



## PROPOSAL

### The issues subject to approval by the 2019 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 that the 2019 Annual General Meeting of Shareholders (“**the Meeting**”) take into consideration and vote to approve the following issues:

#### **Issue 1: REPORT OF THE BOD ON THE BUSINESS RESULTS AND INVESTMENT IN 2018**

The BOD proposes that the Meeting take into consideration and pass the Report on the business results and investment in 2018 with the following contents:

##### **1. Net revenue**

In 2018, the Company earned a net revenue of VND 3,688 billion, indicating an increase of 11.1% as compared to that of 2017. 86.7% of the revenue was derived from selling fruits, chili and rubber latex, and 13.3% of the remaining came from services of leasing, selling commodities, selling cows, selling pepper and providing services. Specifically:

- Fruits gave the largest contribution to the revenue, with the figure being VND 2,352 billion, accounting for 63.8% of the total revenue structure;
- The second highest revenue was the revenue from selling chili with VND 496 billion which took up 13.5% of the total revenue;
- Revenue of rubber latex was VND 345 billion, accounting for 9.4% of the total revenue, making it become the third biggest source of revenue;
- The remaining VND 495 billion of revenue came from selling commodities, selling cows, selling pepper, apartment leasing and providing services, that contributed 13.3% to the total revenue

**2. Loss after tax:** VND 656 billion in 2018. The reason for loss was the Company re-evaluated the inefficient assets, adjusted the investment cost in oil palm plantation to the cost of planting fruit trees.

##### **3. Situation of investment and implementation of projects**

Since 2016, the Company has transformed its business strategy, affirming its core business is cultivation sector with the focus on producing fruit trees. It is believed that the Company takes a right direction to develop in the fruit tree sector due to its large market size, strong growth rate, fast harvest time and high economic efficiency on harvesting areas. In addition, the Company decided to maintain rubber plantations for the long-term future.

In 2018, the Company persistently continued to implement the strategy by changing the planting areas, diversifying products, actively penetrating China, the most potential fruit market in the world. Besides, it continued tending and exploiting the harvestable rubber plantations.

- **Fruit trees:** The company has converted several inefficient rubber and oil palm plantations in Vietnam, Laos and Cambodia to fruit tree plantations, bringing the total area of fruit trees so far to 16,676 hectares with key products including banana, dragon fruit, mango, green-skin pomelo, jackfruit and more than 10 other types of fruit trees. Currently, plants such as banana, dragon fruit, mango and jackfruit have come into harvesting.
- **Rubber trees:** Last year, the company continued to tend 47,122 hectares of rubber.

## **Issue 2: BUSINESS AND PRODUCTION PLAN FOR 2019**

The Board of Directors suggests the Meeting consider and pass the business and production plan for 2019 with the following details:

### **I. Business and production plan for 2019**

#### **1. Net revenue**

According to the business plan for 2019, it is expected that the Company can reach a net revenue of VND 4,775 billion, mainly coming from fruit trees and rubber latex, specifically as follows:

- **Fruit trees:** According to the plan, the fruit tree sector will generate a key revenue for the Company's 2019 revenue structure, predictably yielding VND 4,306 billion which may account for 90.2% of the total revenue, specifically as follows:
  - ✓ **Banana:** in 2019, it is expected to produce 241,528 tons, bringing in VND 3,501 billion, accounting for 73.3% of the revenue structure;
  - ✓ **Dragon fruit:** in 2019, it is expected to produce 18,480 tons, bringing in approximately VND 575 billion, accounting for 12.0% of the revenue structure;
  - ✓ **Jackfruit:** in 2019, it is expected to produce 2,539 tons, bringing in approximately VND 108 billion, accounting for 2.3% of the revenue structure;
  - ✓ **Pomelo:** in 2019, it is expected to harvest 1,561 tons, bringing in approximately VND 65 billion, accounting for 1.4% of the revenue structure;
  - ✓ **Mango:** in 2019, it is expected to harvest 3,135 tons, bringing in approximately VND 57 billion, accounting for 1.2% of the revenue structure;
- **Rubber:** in 2019, the Company expect to harvest 15.081 tons of dried latex, bringing in approximately VND 469 billion, accounting for 9.8% of the revenue structure.

#### **2. Plan of profit before tax in 2019: VND 103 billion.**

### **II. Investment plan for 2019:**

- To select a list of effective products; to re-evaluate the inefficient assets
- To focus on expanding the fruit sector via expanding the planting areas, expanding export market, investing in post harvesting technology to increase the value and diversification of the products
- To consistently maintain the tending of the rubber plantations.

## **Issue 3: REPORT ON THE BOD'S OPERATION IN 2018**

**1. In 2018, the BOD held a number of meetings to approve the issues within the authority and power of the BOD, mainly:**

- 05/03/2018 Approval on the results of private placement
- 30/03/2018 Approval on the record date for offering convertible bonds to public;
- 06/05/2018 Approval on the documents for offering convertible bonds
- 17/05/2018 Approval on the record date for convening the 2018 General Meeting of Shareholders
- 24/05/2018 Approval on the record date for executing the convertible bond purchase rights.
- 30/05/2018 Approval on change of the blocked account for the purchase of convertible bonds from existing shareholders.
- 03/07/2018 Approval on the result of the public offering and the distribution of unsold bonds
- 03/08/2018 Approval on contributing the excess bonds in the public offering of convertible bonds to existing shareholders
- 07/08/2018 Approval on the result of public offering of bonds
- 11/08/2018 Approval on the record date for the resignation and election of members to the Board of Directors and Board of Supervisors
- 14/08/2018 Approval on adjusting the Company's Charter and Corporate Governance Regulations.
- 16/08/2018 Approval on change of the area of fruit tree upon the use plan of proceeds from the public offering of convertible bonds
- 27/08/2018 Approval on supplementing the content of collecting shareholder's opinion in writing as per the record date on 31 August 2018
- 04/09/2018 Approval on nominating the candidate for members of the Board of Directors
- 10/10/2018 Approval on adjusting the fruit tree area according to the Resolution No.1608/18/NQHĐQT-HAGL Agrico dated 16 August 2018
- 27/12/2018 Approval on appointment and resignation of the managerial positions of the Company

**2. In 2018, the BOD directed and supervised the work of the Board of management as follows:**

- Completion of the private placement, increasing the Company charter capital;
- Completion of offering of convertible bonds to the public;
- To assign and supervise the Board of Management on business activities including planting, maintaining and harvesting the fruit plantations, at the same time maintaining and exploiting the rubber plantations;
- To preside and successfully convene the 2018 Annual General Meeting of Shareholders, to additional elect members for the Board of Supervisors;
- To reorganize the Company's key departments and personnel;
- To supervise the execution of resolutions promulgated by the General Meeting of Shareholders and the BOD;
- And others within the authority of the BOD.

**3. In 2018, the BOD appropriated the amount of VND 1,236,000,000 as remuneration to the BOD, The Board of Supervision (BOS) and the Secretarial Board.**

**Issue 4: THE AUDITED FINANCIAL STATEMENTS FOR 2018**

According to the financial statements for 2018 and the Independent Auditor's Report by Ernst & Young Vietnam Limited described in the Annual Report of 2018, the Board of Directors suggests the Meeting consider and vote to pass this audited financial statements.

**Issue 5: TRANSACTIONS WITH RELATED PARTIES**

**1. Report of the capital transfer, and loans given among the companies in 2018**

According to Section 1 of Article 6 described in the 2018 GMS Resolution No. 2306/18/NQĐHĐCĐ-HAGL Agrico on the capital transfer, and loans given among the companies in 2018, the BOD reported to the GMS the implementation of the capital transfer, and loans given among the companies performed in 2018, detailed in Note No. 26 of the audited Separate Financial Statements for 2018 and Note No.33 of the audited Consolidated Financial Statements for 2018 of the Company.

**2. Capital transfer, and loans given among the companies in 2019**

The BOD submits and consults the GMS regarding approving the authorization to the BOD to make capital transfer and give loans among the companies, and the BOD will report the results at the 2020 Annual General Meeting of Shareholders.

**Issue 6: ADJUST THE USING PLAN OF PROCEEDS FROM PUBLIC OFFERING OF CONVERTIBLE BONDS IN 2018**

The BOD reports the adjustment of using plan of proceeds from public offering of convertible bonds in 2018 according to the Resolution of the BOD No.1010/18/NQHDQT – HAGL Agrico dated 10 October 2018, in which the new planting areas of fruits are changed to suitable to the fluctuations and market trend.

**Issue 7: THE PROFIT PLAN FOR 2019, PROFIT APPROPRIATION, APPROPRIATION TO REMUNERATION TO THE BOD, BOS AND THE SECRETARIAL BOARD FOR 2018**

The BOD suggests the Meeting consider and pass the profit plan, profit appropriation, appropriation to remuneration to the BOD, BOS and the Secretarial Board for 2019 as follows:

- Profit before tax targeted for 2019: VND 103 billion.
- Plan for the appropriation of profit for 2019:
  - ✓ Investment and development fund: 5% of the profit after tax
  - ✓ Bonus and welfare fund: 3% of the profit after tax
  - ✓ Dividend payment: *no dividend to be distributed in 2019*
  - ✓ Appropriation to the BOD, the BOS and the Secretarial Board in 2019: authorizing the BOD to make it and report to the 2020 Annual General Meeting of Shareholders.

**Issue 8: AMENDMENTS AND SUPPLEMENTS TO THE COMPANY'S CHARTER**

The BOD submits and consults the GMS about the approval of the GMS to amend and supplement the Charter of the Company in accordance with Decree No. 71/2017/NĐ-CP guiding administration

applicable to public companies and the model charter issued together with Circular No. 95/2017/TTBTC guiding some articles of the Decree No. 71/2017/NĐ-CP as follows:

1. Section 2 of Article 22: "The minutes of the Meeting must be announced within twenty-four (24) hours on the Company's website and **send to all the Shareholders within fifteen (15) days from the end date of the Meeting**"

It is suggested to be amended to: "The minutes of the Meeting must be announced within twenty-four (24) hours on the Company's website".

2. Section 1 of Article 24: "The number of members of the Board of Directors will not be less than five (05) or more than eleven (11)".

It is suggested to be amended to: "The number of members of the Board of Directors is seven (07)"

3. Section 5 of Article 24: "The Board of Directors can appoint a new temporary member to fill in the vacancy that arises unexpectedly, and the member must receive approval at the next Shareholders' Meeting. After the approval of the Shareholders' Meeting is issued, the appointment is seen to take effect on the date when the member is appointed by the Board of Directors. In case the new Board member is not approved by the Shareholders' Meeting, all the decisions of the Board of Directors before the Shareholders' Meeting, which is having the voting of this person, is still considered valid.

This content is suggested to be removed from the Charter.

**Issue 9:           REPORT OF THE BOARD OF SUPERVISION FOR 2018**

Based on the Report of the BOS for 2018 presented by Mr. Nguyen Duc Quang, the head of the BOS, it is suggested that the GMS consider and vote to approve this Report.

**Issue 10:        AUTHORIZING THE BOD TO IMPLEMENT THE VOTING ISSUES OF THE MEETING**

The BOD submits to the GMS the above issues for considering and authorizing the BOD to actively implement the approved issues and guidelines.

Gia Lai, April 26, 2019  
**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.*