Thuan
12.	12 /NQ/HDQT/2019	18/03/2019	Approval on amending and supplementing the voting contents in seeking for approval of the General Shareholders in written Amended and supplemented contents: Proposing the General Shareholders for approving on issuing shares and (in)convertible bonds for current shareholders, strategic partners and other investors to raise capital for business
13.	13 /NQ/HDQT/2019	19/03/2019	Approval on some financial affairs relating to funds provision under authority of the BOD
14.	16 /NQ/HDQT/2019	25/03/2019	Approval on the proposals to the General shareholders for voting in written
15.	19 /NQ/HDQT/2019	03/04/2019	Approval on issuing separate inconvertible bonds for rising capital
16.	23 /NQ/HDQT/2019	18/04/2019	Resolutions for ordinary Meeting in March and April 2019: - Approval on business and financial status in March & April 2019 - Approval on the report of progress in restructuring plan, selling used property, re-arranging property
17.	23A /NQ/HDQT/2019	18/04/2019	Approval on some solutions in re-arranging manufacturing line and equipment in Binh Duong Plant
18.	26 /NQ/HDQT/2019	06/05/2019	Approval on report of rising capital from paying dividend of FY 2017 – 2018. Chartered capital after risen: 4,234,694,890,000 VND

No.	Registered Number	Date	Brief contents
19.	31 /NQ/HDQT/2019	11/06/2019	Resolutions for ordinary Meeting in May & June 2019: <ul style="list-style-type: none"> - Approval on business and financial status in May & June 2019 and acknowledging the improvement in business in current adverse impact of market - Approval on the report of progress in restructuring plan, selling used property, re-arranging property - Recording some opinions relating to the result of seeking for written votes from shareholders on issuing shares, (in)convertible bonds - Approval on some solutions and plans relating to investment projects
20.	32 /NQ/HDQT/2019	14/06/2019	Approval on dissolution of Hoa Sen Engineering & Transporting Ltd. Company (HSET) Reason: Hoa Sen Group is re-organizing the transportation sections. All vehicles of HSET will be re-located to operate under the management and ownership of Manufacturing Plants in order to enhance the flexibility and proactivity in transportation...
21.	33 /NQ/HDQT/2019	20/06/2019	Approval on the progress of dissolution of Representative Office in Myanmar, and approval on closing banking account of the Office then transferring all the balance of the mentioned account to Hoa Sen Group
22.	35 /NQ/HDQT/2019	28/06/2019	Approval on contributing capital to establish new Company, specifically: Hoa Sen International Port Joint stock Company. Owning ratio of Hoa Sen Group: 49%
23.	39 /NQ/HDQT/2019	06/09/2019	Resolutions for ordinary Meeting in July & August 2019: <ul style="list-style-type: none"> - Approval on business and financial status in July & August 2019 - Recording some forecast and analysis on the fluctuation of market in 2020, which will be based to propose the business target for FY 2019 – 2020 to the General Shareholders - Approval on the progress of restructuring plan in FY 2018 – 2019 and some restructuring plans, solutions in FY 2019 – 2020 - Approval on some solutions and plans relating to investment projects - Approval on the expected time and venue for the Annual Meeting of General Shareholders in the FY 2019 – 2020

4. Results of implementing the Resolution of General Shareholders in the FY 2018 – 2019

In the FY 2018 – 2019, the BOD has called for and organized 01 Annual Meeting of General Shareholders on 14 January 2019 to propose some reports and orientations relating to the business of the whole Group. All contents approved by the General Shareholders were recorded in the Resolution No. 01/NQ/DHDCD/2019 dated 14 January 2019.

The results of implementing this Resolution as below:

No.	Main contents	Results
1.	Business target for FY 2018 – 2019	Detailed contents are reported in this Documents
2.	Payment plan for dividend of FY 2017 – 2018	The payment of dividend has been accomplished in May 2019: <ul style="list-style-type: none"> - Payment ratio: 10% - Payment form: Dividend in stocks - Chartered capital after accomplishing the payment: 4,234,694,890,000 VND
3.	Funds provision ration in FY 2018 – 2019. In accordance with the Resolution of the General Shareholders, the maximum provision ratio for each funds as below: <ul style="list-style-type: none"> - Fund for reward: Maximum 3% of consolidated net profit (after tax) - Fund for remunerations: Maximum 1% of consolidated net profit (after tax) - Fund for sponsorship and charity: Maximum 3% of consolidated net profit (after tax) 	Based on the current business status of the Group, the official funds provision in FY 2018 – 2019 made by the BOD, as below: <ul style="list-style-type: none"> - Fund for reward: Maximum 0% of consolidated net profit (after tax) - Fund for remunerations: Maximum 1% of consolidated net profit (after tax) - Fund for sponsorship and charity: Maximum 1% of consolidated net profit (after tax)
4.	Authorizing the BOD to select the Independent auditing company for financial statements in FY 2018 – 2019	The BOD has selected KPMG Viet Nam Ltd. Company as an independent auditing company for financial statements of the Group in FY 2018 – 2019

Also in FY 2018 – 2019, the BOD has seek for written votes from the General Shareholders to approve on the issuing of shares, (in)convertible bonds to current shareholders, strategic partners, other investors to supplement capital for business.

The seeking for written votes was conducted from 03 April 2019 to 15 April 2019. Totally, the Group sent out 18.741 votes, equivalent to 384,828,828 voting shares, and then collected 414 votes, equivalent to 180,433,084 shares, which include 165,731,084 shares voting for approval on the Resolution of General Shareholders.

5. Report on the operations of Committees of the BOD

The Committees of the BOD directly propose, advise and enforce the implementation of the directives, orientations from the BOD. Besides, the Committees shall monitor and supervise the BOM and other affiliated units under the BOM in implementing the Resolutions and Decisions of the BOD, General Shareholders.

In the FY 2018 – 2019, the operations of the Committees as below:

Name of Committee	Units , Titles supporting the Committee	Operations in the FY
<p align="center">Strategic Committee</p>	<ul style="list-style-type: none"> - The BOM - Person in charge of corporate governance - Board of assistance for the BOD & Chairman 	<p>1. For strategies in business:</p> <ul style="list-style-type: none"> - Establishing and enforcing the strategies in expanding, developing and enhance the effectiveness of Distributional network as directed by the General Shareholders. At the end of the FY 2018 – 2019, the Group has totally got 536 distribution units, increasing 45 units from the FY 2017 – 2018. - Coordinating with the Restructuring Committee in implementing the Restructuring plan for the distribution network, especially in converting governing structure of the distribution network into Provincial Branches Model. - Establishing and enforcing strategies in assuring the sustainability in business, enhancing the profitability margin in current stage of market. <p>2. For strategies in investment projects:</p> <ul style="list-style-type: none"> - Manufacturing Plants: Assuring all the plants shall come into operations in pursuance of the approved progress. Including: Hoa Sen Nghe An Plant (Stage II); Hoa Sen Nhon Hoi – Binh Dinh (Stage II); Hot-dipped galvanizing steel pipe manufacturing Plant. - Projects in Ninh Thuan Province: Urging and monitoring the implementation of some basic constructions and legal procedures for projects in Ninh Thuan Province, including: Ground preparation for Hoa Sen Du Long IP Projects; Legal procedures and initiating construction for Ca Na General Port Project; Legal procedures for Ca Na IP Project.

Name of Committee	Units , Titles supporting the Committee	Operations in the FY
		<ul style="list-style-type: none"> - Temporarily suspended projects: Advising and proposing the BOD for considering to continue or terminate some projects if necessary.... - Investment promotions for new projects: in the FY 2018 – 2019, the BOD has suspended from directly investing into new projects. However, for som potentials projects, the Committee has advised and propose the BOD to indirectly invest in new projects (such as: capital contribution, joint-venture with potential partners...)
<p style="text-align: center;">Restructuring & Remuneration Committee</p>	<ul style="list-style-type: none"> - Board of restructuring, HR & Remunerations - Person in charge of Corporate Governance - Board of assistance for the BOD & Chairman 	<ol style="list-style-type: none"> 1. Re-arranging the operational structure of the Group: <ul style="list-style-type: none"> - Designing, advising and proposing the BOD for consideration and approval on the hierarchy, operational structure, total head-counts of the whole Group, in associate with target of optimizing expenses and enhancing governance effectiveness. - Monitoring and urging the implementation of the restructuring plan for distribution network in accordance with the approved progress. - Reviewing, Examining and proposing for ammendments and supplements to the Internal Regulations, Policies, Process and Guidelines of the whole Group. 2. Human resources development: <ul style="list-style-type: none"> - Building up and proposing the total head-counts of the whole Group. - Reviewing and re-arranging human resources of the whole Group for the streamline of the operational structure and optimization of the expense. - Designing and proposing the policies in remunerations, appraisal and discipline. 3. Optimizing the operational expenses: <ul style="list-style-type: none"> - For implementation Resolutions and Decisions of the BOD, the Committee has urged, monitored other functional units in reduciing the operational expenses to assuring the sustainability with current adverse impacts of the market.

Name of Committee	Units , Titles supporting the Committee	Operations in the FY
		<ul style="list-style-type: none"> - The Committee also advised the BOD in liquidating, transferring some assets which have been used or are not necessary for using in order to recover the investment capital. <p>4. Other affairs relating to restructuring, HR and remunerations</p>
<p>Financial Committee</p>	<ul style="list-style-type: none"> - Person in charge of Corporate Governance - Board of assistance for the BOD & Chairman 	<p>1. Capitalizing and financing operations</p> <ul style="list-style-type: none"> - Negotiating with banks and credit institutions in capitalizing, financing and disbursing the loan for the business of the Group. - Considering, advising and proposing the BOD for decision in capital contributing, coordinating money flow for subsidiaries and plants. <p>2. Information disclosure operations</p> <ul style="list-style-type: none"> - Advising and proposing for information disclosure procedures in pursuant with current laws and regulations on enterprises and securities. - Proactively information disclosing for significant information. <p>3. Dividend payment operations</p> <p>Advising the BOD in dividend payments, such as: payment ratio, payment form, payment time...</p> <p>4. Investments and shareholders relationship operations</p> <ul style="list-style-type: none"> - Participating in tasks relating to shareholders relationship in Annual or Extraordinary Meetings of General Shareholders, such as: Preparing documents for the meetings; Collecting and replying feedbacks, questions from shareholders... - Meeting with investors (both domestic and foreign) and shareholders in discussion on business of the Group.

Name of Committee	Units , Titles supporting the Committee	Operations in the FY
Internal Auditing Committee	<ul style="list-style-type: none"> - Internal auditing Board - Person in charge of Corporate Governance - Board of assistance for the BOD & Chairman 	<p>1. Monitoring financial affairs</p> <ul style="list-style-type: none"> - Ordinarily reviewing financial statements of the Group and other subsidiaries to assure the transparency in financial affairs. - Examining and considering reports of the BOM on monthly expenses for proposing the BOD to set out plan, orientation in financial affairs. - Extraordinarily inspecting all financial affairs of the Group to assure the well-being of financial affairs. - Enforcing and urging functional units in analyzing the fluctuation of expense so as to set out the reduction plan for expense. <p>2. Examining, monitoring transactions with affiliated parties</p> <ul style="list-style-type: none"> - Examining, approving transactions with affiliated parties. - Monitoring and supervising the conducting of transactions with affiliated parties to assure the transparency in business of the Group.

6. Remunerations of the BOD Members

Remunerations of the BOD Members in FY 2018 – 2019:

No.	Titles	Remunerations (VND/month)
1.	Chairman of the BOD	30,000,000
2.	Standing & Executive Vice Chairman of the BOD	25,000,000
3.	Members of the BOD	20,000,000

Other incomes of the BOD Members:

No.	Full name	Titles	Income (VND/month)
1.	LE PHUOC VU	Head of Restructuring Board	12,000,000
2.	TRAN NGOC CHU	Deputy Head of Restructuring Board	9,000,000
		Chairman of Hoa Sen Phu My Ltd. Company (manufacturing hot-dipped galvanized steel pipes)	20,000,000
		Chairman of Hoa Sen Steel-sheets Ltd. Company	20,000,000
		Chairman of Hoa Sen Building Materials Ltd. Company	20,000,000
3.	TRAN QUOC TRI	General Director*	100,000,000
		Deputy Head of Restructuring Board	9,000,000
		Member of the BOM in-charge of Hoa Sen Phu My Steel-sheets Plant	20,000,000

* **Notes:** The incomes for Title “General Director” are including the salary and bonus on business effectiveness. The bonus on business effectiveness depends on the current business situation of the Group.

7. Report on executive operations of the BOM:

The BOD has appointed and assigned the BOM Members to be in charge of some operations relating to business of the Group, as below:

No.	Full name and Title	Contents
1.	<p style="text-align: center;">TRAN QUOC TRI General Management – Legal Representative No.3</p>	<p>1. Legal representative function: Being in charge of the third legal representative pursuant to laws and regulations.</p> <p>2. Main responsibilities in executive operation of the BOM:</p> <ul style="list-style-type: none"> - Enforcing, coordinating and assigning the BOM Members in general executive operations relating to daily business of the Group. - Mainly in charge of enforcing, implementing the resolutions, decisions, directives and strategies set out by the BOD. - Being under the supervision and directly responsible to the BOD for the operations of the BOM... <p>3. Direct responsibilities in some business majors of the Group: Directly in charge of some particular operational majors: Export, Import, Managing distribution network, Business planning & policy, Human resources, Recruitment & Training...</p>
2.	<p style="text-align: center;">HOANG DUC HUY Deputy General Management in-charge of Internal control</p>	Directly executing and being in charge of internal control operation.
3.	<p style="text-align: center;">VU VAN THANH Deputy General Management in-charge of Finance, Marketing & Distribution network in Northern Region</p>	<p>1. Directly executing and being in charge of some particular operational majors: Finance, Trading remedies, marketing.</p> <p>2. Directly executing the business of distribution network (including: Provincial Branches and Distribution outlets) in Northern Region.</p> <p>3. Legally representing for the whole capital contributions of the Group to subsidiaries in Northern Region.</p>
4.	<p style="text-align: center;">NGUYEN MINH KHOA General Deputy Management in-charge of Supply chain & Manufacturing</p>	<p>1. Directly executing and being in charge of some particular operational majors: Technique, Quality control & Manufacturing project; Purchasing & Supply chain.</p> <p>2. Directly executing and being in charge of governing the manufacturing system of Plants, Subsidiaries under the Group.</p> <p>3. Directly being in charge of implementing and monitoring the installation of equipment, manufacturing lines of Plants and Projects.</p>

No.	Full name and Title	Contents
5.	<p style="text-align: center;">HO THANH HIEU General Deputy Management in-charge of Wholesale, IT, ERP & Distribution network in Southern Region</p>	<ol style="list-style-type: none"> 1. Directly executing and being in charge of some particular operational majors: Wholesale, IT & ERP. 2. Directly executing the business of distribution network (including: Provincial Branches and Distribution outlets) in Southern Region. 3. Legally representing for the whole capital contributions of the Group to subsidiaries in Middle Region. 4. Directly being in charge of implementing and monitoring the ERP system and the restructuring plan for distribution network.
6.	<p style="text-align: center;">TRAN QUOC PHAM General Deputy Management in-charge of Investment & Construction</p>	<ol style="list-style-type: none"> 1. Directly executing and being in charge of some particular operational majors: Investment & Construction. 2. Directly being in charge of implementing, completing, and accepting for constructions, infrastructure and buildings, warehouses in all projects. 3. Being in charge of promoting for investment all projects in Ninh Thuan Province.
7.	<p style="text-align: center;">NGUYEN NGOC HUY General Deputy Management in-charge of Export</p>	Directly executing and being in charge of export sale operation.

Weekly executive meetings of the BOM: The BOM arranges weekly meeting in order to discuss the executive operations, such as: weekly business and operational reports; plan for next week... The meetings are attended by the BOM, representatives of Functional Units of the Group Head Office; Plants; Subsidiaries... Beside, representatives of the BOD also attend the meetings to be updated current situation of the Group, monitor and give feedbacks relating to operations.

Extraordinary executive meetings of the BOM: In some particular cases, the BOM arranges extraordinary meetings to discuss, consider and unanimously approve some decisions relating to significant and material affairs. If necessary, the BOM Members will be invited to the meetings for monitoring and giving feedbacks.

Ordinary meetings of the BOD: The BOD arranges the ordinary meetings every 02 months to evaluate the executive operations of the BOM through considering the reports on business, operational result in the reportin period. The meetings shall be attended by all of the BOM Members and some key officials (such as: Internal Control Board, Restructuring Board, Chief Accountants, Person in-charge of Corporate Governance, Board of assistance...).

In the FY 2018 – 2019, the BOD confirmed that the BOM has fulfilled its functions. The executive decisions and solutions of the BOM in business assures the promptness, flexibility and full compliance with the resolutions, orientations from the BOD.

8. Report on restructuring, business, manufacturing solutions approved and enforced by the BOD

In the FY 2018 – 2019, the BOD has approved and enforced some solutions, directives relating to restructuring, business and manufacturing in order to recover from the adverse impact from the market. Details as below:

No.	Solutions	Results
I.	Solutions on business, manufacturing and supply chain	
1.	<p>Assuring the effectiveness of inventory management: The BOD set out a limit for inventory from time to time and The inventory of manufacturing and sale units shall be well suitable with this approved limit.</p>	<p>The inventory limit has been applied since June 2018.</p> <p>In the FY 2018 – 2019, the inventory of manufacturing and sale units has been maintained within the approved limit, which helped the Group to reduce Financial expenses and assure the flexibility in business.</p>
2.	<p>Assuring the effectiveness and optimization in expense: As in 2018, the BOD required the BOM and other affiliated units to enforce and implement solutions in reduce operational expense to overcome the fluctuation of market.</p>	<p>In the FY 2018 – 2019, the solutions on reducing and optimizing expenses has showed the effectiveness, specifically:</p> <ul style="list-style-type: none"> - Financial Expenses reduced 17% - Sale Expenses reduced 14% - G&A Expenses reduced 30%
3.	<p>Applying initiatives, upgrades in technique and manufacturing: The BOD has promoted manufacturing units in researching and implementing initiatives, upgrades in technique in order to improve the products quality, reduce manufacturing expenses and reduce consumption in raw materials...</p>	<p>The results of this solution were calculated to the cost of manufacturing and sales, which helped the Group to improve the profitability margin.</p>

No.	Solutions	Results
4.	<p>Re-arranging the business strategies: the BOD identified that:</p> <ul style="list-style-type: none"> - The Group shall concentrate on domestic market by utilizing the nationwide distribution network. - In the domestic market, the Group shall concentrate on retail in order to supply the Group products to very end-users, which will help the Group to enhance the sale volumes of products having stable profitability margin. - Localizing the sale teams in distribution network in order to utilize human resources having good knowledge on local culture, ethnic and market happenings. - Concentrating on increasing sales of plastic pipes, through: Sale promotions; Seeking and expanding the distribution network for plastic pipes; rectifying the manufacturing, supply chain for plastic pipes... 	<p>With this solution, the business in FY 2018 – 2019 has recovered and improved.</p>
II. Solutions on financial affairs		
1.	<p>Reducing the total liabilities of the Group: The BOD has targeted to reduce the total loan in order to assure the balance in financial affairs, which will help to recover the business.</p>	<p>According to consolidated financial statements of the Group, on 30 September 2019, total liabilities of the Group have been decrease down to VND 11,757 billion, 4,350 billion lower than previous FY.</p>
2.	<p>Issuing shares, bonds / convertible bonds for raising capital: The BOD has promoted for issuing shares, bonds / convertible bonds for raising capital in business, with the expected total value of VND 500 – 1,000 billion.</p>	<p>- For inconvertible bonds:</p> <ul style="list-style-type: none"> + The BOD has approved to issue inconvertible bonds with the expected total value of VND 500 billion for raising capital. + Currently, the BOD is setting up the plan for issuing and seeking potential investors interested in the bonds...

No.	Solutions	Results
		<ul style="list-style-type: none"> - For shares and convertible bonds: + In April 2019, the BOD seeks for written votes from the General Shareholders on these affairs. + As the result of seeking, there were totally 165,731,084 shares of 384,828,828 voting shares approving with the proposals of the BOD.
3.	<p>Re-arrange assets of the Group to assure the optimization in operations: The BOD has approved to liquidate some used assets and transfer some assets which are not necessary for using in the future.</p>	<p>Incomes from the liquidation and transfer were recorded in the consolidated financial statements.</p>
III. Solutions on organizing structure, human resources and internal affairs		
1.	<p>Assuring the streamline of the organizing structure of the whole group, including: Functional units in Group Head Office; Plants and Subsidiaries and Distribution network</p>	<p>In the FY 2018 – 2019, the streamline organizing structure of the Group has been operated effectively.</p> <p>Also, the BOD has considered and approved on dissolution of some Subsidiaries, Representative Offices after completing the restructuring and re-arranging plan.</p>
2.	<p>Implementing the restructuring plan for distribution network:</p> <ul style="list-style-type: none"> - Applying new Provincial Branches governing model for distribution network as approved plan and route. - Applying ERP system into distribution network to assuring the synchrony in manufacturing, sale and supply chain system - <i>Acquiring more Provincial Branches and Distribution Outlets to expand distribution network</i> 	<p>Results for FY 2018 – 2019:</p> <ul style="list-style-type: none"> - Effectively operating the new governing model (Provincial Branches – Distribution Outlets) for the whole distribution network. - Operating the ERP System and E-Invoice for the whole distribution network. - Acquiring more than 160 branches from Hoa Sen Holdings to expand the coverage of distribution network.

No.	Solutions	Results
3.	<p>Re-arranging human resources of the Group:</p> <ul style="list-style-type: none"> - Total maximum approved head-count of the whole Group in FY 2018 – 2019 is 6,800 persons. - The re-arrangement of human resources shall assure the effectiveness in the business of the Group and the working motivation of employees. 	<p>Total numbers of employees in FY 2018 – 2019 were maintained within the approved total head-count, which helped the Group to reduce G&A expenses.</p>
4.	<p>Restructuring the manufacturing and sale of plastic pipes:</p> <ul style="list-style-type: none"> - Purpose: To assure the specialization in manufacturing, sale and supply of plastic products to 01 specialized Entity - Preliminary Plan: Transferring all manufacturing, sale, supply facilities in plastic products to 01 specialized Company (under the Group) for managing and governing. 	<p>The BOD is currently setting out the detail plan, which is expected to be implemented in 2020.</p>

9. Report on supervising and monitoring transactions with affiliated parties

In the FY 2018 – 2019, the BOD maintained the conscientiousness and compliance in supervising and monitoring transactions with affiliated parties.

- The transactions with affiliated parties shall be examined and approved by the BOD pursuant to laws and regulations.
- In ordinary meetings, the BOD shall discuss on the transactions with affiliated parties. In some particular and significant transactions, the BOD shall arrange extraordinary meetings for consideration and approval.
- The BOM shall propose all detail and ordinary transactions with affiliated parties to Non-executive BOD Members, Independent BOD Members and Head of Internal Audit Board for consideration and approval.
- All transactions with affiliated parties are formed on the basis of equity, goodwill, voluntary and compliance with current laws and regulations.

10. Report on supervising the financial and accounting affairs in FY 2018 – 2019

The BOD evaluates and confirms current situations of financial and accounting affairs of the Group in FY 2018 – 2019 as below:

- *Relating to financial affairs:* The BOD confirms that financial affairs of the Group is transparent and in well-being. All financial and accounting operations of the Group have fully complied with current laws and regulations. The Group has conducted solutions to reduce expenses, debts and to ensure the balance in financial affairs.
- *Relating to Financial Statements of the Group:* The BOD ratifies that all data, digits in Financial Statements of the Group (including separate and consolidated Statements) truthful, rational, consistent and compliant with current laws and regulations. The Statements are audited by Independent audit Company (KPMG Viet Nam Ltd. Company), which proves that the financial affairs of the Group are in well-being.

11. Report on internal audit in FY 2018 – 2019

Internal audit operations are governed and directed by Internal Audit Committee of the BOD and are directly conducted by Internal Audit Board in accordance with current Corporate Charter. The operation as below:

- *For Provincial Branches and Distribution Outlets:* Rectifying the recruitment; Reviewing and amending internal sale policies and regulations; Tightly supervising cash flow, inventory, debts; Equipping surveillance cameras; extraordinary inspecting...
- *For manufacturing of Plants:* Supervising, examining quality of products; Standardizing operational process in manufacturing
- *For controlling expenses of the Group:* Standardizing process in payment of some expenses; Examining payment documents which are considered to have high risks (such as: projects expenses, international transportation expense; marketing expenses...); Analyzing and optimizing the Group expenses.

12. Report on shareholders and investor relationship operations

12.1. Dividends and shares

The BOD has accomplished in paying dividends of FY 2017 – 2018 as approved by the General Shareholders

No.	Contents	Ratio of payment	Form	Closing date for finalized list of shareholders	Date of accomplishment
1	Dividends payment in shares	10% (Each shareholders owning 100 shares will be paid 10 shares as dividends)	In shares	23 April 2019	27 May 2019

After accomplishment of payment, the Chartered Capital of Hoa Sen Group has been raised up to VND 4,234,694,890,000

In FY 2018 – 2019, the Group has purchased back 111,600 shares from Employees terminating labour contracts with the Group. Total treasury shares owned by the Group up to 30 September 2019 are: 245,900 shares.

12.2. Shareholders relationship operations

The BOD has fully complied with current laws and regulations on shareholders relationship. All Information relating business and operations of the Group are disclosed timely and fully. In FY 2018 – 2019, via email: quanhecodong@hoasengroup.vn disclosed on website: <https://www.hoasengroup.vn>, the Group has interacted, received and responded feedbacks from shareholders.

12.3. Information disclosure

The Group has fully and timely complied regulations on information disclosure in pursuant with Circular 155/2015/TT-BTC. Besides, the Group also timely and precisely disclosed information considered to be significant to the business of the Group.

12.4. Investors relationship

In the FY 2018 – 2019, the Group has met more than 100 turns of domestic and foreign investors to discuss and update information relating to business and operations of the Group.

12.5. Participating training courses held by Securities Authority bodies

In FY 2018 – 2019, Representatives of the Group has proactively participated training course, workshops held by State Securities Committee and Ho Chi Minh City Stocks Exchanges, such as:

- Workshop on the function of Corporate Secretariat and Official in-charge of Corporate Governance.
- Workshop on “Transparent and Effective Corporate Governance”
- Ceremony on announcing Viet Nam Corporate Governance Code of Best Practices.
- Workshop on “Solutions on resources for Enterprises to meet standards of IFRS”
- Workshop on “Information disclosure on sustainable development of Public Companies”
- Workshop on “Introducing new regulations in the draft of new Law on Enterprises”

II. REPORT ON CONSOLIDATED BUSINESS RESULTS

1. Overview on the economics and market in 2019

1.1. Social – economics situation in 2019

The BOD stated that despite the positive aspects of the socioeconomic in 2019, some uncertainties still exist, affecting the market in general and business – production performance of enterprises as follows:

- *Advantages:*
 - + International integration has developed comprehensively and extensively in many fields, bringing many results: The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) have been signed and officially valid; Vietnam – EU Free Trade Agreement (EVFTA) has been reached and officially signed; Regional Comprehensive Economic Partnership (RCEP) has reached new steps during negotiation process.
 - + Stable economic growth rate and basically met growth targets and tasks set by the National Assembly for 2019.
 - + Administrative procedures reform has been strongly implemented in accordance with the plan. Investment and business environment is improved.
- *Disadvantages:*
 - + War trade between the United States and China escalating, leading to an explosion of trade conflicts between other countries. Retaliation methods between economies are increasing in size and nature. Trade barriers (tariffs, non-tariffs) have been set up in many countries, upsetting the global trade order.
 - + The global money market was unstable due to the trade war. Strong fluctuations of exchange rates increased input costs of many manufacturing enterprises, especially those that have to import most of their raw materials.
 - + Although trade war is expected to open some immediate opportunities for domestic businesses, it still exist many risks to the economy. In particular, there is a risk of initiating an anti-tax avoidance investigation on some products.
 - + The down of the real estate and construction market lead to a decrease in the demand for building materials, affecting enterprises in this field.

1.2. Steel market situation in 2019

Following the fluctuations from 2018, the steel industry market in 2019 entered a strong instability and competition period:

- The price of raw materials fluctuated unpredictably, in a complex direction, affecting input costs and causing many disadvantages to the purchase of raw materials of steel enterprises.
- Export of steel was seriously affected by the escalation of the trade war. The global supply order has been disconcerted. In addition, with the rise of manufacturing protectionism, a series of tariff and non-tariff barriers were erected in some markets, which prevented and reduced the export of steel.
- Competition in domestic market was increasingly fierce. Steel enterprises faced many problems, including the following: Production capacity in excess of consumption demand; The battle for market share has become fierce to make up for the shortage of export output; Low-price and low-quality steel products were imported massively into Vietnam, despite efforts to prevent them from the Government.

2. Consolidated business targets of the Group in the FY 2018 – 2019

The fluctuations of the market in 2019 have been forecasted by the Board of Directors. Therefore, from the middle of 2018, the Board of Directors has directed the Board of Management and all departments to implement effective management solutions to quickly stabilize the business situation under unstable market. However, the increase in the level and nature of the instability factors has also affected the Group's consolidated business results.

The BOD confirmed: By the end of the FY 2018 - 2019, the Group's business situation is completely stable, the cash flow is guaranteed, and the net profit from production and business is recognized.

Compare business performance of the FY 2018 - 2019 with the plan:

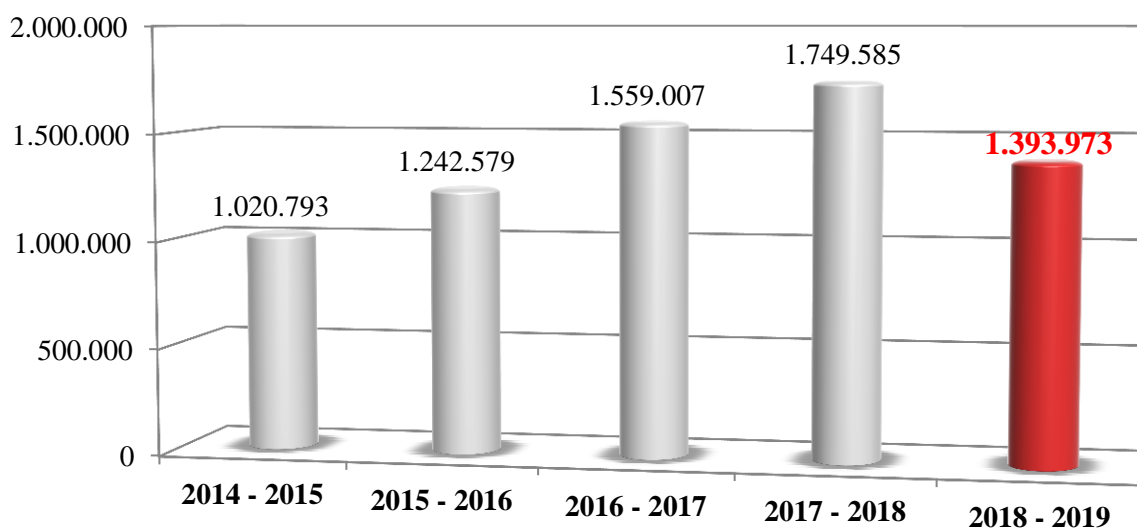
Item	Unit	Plan in the FY 2018 – 2019	Performance in the FY 2018 – 2019	Compare Performance with Plan
Sales Volume	Ton	2,006,000	1,494,560	75%
- <i>Finished products</i>	<i>Ton</i>	<i>1,900,000</i>	<i>1,393,973</i>	<i>73%</i>
- <i>By-products</i>	<i>Ton</i>	<i>106,000</i>	<i>100,587</i>	<i>95%</i>
Net sales	Billion VND	31,500	28,035	89%
After-tax profit	Billion VND	500	361	72%

Compare business performance in the FY 2018 – 2019 with the FY 2017 – 2018:

Item	Unit	Fiscal Year 2017 – 2018	Fiscal Year 2018 – 2019	Compare 02 Fiscal Year
(A)	(B)	(C)	(D)	(E=(D/C)*100)
Sales Volume	Ton	1,873,735	1,494,560	(20%)
- <i>Finished products</i>	<i>Ton</i>	<i>1,749,585</i>	<i>1,393,973</i>	<i>(20%)</i>
- <i>By-products</i>	<i>Ton</i>	<i>124,150</i>	<i>100,587</i>	<i>(19%)</i>
Net sales (“NS”)	Billion VND	34,441	28,035	(19%)
Gross profit (“GP”)	Billion VND	3,977	3,189	(20%)
<i>Gross profit / Net sales</i>	<i>%</i>	<i>11.5%</i>	<i>11.4%</i>	<i>(0.1%)</i>
Consolidated After - tax profit	Billion VND	409	361	(12%)

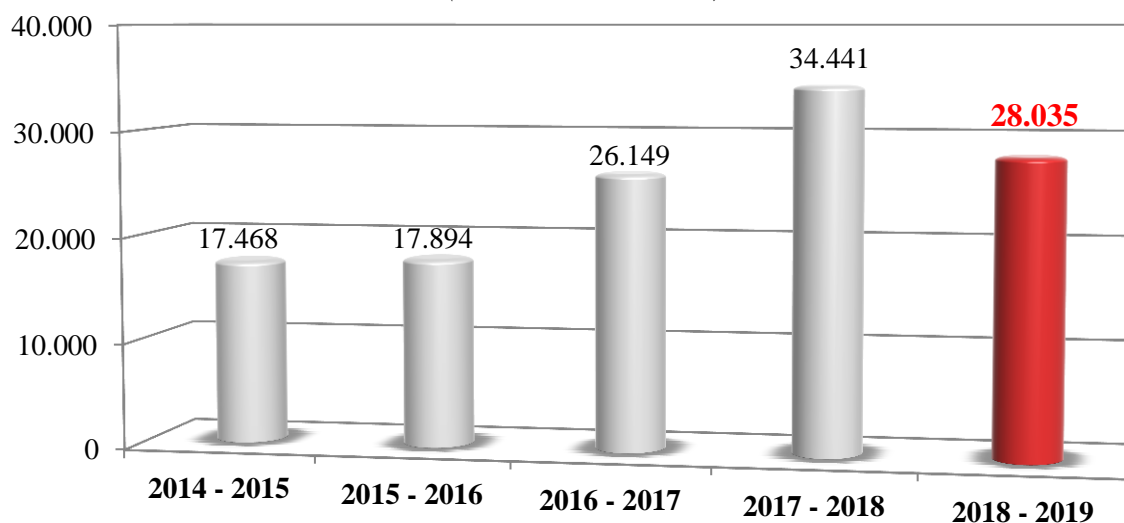
Sales volume of the finished products in the FY 2018 – 2019 reached 1,494,560 tons, achieved 75% of plan, and decreased 20% in comparison with the same period. The main reason came from the unfavourable factors of the market. Details are explained in the following sections.

Sales volume of finished products through Fiscal Years
(Unit: Tons)



Net sales in FY 2018 – 2019 reached 28.035 billion VND, achieved 89% of business plan, and decreased 19% in comparison with previous FY, of which key reasons come from the decrease in sales volume.

Net sales through Fiscal years
(Unit: Billion VND)



Relating to after-tax profit, in the period from the end of 2018 to the beginning of 2019, the steel market arose much sudden, brutal fluctuation, which caused adverse impacts of the business and operations of steel companies. For this reason, in Quarter I of FY 2018 – 2019, the Group could not fulfil the quarterly plan for after-tax profits. This lead to the fact that the Group could not accomplish 100% of the approved target on after-tax profits for FY 2018 – 2019 (achieving 72% of the target) and decreased 12% in comparison with previous FY.

However, the BOD, BOM and other functional units have proactively, timely set out and implemented many solutions in business and restructuring to overcome the negative impact of market. As a result, with these solutions, the Group has gained net profits from business in Quarter II, III and IV of FY 2018 – 2019. Especially, although Quarter IV of FY 2018 – 2019 is on the off-peak period of the market, the Group still gained net profits from business.

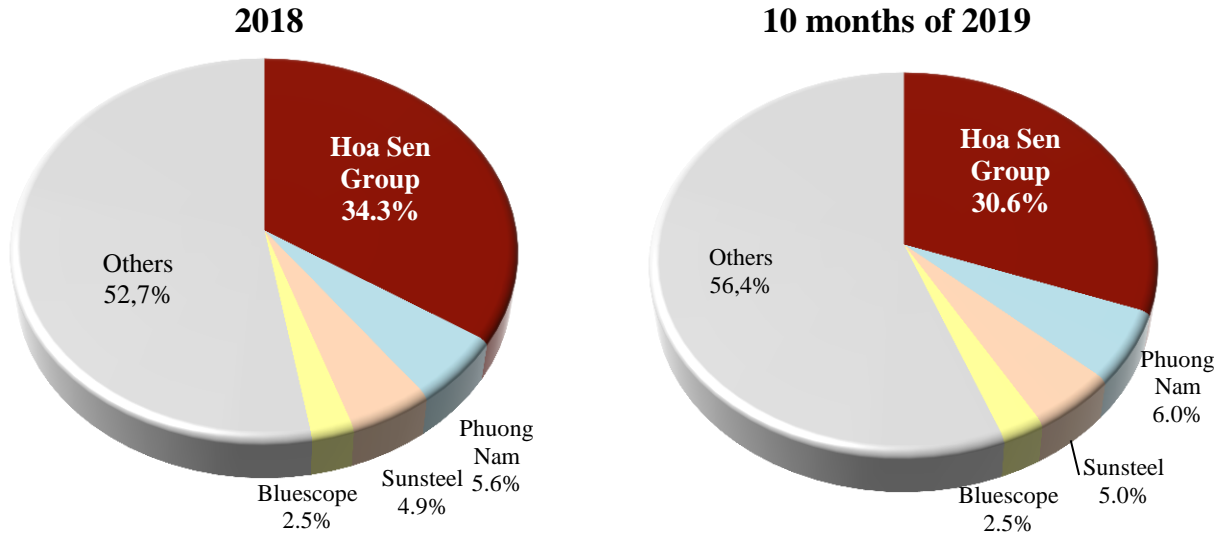
Ending FY 2018 – 2019, the Group has improved the business, gained net profit from business, assured the cash flow, continually reduced debts and successfully operated investment projects.

3. Market share in FY 2018 – 2019

a) Steel-sheets market share

In accordance with the statistics of Viet Nam Steel Associates, Hoa Sen Group still lead the steel-sheets market, with proportion of 30,6%.

Steel-sheets market share in 2018 and 10 months of 2019

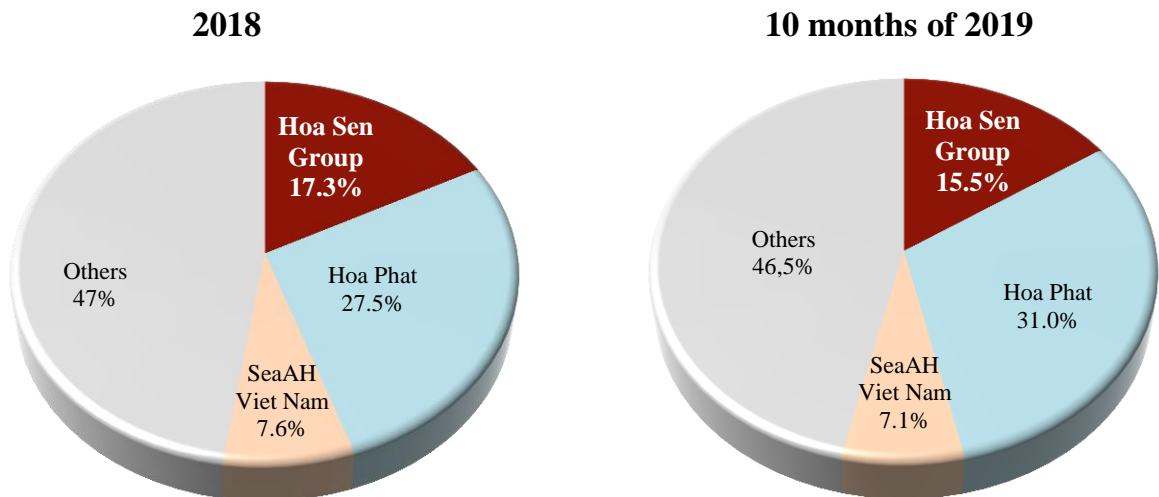


Notes: This Statistics only include members of Viet Nam Steel Associate.

b) Steel pipes market share

In accordance with the statistics of Viet Nam Steel Associates, steel pipes products of Hoa Sen Group reached 15,5% in the market.

Steel-pipes market share in 2018 and 10 months of 2019



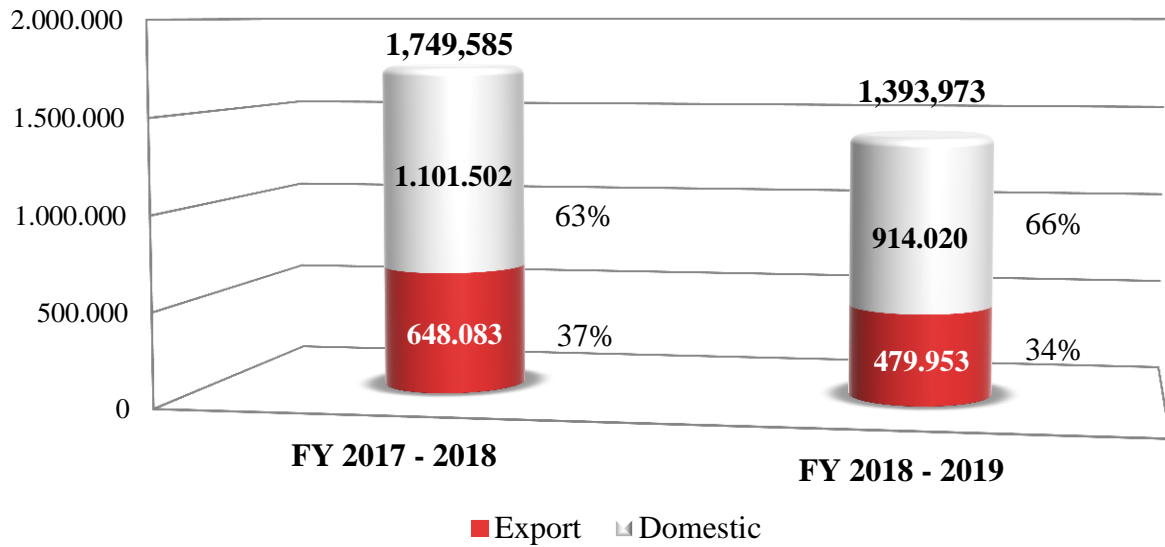
Notes: This Statistics only include members of Viet Nam Steel Associate.

4. Sales volume proportion in FY 2018 – 2019

a) Sales volume proportion in terms of sales channels

Finished-products sales volume proportion (also referred as: “sales volume”) in terms of sale channels still concentrated on domestic market. Specifically, domestic sales volume reached 914,020 tons, covering 66% of total sales volumes and continuing to be main sale channel of the Group. Export sales volume reached 479,953 tons, covering 34% of total sale volumes.

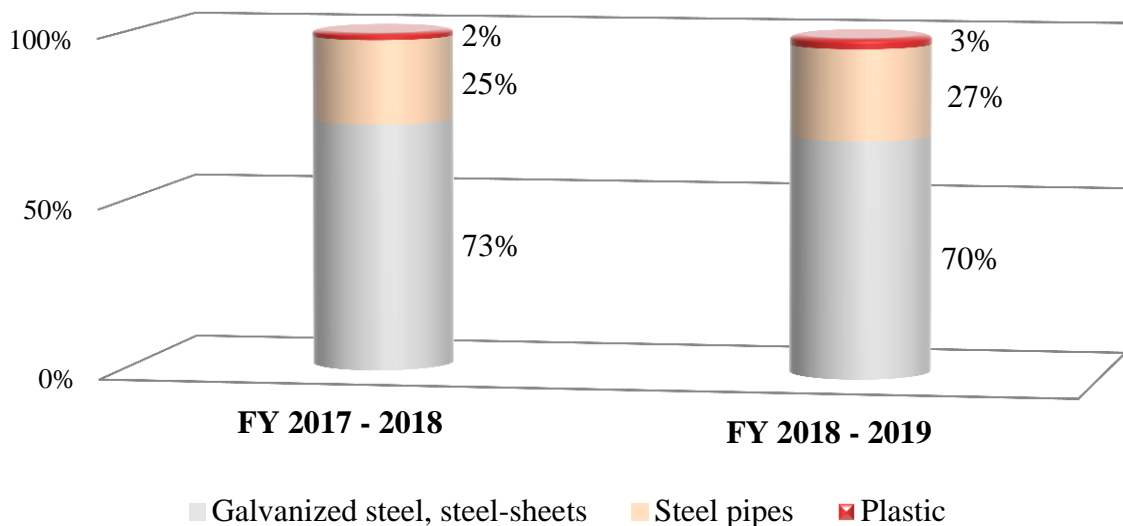
Sales volume proportion in terms of sales channels
(Unit: Tons)



b) Sales volume proportion in terms of products kinds

Galvanized steel products, including: Galvanized steel sheets, Galvalumed steel sheets, Color-coated galvalumed steel sheets still remained to be the main products kind, covering 70% of total sales volume. Steel pipes products, including: Galvanized steel pipes, Steel pipes, Galvanized purlins, Purlins, Hot-dip galvanized steel pipes covered 26% of total sales volume. Plastic products (including: Plastic pipes and plastic spare-parts) sales volume has increased in this FY with the proportion of 3%.

Sales volume in terms of product kinds



5. Further explanation on business result of FY 2018 – 2019

The main reasons leading to a decrease in sales volume and net sales of FY 2018 – 2019 comes from:

a) External reasons – adverse impact from the market:

- **Export sales faced many troubles** from the trading conflict between the United States and China. Many trading remedies and local production protective solutions (such as: tariff, non-tariff, quotas...) were set out by the Government from South East Asia, Europe, America nations..., which caused a decline in demand of export markets. Besides, steel capacity in some nations has been pushed, which increase the competitive pressure for products imported to these nations.
- **Domestic sales were in a fierce competitive condition.** Some steel making Companies applied competitive methods on reducing price to increase market shares coverage. Steel products of new-coming Companies also appeared on the market to increase the competitive pressure. Besides, there were also low-quality, cheap steel products from foreign manufacturers intruded into domestic markets by dishonest methods.

b) Internal reasons – Hoa Sen Group adjusted in business strategies to assure profits margin:

- Under the adverse impacts from the market, the BOD set out the target for Hoa Sen Group in FY 2018 – 2019 is to recover the business, assure profits, cash flow and deprecation.
- Therefore, resolutions of the BOD clearly stated that: The Group shall not pursue the price reduction policy like many competitive companies. In steads, the Group shall concentrate on positioning the value of Hoa Sen Production with quality, brand-name and current core competitive advantages. The price of Hoa Sen products shall truly represent products quality and brand-name value.
- Besides, the BOD also requested the BOM to re-valuate and re-arrange the sales channels and products kinds to concentrate on improving the profits margin.
- For all reasons above, in FY 2018 – 2019, although there was a decrease in sales volume and net sales, the Group still maintain the ratio of Gross Profits over Net Sales more than 11%, which is a high ratio in comparison with current steel market.

6. Ratios of expenses over net sales

No.	Criteria	Unit	FY 2017 – 2018	FY 2018 – 2019
1.	Sales volume	Tons	1,873,735	1,494,560
1.1.	- Finished-products	Tons	1,749,585	1,393,973
1.2.	- By-products	Tons	124,150	100,587
2.	Net sales	Billion VND	34,441	28,035
3.	Gross Profits/Net sales	%	11.5	11.4
4.	Financial expense/Net sales	%	2.8	2.9
	- Interest expense/Net sales	%	2.4	2.7
5.	Sale expense/Net sales	%	5.3	6.2
6.	G&A expense/Net sales	%	2.6	1.7

7. Some criteria in accordance with consolidated financial statements

No.	Criteria	Unit	FY 2017 – 2018	FY 2018 – 2019
1.	LIQUIDITY RATIOS			
	Current liquidity ratio		0.85	0.83
	Quick ratio		0.3	0.3
2.	FINANCIAL LEVERAGE RATIOS			
	Debt ratio	%	76	68
	Debt to equity ratio	%	313	213
	Total assets to equity ratio	%	413	312
3.	OPERATING RATIOS			
	Inventory turnover ratio		3.9	4.5
	Net sales/Total assets		1.6	1.6
4.	PROFITABILITY RATIOS			
	ROS	%	1.2	1.3
	ROE	%	7.9	6.6
	ROA	%	1.9	2.1
	Net Profit Ratio	%	1.4	0.9
	P/E	VND/share	928	820

III. REPORT ON PROGRESS OF INVESTMENT PROJECTS

1. Manufacturing Plants

In the FY 2018 – 2019, the Group successfully completed and operated all manufacturing plants, which officially complete the full supply chain from the North to the South and contributing to increase competitiveness, reduce shipping costs. Specifically, including the following projects:

No.	Projects	Phase	Main manufacturing Lines	Designed capacity	Time of completion
1.	<p>HOA SEN NGHE AN PLANT PROJECT</p> <p>Location: Dong Hoi Industrial Zone, Quynh Lap Commune, Hoang Mai Town, Nghe An Province.</p> <p>Area: 45 hectares</p> <p>Total design capacity of the whole project: 950,000 tons/year</p> <p>Investor: Hoa Sen Nghe An One Member Limited Liabilities Company) (<i>The wholly owned subsidiary of Hoa Sen Group</i>)</p>	Phase I	Galvanizing / Aluminium – Zinc coating line (<i>NOF 1 Line</i>)	400,000 tons/year	June 2016
2.			Color Coating line No.01	120,000 tons/year	June 2016
3.			Slitting line No.01	100,000 tons/year	June 2016
4.		Phase II	Pickling line	800,000 tons/year	February 2017
5.			Galvanizing / Aluminum – Zinc coating line (<i>NOF 2 Line</i>)	350,000 tons/year	April 2017
6.			Cold rolling line No.01	350,000 tons/year	June 2017
7.			Color Coating line No.02	120,000 tons/year	July 2017
8.			Cold rolling line No.02	350,000 tons/year	September 2017
9.			Slitting line No.02	100,000 tons/year	November 2017
10.			Acid generation line	5,000 liters/hour	January 2018
11.			Galvanizing / Aluminum – Zinc coating line (<i>NOF 3 Line</i>)	200,000 tons/year	March 2018

No.	Projects	Phase	Main manufacturing Lines	Designed capacity	Time of completion
12.	<p>HOA SEN NHON HOI – BINH DINH PLANT PROJECT</p> <p>Location: Hoi Son Village, Nhon Hoi Commune, Quy Nhon City, Binh Dinh Province</p> <p>Area: 21.8 hectares</p> <p>Total design capacity of the whole project: 430,000 tons/year</p> <p>Investor: Hoa Sen Nhon Hoi One Member Limited Liabilities Company) (<i>The wholly owned subsidiary of Hoa Sen Group</i>)</p>	Phase I	Slitting line No.01	100,000 tons/year	April 2017
13.			Waste water treatment system	-	April 2017
14.			Galvanizing / Aluminum – Zinc coating line (<i>NOF 1 Line</i>)	180,000 tons/year	September 2017
15.			Color coating line No.01	45,000 tons/year	June 2017
16.			Factory, Machine foundation, office	-	October 2017
17.		Phase II	Color coating line No.02	120,000 tons/year	July 2018
18.			Galvanizing / Aluminum – Zinc coating line (<i>NOF 2 Line</i>)	250,000 tons/year	March 2019
19.			Pickling line	800,000 tons/year	March 2019
20.			Cold rolling line	350,000 tons/year	March 2019
21.			Acid generation line	5,000 liters/hour	April 2019

No.	Projects	Main manufacturing Lines	Designed capacity	Time of completion
1.	<p>HOA SEN YEN BAI BUILDING MATERIALS PLANT PROJECT</p> <p>Location: IC-12 intersection, Minh Quan commune - Bao Hung commune, Tran Yen district, Yen Bai province</p> <p>Area: 8.71 hectares</p> <p>Total design capacity of the whole project:</p>	06 Steel pipe rolling lines	60,000 tons/year	November 2017
2.	<p>- Steel pipe rolling lines: 60,000 tons/year</p> <p>- PU foam steel: 4,000 tons/year</p> <p>Investor: Hoa Sen Yen Bai One Member Limited Liabilities Company) <i>(The wholly owned subsidiary of Hoa Sen Group)</i></p>	01 Warehouse of finished product. Area 9,600 m ²	-	November 2017
3.	<p>HOA SEN PHU MY HOT-DIP GALVANIZED STEEL PIPE PLANT PROJECT</p> <p>Location: 1A Road, Phu My I Industrial Zone, Phu My Ward, Phu My Town, Ba Ria - Vung Tau Province</p>	01 Hot – Dip Galvanized Steel Pipe Line	85,000 tons/year	April 2018
4.	<p>Objectives and scale of the project: The project aims to build a Hot-Dip Galvanized Steel Pipe Plant with a design capacity of 85,000 tons/year</p>	06 Steel pipe rolling line	150,000 tons/year	December 2017
5.	<p>Investor: Hoa Sen Phu My One Member Limited Liabilities Company) <i>(The wholly owned subsidiary of Hoa Sen Group)</i></p>	01 Slitting line	180,000 ton/years	December 2017
6.		Factory, Machine foundation	-	November 2018

2. Technical innovations and improvements for production plants

- Implementation purpose:

- + Improve product quality, reduce raw materials consumption, meet increasingly stringent quality requirements in hard export markets and enhance competitiveness in the domestic market.
- + Improve the automation of the production line system, enhance production management capacity.
- + Improve quality, safety and environmental sanitation for the production lines.

- Implementation progress and results:

No.	Item	Location	Deployment time	Completion time	Result
1.	Upgrading and improving the system of air-knife, cooling towers and movable cooler at Galvanizing/Aluminum Zinc coating line with NOF technology	Hoa Sen Nghe An Plant	May 2018	Expected 2020	<ul style="list-style-type: none"> - Improve the products quality - Reduce zinc alloy/aluminum-zinc alloy consumption. - Increase the rate of Prime Quality Product. - Through technical improvements at the lines, HSG can confidently get orders of high quality standards in hard markets.

3. Investment Projects in real-estate:

In FY 2018 – 2019, on the basis of fluctuation in real-estate market and the demand to overcome troubles from the steel market, the BOD resolved to re-arrange relating resources for real-estate projects to assure the suitability and the concentration on core business.

No.	Project	Information	Progress
1.	Hoa Sen Yen Bai Hotel, Shopping mall and Events Center	<p>Investor: Hoa Sen Yen Bai Joint-stock Company (Subsidiary 95% owned by Hoa Sen Group)</p> <p>Venue: Yen Bai City – Yen Bai Province</p> <p>Area: 10,183.8 m², including:</p> <ul style="list-style-type: none"> - <i>Building of Hotel, Shopping mall and Events Center</i> 5,585.2 m²; - <i>Adjacent townhouses</i> 4,598.6m² 	<p>1. For the construction of Hotel, Shopping mall and Events Center:</p> <p>The Investor basically completed the raw construction. Currently, the Investor is installing interiors, M&E...</p> <p>2. For Adjacent townhouses:</p> <p>The Investors is currently designing and planning for the products.</p>
2.	Hoa Sen Towers (Hotel, Shopping malls and luxury apartments)	<p>Investor: Hoa Sen Quy Nhon Joint-stock Company (Subsidiary 99% owned by Hoa Sen Group)</p> <p>Venue: Quy Nhon – Binh Dinh</p> <p>Area: 8,109.16m²</p>	<p>The Investor is arranging, calculating all disbursed expenses for the Project implementation, which will be based to consider further plan for the Project</p>

4. Investment Projects in Ninh Thuan Province

In the FY 2018 – 2019, the promotion and implementation of Projects in Ninh Thuan Province basically met the approved timeline:

No.	Project	Progress	Plan of implementation
1.	<p style="text-align: center;">HOA SEN DU LONG INDUSTRIAL PARK INFRASTRUCTURE PROJECT</p> <p>Venue: Thuan Bac – Ninh Thuan</p> <p>Area: 407.3 hectares</p> <p>Investment: Hoa Sen Du Long Industrial Park Infrastructure Investment Joint-stock Company (Subsidiary 95% owned by Hoa Sen Group)</p>	<p>1. Legal procedures:</p> <ul style="list-style-type: none"> - Having completed legal procedures in investment license, land uses right, construction... - Currently conducting some legal procedures: Connecting to electricity and clear water system; connecting the Project to 1A Highway. <p>2. Construction:</p> <ul style="list-style-type: none"> - Having completed the Main Gate, surrounding wall, Main road to the Industrial Park - Currently, the Investor is preparing the ground, constructing some internal roads... <p>3. Seeking secondary investors into the Industrial Park</p> <p>The Investor has met and discussed the matters with some secondary investors (main majors in renewable energy) interested in investing into the Industrial Park</p>	<p>In FY 2019 – 2020, the investor plans to:</p> <ul style="list-style-type: none"> - Complete the legal procedures in connecting into electricity and clear water for the Project - Complete the construction of some basic categories in order to attract secondary investors - Organize some conferences, workshops to advertise, promote the investment into the Industrial Park.

No.	Project	Progress	Plan of implementation
2.	<p align="center">CA NA – NINH THUAN GENERAL PORT PROJECT</p> <p>Venue: Thuan Nam – Ninh Thuan</p> <p>Investor: Hoa Sen Ca Na International General Port Ltd. Company (Subsidiary 100% owned by Hoa Sen Group)</p>	<p>1. Legal procedures</p> <ul style="list-style-type: none"> - People’s Committee of Ninh Thuan Province has approved the Phase 1 of the Project, including: 03 jetties - The Investor has completed to pay investment deposit for Project implementation. <p>2. Legal procedures in construction:</p> <p>The investor is currently concentrated on applying in for planning approval, design plan approval, construction license...</p> <p>3. Legal procedures in land use right</p> <ul style="list-style-type: none"> - The investor is currently concentrating on preparing and clearing ground for project implementation. - The investor has pre-paid one parts of expense for ground preparation 	<p>The implementation plan for FY 2019 – 2020 as below:</p> <ul style="list-style-type: none"> - Continuing to complete all legal procedures. - Initiating construction in March 2020.
3.	<p align="center">CA NA – NINH THUAN INDUSTRIAL PARK INFRASTRUCTURE PROJECT</p> <p>Venue: Thuan Nam – Ninh Thuan</p> <p>Investor: Hoa Sen Ca Na – Ninh Thuan Industrial Park Infrastructure Investment Ltd. Company (Subsidiary 100% owned by Hoa Sen Group)</p>	<p>In FY 2018 – 2019, the investor restarted to conduct legal procedures for the investment license.</p>	<p>The investor targets to complete all legal procedures in FY 2019 – 2020.</p>

IV. REPORT ON RESTRUCTURING SOLUTIONS

1. Restructuring plan for Distribution network

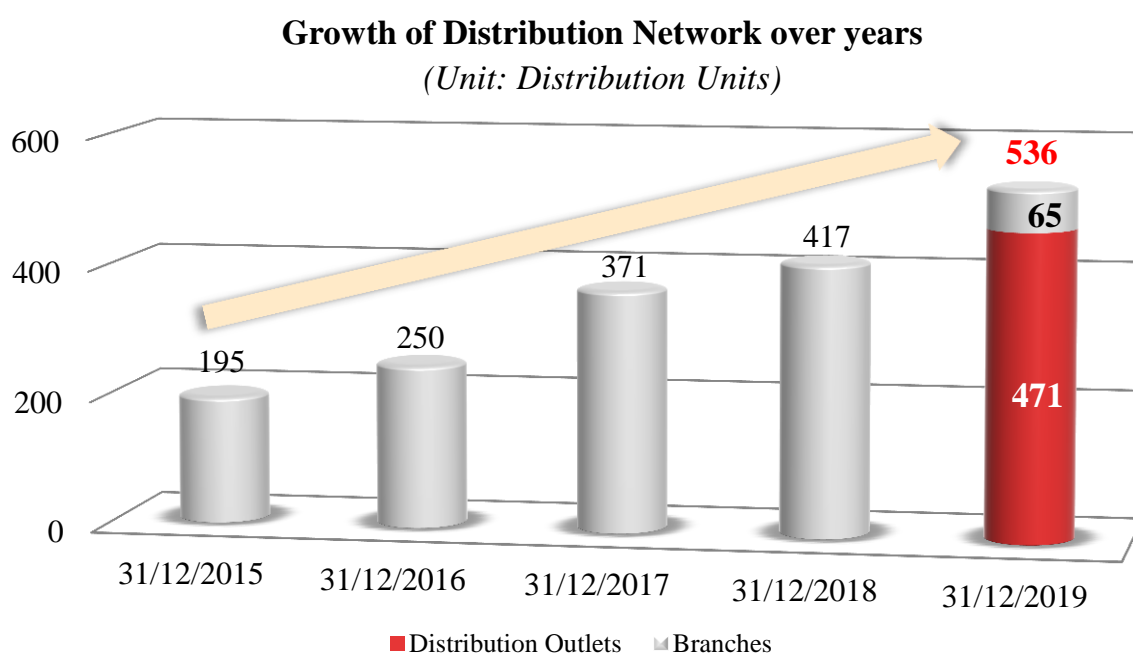
In the fiscal year 2018 – 2019, Hoa Sen Group has completed the restructuring for the entire Sales – Distribution Network which focused on **04 main tasks** as following:

- *Transforming the governance model of the entire Distribution network into Provincial Branches – Distribution Outlets following the policy which approved by the General Assembly of Shareholders;*
- *Applying ERP, E-invoicing for the entire Network after successfully transforming into Provincial Branches – Distribution Outlets;*
- *Acquiring more distribution outlets to increase the number and expand the coverage of distribution network of the Group;*
- *Terminating the legal form of the old management model after the new governance modal come into operation.*

Therefore, after completing the restructuring plan, as of December 31st, 2019, the Group has totally **536 distribution units** nationwide, increasing **45 units** from 2018, which include:

- *55 Provincial Branches and 10 General warehouses, Sandwich panels Manufacturing Branches operating directly under Hoa Sen Group; and*
- *471 distribution outlets affiliated under Provincial Branches, was established in the form of “Business location” in accordance with the Company Law.*

The growth and current status of the entire Distribution Network over years is shown on the following chart:



In the fiscal year 2018 – 2019, current status of the entire Sales – Distribution Network as follows:

- **The number and density of Distribution Units under Hoa Sen Group has significantly increased in comparison to 2018.** At the end of year 2019, the Group has totally **536 distribution units** in more than **55 Provinces nationwide**. This means that: the coverage of Distribution network of Hoa Sen Group in 2019 has reached **10 Units / Province**. Comparing to 2018, this coverage was just **08 Units / Province** (equivalent to 417 Distribution Units in 55 Provinces nationwide).
- **Hoa Sen Group is the only Owner and has true authority to 536 Branches, Distribution Outlets nationwide.** The implementation of restructuring the operational model of the Network is to improve the efficiency in operations, reduce pressure on legal procedures, and reduce operating costs. This **absolutely does not affect the control authority, governance and management rights of the Group**. Essentially, the Distribution Outlets (Business locations) are established by and under the Provincial Branches, while the Provincial Branches are established by the Group and accounting directly under the Group. Therefore, the Group has comprehensive management rights over all Branches and Outlets nationwide.
- In 2019, The Group has completely put into operation of the new model of the Network including transforming into Provincial Branch – Distribution Outlets; applying ERP, E-invoicing.... Therefore, **in order to ensure the consistency and synchrony throughout the Distribution Network, the Group has deployed to end the legal form of branches of the old model** which includes: Close the tax code; delete business registration information ... The procedures to end the legal form of branches has been implemented under the completely stable and improving business situation, not from the reason of narrowing production and business activities..

Therefore, the information about Hoa Sen Group “narrowed production and business activities”, “narrowed the distribution network”, “transferred branches”, and “closed branches” was absolutely incorrect.

2. Other restructuring solutions

In the fiscal year 2018 – 2019, in executing the Board of Directors’ policy on implementing restructuring solutions, quickly stabilizing the business and production situation in the current unpredictable period, the Restructuring Board has worked closely with the Board of Management to organize the implementation solutions. The progress and results of the restructuring solutions are as follows:

No.	Policies of the BOD	Progress and Result
1.	Reorganizing and streamlining the organizational structure of the Office Sector and other divisions under the Group	<p>1. Implemented solutions:</p> <ul style="list-style-type: none"> - Reorganizing and streamlining the Group operations reasonably. - Reviewing, adjusting the system of regulations and processes in a streamlined manner, in accordance with the Group's development strategy... - Rearranging the management title system, completing the regimes - policies. - Streamlining and reorganizing the rank and title system, from the Board of Directors to the Executive / Staff level. <p>2. Result:</p> <p>❖ <i>Group Office:</i></p> <ul style="list-style-type: none"> - Completed the streamlining of "Functional Divisions" to reduce intermediate levels. - Divisions/Boards under the Group Office have been merged in a streamlined manner. - Adjusted and promulgated "Group Operation Model and Organizational Structure of the Group Office" to comply with the new operating situation and in accordance with the Corporate Governance Rules recommended by the State Securities Commission... <p>❖ <i>Sales – Distribution Network:</i></p> <p>Streamlined the organizational structure and internal management manner of Regional Management Office. The function of managing and administering of the Network is assigned to the Management Board at the Group Office to perform.</p> <p>❖ <i>Subsidiaries/Plants:</i></p> <p>Continue to streamline the organizational structure, reduce intermediary - indirectly stages, merge, streamline production lines and workshops in the production - supply activities of Subsidiaries, Plants.</p>
2.	Restructuring and rearranging assets of the Group to ensure efficiency and optimal operation	<p>1. Implemented solutions:</p> <ul style="list-style-type: none"> - Arranging and transferring some of the Group's assets (trucks, machinery and equipment ...) to ensure the optimal and efficiency in the production - business - supply activities. - Transferring used vehicles, equipment, tools and instruments. - Transferring of some real estate, projects, contributed capital ... that have no need to deploy or are not suitable with the Group's development strategy in the future.

No.	Policies of the BOD	Progress and Result
		<p>2. Result:</p> <ul style="list-style-type: none"> - The Group has completed arrangement and mobilization of fleets of vehicles, equipment, tools and instruments at the Subsidiaries and Plants in order to enhance efficiency and optimize the operation process, and transferred a number of used vehicles, equipment, tools and instruments. - In the fiscal year 2018 – 2019, The Group has completed transfer the real estate at Ho Chi Minh City to recover investment capital. - Income from the transfer, liquidation of assets in the fiscal year 2018 - 2019 has been recorded in the Group's financial statements.
3.	Streamlining the personnel to reduce costs, while ensuring business and productive efficiency of the Group operations.	<p>1. Implemented solutions:</p> <ul style="list-style-type: none"> - Arranging the personnel to promote the responsibility, versatility of employees. - Adjusting and setting up human resources planning for all the organizations under the Group in accordance with the new situation. - Streamlining the personnel reasonably while ensuring business and productive efficiency, work motivation of employees of the Group. <p>2. Result:</p> <ul style="list-style-type: none"> - Currently, as of September 30, 2019, the Group's personnel were 6,637 people, decreased 6% compared to the same period in 2018. - The streamlining of personnel has helped the Group reduce salary fund and salary expenses by an average of 28.5% / month.
4.	Reducing and controlling operating costs, especially administrative and office expenses	<p>1. Implemented solutions:</p> <p>In the FY 2018 – 2019, Restructuring Board and Board of Directors have implemented adjustment, applied norms and organize the reduction of administrative - office expense groups, including: Electricity and water consumption expenses; Telecommunication and mail expenses supporting office block operation; The cost of stationery and other office costs.</p> <p>2. Result:</p> <p>Compared to June 2018, the administrative and office expenses groups in September 2019 decreased by about 33% / month.</p>

No.	Policies of the BOD	Progress and Result
5.	Researching, completing and organizing the plan of restructuring the production - business – supply of Plastic Sector of the Group	<p>1. Preliminary solutions:</p> <ul style="list-style-type: none"> ❖ <i>About Organization, Structure:</i> <ul style="list-style-type: none"> - The Group will separate the entire Plastic Sector which currently held by some subsidiaries, leaving one specialized Company in plastic to manage and operate in 2020; - This specialized Company will be a subsidiary under Hoa Sen Group. ❖ <i>About assets and personnel:</i> <ul style="list-style-type: none"> - Assets, machinery, equipment, production lines and workshops related to plastic production of existing Subsidiaries will be transferred internally (transferring, leasing the right to use ...) to the specialized Company to own, manage or operate. - Personnel related to plastic production in the Subsidiaries will be assigned to work directly under the specialized Company. ❖ <i>About production - supply:</i> <ul style="list-style-type: none"> - Parts of workshops and space related to plastic production in the factories will be re-arranged to separate independently from steel pipe production. - The specialized Company will arrange the supply and transportation plan for plastic production in the most convenient and independent way, separate from the steel pipe sector. <p>2. Implementation plan:</p> <p>In 2020, the Restructuring Board will coordinate with the Board of Management to build the official implementation plan and submit it to the Board of Directors for approval to implement in reality.</p>

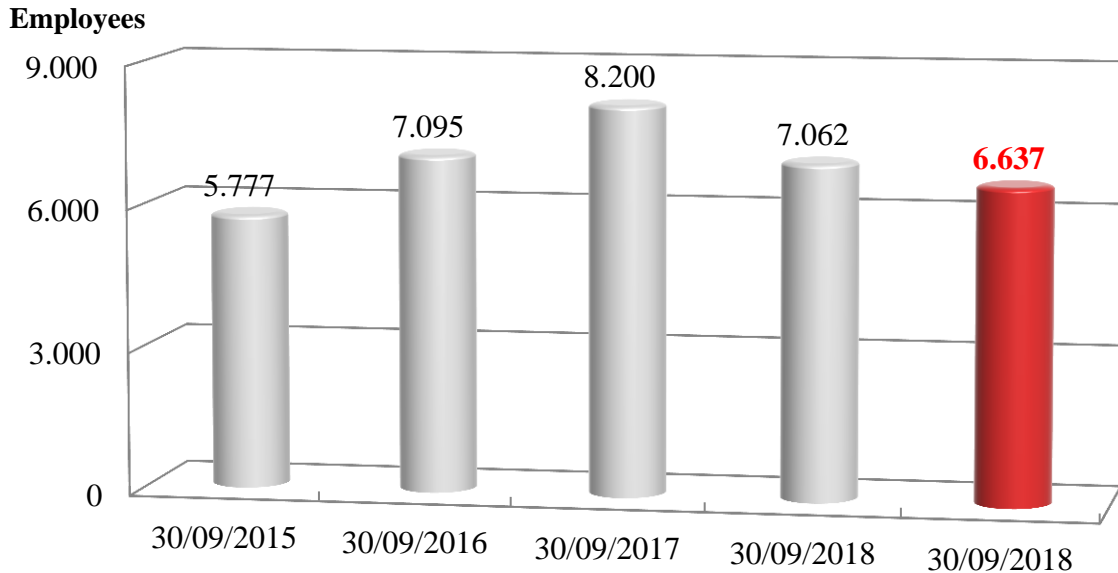
V. REPORT ON HUMAN RESOURCES IN FY 2018 - 2019

1. Overview on Human resources status in FY 2018 – 2019

As of September 30, 2019, the total number of Hoa Sen Group's employees is 6,637 persons.

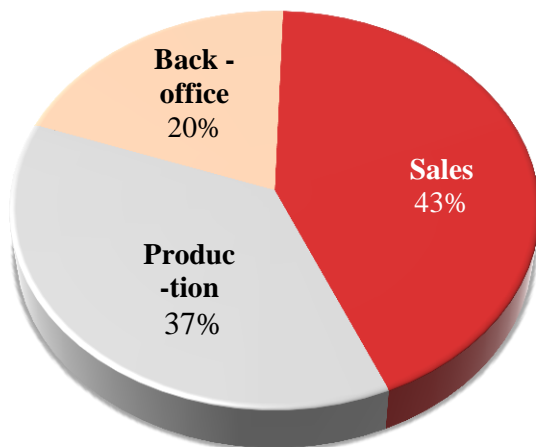
Human Resources of Hoa Sen Group over FY

(Including: Parent Corporate, Subsidiaries, Plants and other derived Units)

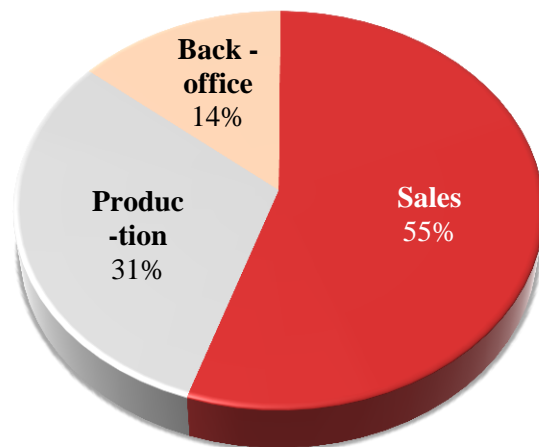


Human Resources structure is arranged on the basis of prioritizing for the business and manufacturing.

HR Structure in terms of functions as of 30 Sep 2018



HR Structure in terms of functions as of 30 Sep 2019



2. Responsibilities for employees

We complied strictly with the provisions of laws and with the collective labour agreement that had been signed to ensure the legitimate rights and interests of the employees and employers.

Employers held according responsibility to implement solutions that stabilizes production and business development so as to secure jobs and increase employees' incomes; to implement fully the regimes and policies for staff development and remuneration, creating a safe, comfortable and beneficial working environment for employees.

In response, the employees were obliged to complete the assigned work, comply with the Group's working regulations and rules, to take the initiatives to contribute to the Group's production and business activities, to commit to continued working after training depending on the funding of the training; and to follow strictly the regulations of labour safety and Fire Fighting and Prevention.

This Agreement was negotiated and signed by representatives of the employees and the employer on the principle of voluntariness, equality and publicity.

In addition to the collective labour agreement, with the purpose of sustainable development, the Group also focused on establishing harmonious relationships between employers and employees via the following typical contents:

- Having periodical meeting sessions with employees;
- All employees were signed their labour contracts in accordance with the law;
- Periodical reports on the updates and results of production and business activities;
- Employers explained clearly the purpose and meaning of the evaluation and classification of employees;
- Employers answered questions and took into consideration of employees' recommendations during meetings;
- All employees were treated equally and received adequate protection against all employment or occupational discrimination.
- Hoa Sen Group pledges not to use child labour and forced labour in any form.

3. Salary, bonus and welfare

3.1. Salary policy and allowances

The fiscal year 2018 - 2019 was a challenging economic year not only for the global economy, Vietnam economy and construction materials industry in general, but also for Hoa Sen Group in particular. However, the Board of Directors had practical and effective solutions to help the Group overcome the most difficult times. One of the effective solutions was to promulgate, amend and supplement a number of salary policies to suit the business situation from time to time to secure the income of employees throughout the Group.

Financial support in terms of petrol, accommodation, transportation, telephone, for disadvantaged branches, remote areas, maternity support, etc. was still maintained as in previous years. These allowances were an additional part of monthly income, motivating and giving employees peace of mind to continue working.

3.2. Insurance and other welfare policies

Contracted employees of the Group were entitled to participate in all social insurance, health insurance and unemployment insurance regimes in accordance with the law. Hoa Sen Group adjusted the minimum salary for employees in accordance with the Government's regulations in January 2019. In addition, Hoa Sen Group still continued the 24-hour accident insurance for all employees of the Company (including probationers) with the maximum insurance amount of VND 200,000,000/person per case.

In addition to formulating and implementing salary policies suitable to the production and business situation, flexible rewards, insurance regimes prescribed by law, Hoa Sen Group also applied other activities such as: cultural, arts and sports activities, daily meals for staff, uniforms for employees, fully equipped labour protection equipment in accordance with law; shuttle bus for staff, support for female employees on International Women's Day and Vietnamese Women's Day, maternity support, support for employees when getting married, ...

Together with the Labour Union, Hoa Sen Group also cared for the lives of employees in difficult circumstances, supported vehicles to bring employees to their hometowns to celebrate Tet.

In production and business activities, the Group always complied with the provisions of law on safety, health and environmental protection, proactively preventing damage to humans, properties and environment. Particularly, the Group equipped the employees fully with knowledge as well as occupational safety skills in production for all employees in general and for employees directly producing in particular by organizing training courses on security content, safety in labour such as first aid, occupational safety, radiation safety, chemical safety, electrical safety, lifting equipment safety, fire protection ... And every year, the Company organizes health examinations for all employees, based on the results of the classification of health checks to guide the resolution of serious or mild illness to ensure the health of employees to work safely. The company has actively implemented and always complied with the laws of environmental regulations such as: each year, issued the policy of Quality - Environment and Occupational Health Safety with the purpose of ensuring safety in labour production and environmental protection.

In addition to the compensation of the social insurance or the accident insurance 24/24 that the Group had bought for employees, the Group also endured treatment expenses, carries out compensation / allowances in accordance with regulations of the law and depending on the severity of occupational accidents, the company also had its own support policy to compensate, encourage and foster to re-create the labour force for employees.

The policy of in-house allowances for employees working in heavy and dangerous environment is also implemented in accordance with current regulations.

4. Recruitment and Training operations

4.1. Recruitment

In fiscal year 2018 - 2019, with core values “Integrity - Community - Development” and “10T letters” culture, recruitment in Hoa Sen Group focussed on building and developing high-quality human resources to meet the Group's production and business process.

Besides seeking creative, dynamic and young workforce through participating in “Job Fair” programs at Colleges and Universities, Hoa Sen Group has promoted cooperation with reputable recruitment sites and expanded online recruitment channels to proactively build a potential candidate database. In addition to the traditional interview format, the Group has conducted online interviews and evaluated candidates through personality analysis, professional and foreign language tests... to quickly recruit qualified staff nationwide.

With development of information technology and core values of the Group, “Hoa Sen Group” recruitment brand has been more and more interested, trusted and chosen by the candidates as a place to engage and build careers.

4.2. Training

In order to enhance quality of the employees and efficiency in human resources management, Hoa Sen Group continued to promote training in fiscal year 2018 - 2019. In addition to periodic training courses in accordance with the law, the Group often organized skill improvement courses for staff as well as competency development courses for employees at the Representative Office of the Group, Branches of Distribution Network and Subsidiaries/Plants.

Specially, for the purpose of continuing to build staff at Branches of Distribution Network to get sufficient knowledge and skills to meet the requirements of each position, the Group has strongly implemented training through typical activities: Republishing intuitive training books on standard and code of conduct at Branches of Distribution Network is to provide a self-study material for new employees to quickly integrate work environment at Branches; creating a set of scenario-based training clips for employees is to make learning more vivid and practical. Organizing courses for "Potential Succession Staff, Management Trainees" is to train elite next management generations to meet the job requirements, then, appoint them as Heads of Branch of Distribution Network.

VI. REPORT ON MARKETING AND MEDIA OPERATIONS

In the fiscal year 2018 - 2019, Hoa Sen Group continues to implement reasonable, diversified and effective communication and marketing activities, including:

- Hoa Sen Group is currently applying and deploying a variety of channels and marketing tools, multimedia media such as radio channels, television, traditional newspaper advertising, online newspapers and digital tools such as YouTube, Facebook, GDN banner, Ad network banner, ...
- With the goal of bringing the best utilities to customers, Hoa Seen Group also continues to exploit the online shopping form through the website www.hoasengroup.vn. Customers can find out the full range of products, choose the nearest branch to order in the form of retail or bulk orders, orders for export customers. With this new form of purchase, Hoa Sen Group has brought for the first time innovation in the way of buying construction materials in Vietnam.

The implementation of corporate social responsibility is also paid special attention by Hoa Sen Group through sponsoring many humane community events such as:

- Sponsoring for the TV show "Cap La Yeu Thuong".
- Sponsoring for the Tour VTV International Cycling - Ton Hoa Sen Cup 2019;
- Sponsoring VTV International Women's Volleyball - Ton Hoa Sen Cup 2019;
- Hoa Sen Group also sponsors the construction of compassion houses, support for the poor affected by natural disasters, ...

VII. AWARD AND REWARD IN THE FY 2018 - 2019

In the fiscal year 2018 - 2019, Hoa Sen Group was honoured to achieve awards, great achievements and prestige, contributing to the proof of excellence and professionalism in the operation process, such as:

- On January 16, 2019: Top 500 Largest Enterprises in Vietnam voted by Vietnam Assessment Report Joint Stock Company.
- On April 6, 2019: Top 50 Vietnam Strong Brands voted by Vietnam Economic Times.
- On May 10, 2019: National Brand Award for 03 product lines: Hoa Sen Steel Sheet, Hoa Sen Plastic Pipe, Hoa Sen Galvanized Steel Pipe.
- On November 30, 2019: Hoa Sen Group honoured Top 100 Sustainable Development Enterprises voted by Vietnam Chamber of Commerce and Industry (VCCI).
- On August 3, 2019: Hoa Sen Group honoured in top 1000 largest taxpayers in Vietnam for many consecutive years by the General Department of Taxation (Ministry of Finance).

CHAPTER IV
OPERATIONAL PLAN FOR FISCAL YEAR 2019 – 2020

I. MARKET FORECAST FOR 2020

Steel market in 2020 may face many troubles and fluctuations:

- Trading conflict between the United States and China may continue to escalate and may not reach the final arrangement. Therefore, worldwide trading order may come into disorders. The price of raw material and monetary market may significantly and suddenly fluctuate.
- Export sales may face many troubles from trading remedy and the decline in demand of most export markets.
- Domestic market may face brutal competitions and significant eliminations. Steel companies shall have strong decisions and flexible solutions to overcome the adverse impacts of the market.

II. BUSINESS TARGETS AND PLANS FOR FY 2019 – 2020

On the basis of the forecast for 2020, the BOD proposes the General Shareholders for considering and approving consolidated targets and plans for business in FY 2019 – 2020, as below:

Item	Unit	Performances of FY 2018 - 2019	Targets of FY 2019 - 2020	In comparison with FY 2019 – 2020	
				Absolutely	Relatively
Sales Volume	Tons	1,494,560	1,500,000	5,440	-
- <i>Finished-products</i>	<i>Tons</i>	<i>1,393,973</i>	<i>1,400,000</i>	<i>6,027</i>	<i>-</i>
- <i>By-products</i>	<i>Tons</i>	<i>100,587</i>	<i>100,000</i>	<i>(587)</i>	<i>-</i>
Net Sales	Billion VND	28,035	28,000	(35)	-
Net Profits	Billion VND	3,189	3,400	211	107%
After-tax profits	Billion VND	361	400	39	111%

Due to negative forecast on the market for 2020, the BOD targets to assure the prudent in business plan for FY 2019 – 2020. However, the targets shall express the sustainable and steady growth. Particularly, the profitability margins shall rise up to 12.1%, equivalent to the rise of net profits of 211 billion VND.

CHAPTER VI
PROPOSALS OF THE BOARD OF DIRECTORS
TO THE GENERAL ASSEMBLY OF SHAREHOLDERS

I. Approval on the entire Documents for Annual Meeting of the General Assembly of Shareholders, including all operational reports in FY 2018 – 2019 and all operational plans, orientations for 2019 – 2020

The BOD proposes the General Shareholders for approval on the entire Documents for Annual Meeting of the General Assembly of Shareholders, including all operational reports in FY 2018 – 2019 and all operational plans, orientations for 2019 – 2020.

II. Approval on the Consolidated Business Report in FY 2018 – 2019 and Consolidated Business Targets Plans for FY 2019 – 2020

The BOD proposes the General Shareholders for approval on the Consolidated Business Report in FY 2018 – 2019 and Consolidated Business Targets Plans for FY 2019 – 2020, as below:

1. Consolidated business report in FY 2018 – 2019

Item	Unit	Targets for FY 2018 – 2019	Performances in FY 2018 – 2019	Targets completion ratio
Sales Volume	Tons	2,006,000	1,494,560	75%
- <i>Finished-products</i>	<i>Tons</i>	<i>1,900,000</i>	<i>1,393,973</i>	<i>73%</i>
- <i>By-products</i>	<i>Tons</i>	<i>106,000</i>	<i>100,587</i>	<i>96%</i>
Net Sales	Billion VND	31.500	28.035	89%
After-tax profits	Billion VND	500	361	72%

2. Consolidated business targets for FY 2019 – 2020:

Item	Unit	Performances of FY 2018 - 2019	Targets of FY 2019 - 2020	In comparison with FY 2019 – 2020	
				Absolutely	Relatively
Sales Volume	Tons	1,494,560	1,500,000	5,440	-
- <i>Finished-products</i>	<i>Tons</i>	<i>1,393,973</i>	<i>1,400,000</i>	<i>6,027</i>	<i>-</i>
- <i>By-products</i>	<i>Tons</i>	<i>100,587</i>	<i>100,000</i>	<i>(587)</i>	<i>-</i>
Net Sales	Billion VND	28,035	28,000	(35)	-
Net Profits	Billion VND	3,189	3,400	211	107%
After-tax profits	Billion VND	361	400	39	111%

III. Approval on the audited Separate Financial Statements of Parent Corporate and the audited Consolidated Financial Statements of the whole Group in FY 2018 – 2019

The BOD proposes the General Shareholders for approval on the Separate Financial Statements of Parent Corporate and the Consolidated Financial Statements of the whole Group in FY 2018 – 2019 audited by KPMG Viet Nam Ltd. Company; and approval on the value of transactions with affiliated parties recorded in audited financial statements in pursuance of current laws and regulations.

IV. Approval on reports and proposals relating to financial affairs

1. Reports on Financial affairs

1.1. Report on dividends payment of FY 2018 – 2019:

No.	Contents	Ratio of payment	Form	Closing date for finalized list of shareholders	Date of accomplishment
1	Dividends payment in shares	10% (Each shareholders owning 100 shares will be paid 10 shares as dividends)	In shares	23 April 2019	27 May 2019

1.2. Report on official provision of funds in FY 2018 – 2019

The audited consolidated after-tax profits in FY 2018 – 2019 is: **VND 361,352,133,015.**

No.	Fund	Maximum ratio of provision in accordance with AGM Resolution dated 14 January 2019	Official ratio of provision in FY 2018 – 2019	Value (VND)
1	Commendation fund	Not exceed 3% after-tax profits	0% after-tax profits	0
2	Benefits and welfare fund	Not exceed 1% after-tax profits	1% after-tax profits	3,613,521,330
3	Sponsorship and charity fund	Not exceed 3% after-tax profits	0% after-tax profits	0
Total				3,613,521,330

1.3. Report on remunerations and operational expenses of the BOD Members and other units, titles derived from the BOD in FY 2018 – 2019

The remunerations and operational expense for the BOD Members and other units, titles derived from the BOD in FY 2018 – 2019 was paid within the limit of **1.5% of the audited consolidated after-tax profits** approved by the General Shareholders in the Annual Meeting of FY 2018 – 2019 dated 14 January 2019.

The specific remunerations of BOD Members in FY 2018 – 2019:

No.	Title	Remunerations (VND/month)
1	Chairman	30,000,000
2	Vice Chairman	25,000,000
3	Members	20,000,000

2. Proposals on Financial affairs

2.1. Payment plan for Dividend of FY 2018 – 2019

- Form of payment: Dividends in shares
- Payment ratio: Maximum 5%
- Source of payment: Accumulated undelivered after-tax profits as of 30 September 2019 in accordance with the audited consolidated financial statements
- Payment plans:

Authorizing the BOD to decide and conduct actions below:

- + Deciding the official payment ratio, closing date for finalized list of shareholders, payment date and plan for odd shares settlement (if any)
- + Conducting legal procedures in pursuance to laws and regulations: Raising charter capital, issuing Schedules on amending Corporate Charter, additional depository, additional listing and other necessary procedures in pursuance to current laws, regulations, guidelines of SSC, HOSE, VSD, DPI and other relating authority agencies.
- + Deciding and conducting other actions, procedures necessary for the issuance of dividends in shares.

2.2. Maximum provision ratio for funds in FY 2019 – 2020

No.	Fund	Maximum ratio
1	Commendation fund	Not exceed 2% after-tax profits
2	Benefits and welfare fund	Not exceed 2% after-tax profits
3	Sponsorship and charity fund	Not exceed 2% after-tax profits

2.3. Provision ratio for remunerations, operational expenses for the BOD Members and other units, titles derived from the BOD in the FY 2019 – 2020

Provision ratio for remunerations, operational expenses for the BOD Members and other units, titles derived from the BOD in the FY 2019 – 2020 is **1.5% of the audited consolidated after-tax profits**

On the basis of business in FY 2019 – 2020, the General Shareholders authorizes the BOD to decide the specific remunerations and operational expenses for the BOD Members and other units, titles derived from the BOD.

2.4. Bonus for accomplishing business targets of the FY 2019 – 2020 for the BOD, units, titles derived from the BOD and the Board of Executives, Chief Accountant

Requirements: The audited consolidated after-tax profits in FY 2019 – 2020 accomplish or exceed the targets of **VND 400 billion**.

The total bonus for the BOD, units, titles derived from the BOD and the Board of Executives, Chief Accountant is: **3.4% of the audited consolidated after-tax profits in FY 2019 – 2020**, including:

- *Bonus for the BOD and units, titles derived from the BOD:* 1.9% of the audited consolidated after-tax profits in FY 2019 – 2020;
- *Bonus for the Board of Executives and Chief Accountant:* 1.5% of the audited consolidated after-tax profits in FY 2019 – 2020;

The General Shareholders authorizes the BOD to decide the specific bonus for each titles and units.

V. Approval on authorizing the BOD to select the Auditing Companies for Financials Statements of the Group in FY 2019 – 2020

The BOD proposes the General Shareholders for approval on authorizing the BOD to select the Auditing Companies to audit the Consolidated Financial Statements of the Group, Separate Financial Statements of Parent Corporate and other subsidiaries in FY 2019 – 2020 within Top 04 Auditing Companies in Viet Nam, including:

- Deloitte Viet Nam Ltd. Company
- Ernst & Young Viet Nam Ltd. Company
- KPMG Viet Nam Ltd. Company
- PricewaterhouseCoopers (PwC) Viet Nam Ltd. Company

VI. Approval on the report of internal auditing operations conducted by Auditing Committee

The BOD proposes the General Shareholders for approval on the entire Report of Internal auditing conducted by Auditing Committee, which is briefly presented by the Head of Auditing Board (on behalf and authorization of Auditing Committee) in the Meeting and expressed in detail in the Document for the Meeting.