

## STATEMENT

### The issues subject to ratification by the 2016 Annual General Meeting of Shareholders

Ladies and gentlemen,

The Board of Directors (“**the BOD**”) of Hoang Anh Gia Lai Agricultural Joint Stock Company (“**the company**”) proposes the 2016 Annual General Meeting of Shareholders (“**the Meeting**”) take into consideration and vote to ratify the following issues:

**Issue 1:           REPORT OF THE BOD ON THE BUSINESS RESULTS AND REPORT ON THE OPERATION OF THE BOD FOR THE YEAR 2015**

The BOD proposes the Meeting take into consideration and pass the Report on the business results and Report on the operation of the BOD for the year 2015 with the following contents:

**I.     The business results of 2015**

**1.     Net revenue**

In 2015, the company has reached the net revenue of VND 4,731 billion, increasing by 114% in comparison with that of 2014.

Among the company’s business sectors in 2015, beef cow breeding is the sector having the highest revenue increasing rate, i.e. VND 2,541 billion, making up 54% of total revenue.

Revenues of other sectors are as follows:

- Revenue of sugarcane sector has reached VND 958 billion, making up 20% of total revenue.
- Revenue of construction sector has reached VND 284 billion, making up 6% of total revenue.
- Revenue of corn sector has reached VND 296 billion, making up 6% of total revenue.
- Revenue of rubber sector has reached VND 197 billion, making up 4% of total revenue
- Revenues of other sectors have reached VND 454 billion, making up 10% of total revenue

**2.     Profit after tax:** Profit after tax of 2015 reached VND 744 billion.

**3.     Earnings per share:**

Beased on the figures audited by Ernst & Young Vietnam Limited, all profit after tax of 2015 of shareholders of the parent company is VND 725 billion. Earnings per share of 2015 is VND 1,093.

**II.    The operation of the BOD in 2015**

In 2015, the BOD has held 10 meetings to solve the issues under the authority of the BOD, approving the following main issues:

- The arrangement of organizational and operational structure, the appointment of leaders and managers of the company;
- The promulgation of Regulation on Corporate Governance of the company;

- The listing of the company's shares on Ho Chi Minh City Stock Exchange (HOSE) with the securities code of HNG;
- The detailed development of the plan of offering a private placement.

In 2015, the BOD has supervised the implementation of Resolutions of the GMS and the BOD in the following assignments:

- Following the fulfilment of important targets during the year committed by the Board of Management ("the BOM");
- Requiring the BOM to report the business results and operation situation in periodical meetings on a quarterly basis of the BOD. Besides, in the meetings of the BOM, the BOD's Chairman and some members have participated in and directed the implementation of related assignments;
- The BOD has also combined with the Board of Supervision ("BOS") to keep track of the company's operation situation in order to offer practical suggestions that help the BOM fulfil the assignments given by the GMS and the BOD.

**Issue 2: BUSINESS AND INVESTMENT PLANS FOR THE YEAR 2016**

The BOD proposes the Meeting take into consideration and pass the business and investment plans for the year 2016 with the major contents set as follows:

**I. Report on the business results in the first 6 months of 2016**

**1. Net revenue and gross profit**

In the first 6 months of 2016, the company has reached the net revenue of VND 2,596 billion, increasing by 125% in comparison with that of the same period in 2015 and the gross profit of VND 344 billion, in which:

- **Livestock sector:** The consumption of 62,664 heads of cow of the company has brought in VND 1,863 billion in revenue and VND 210 billion in gross profit.
  - **Cultivation sector:**
    - o *Sugarcane:* The consumption of 31,477 tons of sugar of the company has brought in VND 370 billion in revenue and VND 112 billion in gross profit.
    - o *Rubber:* In the 2<sup>nd</sup> quarter of 2016, the consumption of 602 tons of rubber latex of the company has brought in VND 16 billion in revenue but the loss is VND 2,6 billion. In the 1<sup>st</sup> quarter of 2016, the revenue from rubber latex have not generated because the rubber latex has just been tapped since May 2016 and all the Group's output of rubber latex tapped from May 2015 to December 2015 has been processed and already sold out in 2015; therefore, the Group has not had revenue from rubber latex in the 1<sup>st</sup> quarter of 2016.
    - o *Corn:* The consumption of 26,927 tons of corn has brought in VND 136 billion in revenue and VND 69 billion in gross profit
- 2. Business results after tax in the first 6 months of 2016:** The loss is VND 559 billion

**II. Business plan for the year 2016**

**1. Net revenue and gross profit**

According to the business plan for the year 2016, the estimated net revenue and gross profit are VND 4,309 billion and VND 450 billion respectively, gained from the following main sectors:

- **Livestock sector:**

- *Beef cattle*: The estimated consumption of 100,000 heads of cow in 2016 will bring in around VND 3,063 billion in revenue and around VND 345 billion in gross profit.
- *Dairy cattle*: The total number of dairy cattle of 7,500 heads is expected to provide 24 million liters of fresh milk in 2016, gaining around VND 302 billion in revenue.
- **Cultivation sector:**
  - *Sugarcane*: The consumption of 31,477 tons of sugar of the company will bring in around VND 370 billion in revenue and around VND 112 billion in gross profit.
  - *Rubber*: In 2016, the exploitation area of 4,403 ha of rubber is expected to provide 5,265 tons of dry rubber latex, gaining around VND 127 billion in revenue but the loss is around VND 59 billion.
  - *Corn*: The consumption of 26,927 tons of corn will bring in around VND 136 billion in revenue and around VND 69 billion in gross profit.
- 2. **Business results after tax in 2016:** The loss is VND 559 billion

### III. Investment plan for the year 2016

- **Agribusiness sector:** The nurture of rubber and oil palm plantations continues.
- **Other sectors:** The company plans to grow many kinds of fruits in Vietnam, Laos and Cambodia in order to use up all of the abundant land bank.

#### **Issue 3: THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR 2015**

Based on the financial statements for the year 2015 and the Independent Auditor's Report by Ernst & Young Vietnam Limited as described in the Annual Report of 2015, the BOD proposes the Meeting take into consideration and vote to ratify the audited financial statements.

#### **Issue 4: SELECTING AN AUDIT FIRM FOR THE YEAR 2016**

Pursuant to the Resolution No. 0407/16/NQHĐQT-HAGL Agrico dated 04 July 2016, the BOD agreed to select Ernst & Young Vietnam Limited as the audit firm providing the service of reviewing the company's interim financial statements for the year 2016. Accordingly, the BOD proposes the Meeting take into consideration and give opinion on the selection of Ernst & Young Vietnam Limited as the audit firm providing the services of reviewing the interim financial statements and auditing the financial statements for the year 2016 of the company.

#### **Issue 5: LOANS OF RELATED PARTIES**

##### **1. Loans**

In respect of the loans given to related parties, these transactions have been done to serve the company's operations and the company's restructuring. The BOD proposes the Meeting take into consideration and pass the fact that the company has given loans to related parties, which was emphasized in the Auditor's Report of the consolidated financial statements for the year 2015 and the reviewed consolidated interim financial statements for the year 2016.

##### **2. Capital transfer, loans given amongst the companies in 2016**

The company operates under the parent-subsidary model and has the only financial management system for the whole Group, in which the parent company plays the role of arranging and co-ordinating capital (including loan capital) as well as accomodating the profit gained from subsidiaries to ensure that

all subsidiaries in the company have sufficient capital for operation and the company's cash flows are balanced. Therefore, the BOD proposes the Meeting take into consideration to authorize the BOD to make the capital transfer and to give loans among the companies, which will be reported at the 2017 Annual General Meeting of Shareholders.

**Issue 6:            PURPOSE OF USING THE CAPITAL FROM THE PRIVATE PLACEMENT OF 59 MILLION SHARES OF THE COMPANY**

Pursuant to the Official Letter of Vietnam Securities Depository No. 4732/VSD-ĐK dated 27 April 2016, 59 million shares of the company (securities code: HNG) owned by Cuong Thinh Rubber Co., Ltd. (27,500,000 shares) and An Thinh Rubber Co., Ltd. (31,500,000 shares) will be blockaded until the GMS gives opinion on the purpose of using the capital from the private placement, which is to re-purchase 100% of equity interest in Indochina Rubber Investment and Development Co., Ltd.

Consequently, the BOD proposes the Meeting take into consideration and pass the purpose of using the capital from the private placement plan stated in the Resolution of the GMS No. 0610/15/NQĐHĐCĐ-HAGL Agrico dated 06 October 2015, which is to re-purchase 100% of equity interest in Indochina Rubber Investment and Development Co., Ltd.

**Issue 7:            PRIVATE PLACEMENT PLAN**

The detailed private placement plan will be presented at the Meeting.

**Issue 8:            STATEMENT OF THE BOARD OF SUPERVISION OF 2015**

Based on the Statement of the Board of Supervision of 2015 presented by Mr. Le Hong Phong, Head of the Board, the Meeting is supposed to consider and vote to ratify this Statement.

**Issue 9:            AMENDMENT AND SUPPLEMENTATION OF CHARTER IN ACCORDANCE WITH THE CORPORATE LAW OF 2014**

The BOD proposes the Meeting take into consideration and pass the amendment and supplementation of Charter in accordance with the Corporate Law of 2014 as specified in Appendix 1 attached.

**Issue 10:          AUTHORIZING THE BOARD OF DIRECTORS TO IMPLEMENT THE ISSUES PASSED BY THE MEETING**

The Meeting was asked to consider the issues above and to authorize the BOD, on their own initiative, to implement the issues, policies which have been ratified.

Gia Lai, 15 September 2016  
**FOR AND ON BEHALF OF HOANG ANH GIA LAI  
AGRICULTURAL JOINT STOCK COMPANY  
CHAIRMAN OF THE BOARD OF DIRECTORS**

(signed)

**DOAN NGUYEN DUC**

**Note:** *This document may be appropriately amended, supplemented and presented at the GMS for consideration.*