

**VIETNAM DAIRY PRODUCTS
J.S.C**

THE SOCIALIST REPUBLIC OF VIETNAM
Independence – Freedom - Happiness

No: 01 /CV-CTS.HĐQT/2017

HCMC, 25 January, 2017

**REPORT ON CORPORATE GOVERNANCE OF LISTING COMPANY
(Year 2016)**

**To: - THE STATE SECURITY COMMISSION
- HOCHIMINH STOCK EXCHANGE**

- Name of listing company: **VIETNAM DAIRY PRODUCTS J.S.C (VINAMILK)**
- Address of head-office: 10 Tan Trao, Tan Phu ward, District 7, HCMC
- Telephone: (08) 541 55555 Fax: (08) 541 61226 Email: vinamilk@vinamilk.com.vn
- Charter capital: 14.514.534.290.000 VND
- Securities code: VNM

I. ACTIVITIES OF THE GENERAL MEETING OF SHAREHOLDERS

Vinamilk's General Meeting of Shareholders approved resolutions in the form of written comments as follows:

No.	Resolution/Decision No.	Date	Content
1	01/QĐ-HDQTCTS/2016	4/4/2016	Amend the business lines and amend clause 1 article 3 of the Company Charter in line with the adjusted business.

Vinamilk's General Meeting of Shareholders 2016, held on 21st May 2016, approved the following resolutions:

No.	Resolution/Decision No.	Date	Content
2	01/NQ-CTS.ĐHĐCĐ/2016	21/05/2016	Approved 9 contents under the jurisdiction of the General Meeting of Shareholders

II. BOARD OF MANAGEMENT:

1. Information about the members of the Board of Management (BOM)

No.	BOM's member	Position	Day becoming/no longer member of the Board of Management	Number of attendance	Percentage	Reasons for absence
1.	Madam Le Thi Bang Tam	Chairman	26/04/2013	4/4	100%	
2.	Madam Mai Kieu Lien	Member	23/03/2012	4/4	100%	
3.	Mr. Le Song Lai	Member	23/03/2012	4/4	100%	
4.	Mr. Le Anh Minh	Member	23/03/2012	4/4	100%	
5.	Mr. Ng Jui Sia	Member	23/05/2013 to 30/8/2016	3/3	100%	
6.	Madam Ngo Thi Thu Trang	Member	23/03/2012	4/4	100%	
7.	Mr. Lee Meng Tat	Member	1/9/2016 – present	1/1	100%	

Mr. Ng Jui Sia resigned as member of the BOM effective from September 1st, 2016, and the BOM had appointed Mr. Lee Meng Tat as a temporary member of the BOM from September 1st, 2016. The appointment of Mr. Lee Meng Tat must be approved at the nearest General Meeting of Shareholders under the Charter and applicable legislation.

2. Supervision by the BOM over the Director (General Director):

Pursuant to the Charter of Vinamilk and the Regulations on corporate governance, the BOM shall be responsible for supervising the General Director and Executive Directors in business management and implementation of resolutions of the General Meeting of Shareholders and BOM in 2016 as follows:

2.1 Supervision method

- The Board of Management (BOM) has discussed and questioned activities of the General Director and/or members in the Board of Directors (“BOD”) in (i) developing 5-year strategy for the period 2017 – 2021, (ii) implementing the business plan and targets approved by the General Meeting of Shareholders. The Board of Management and the General Director have discussed at quarterly meetings, via e-mails and teleconference to resolve issues so as to materialize the targets set by the General Meeting of Shareholders.
- The BOM, either directly or via the Sub-committee for Risk Management, worked with the Inspection Committee to advise the General Director and the BOM for the continued improvement of corporate governance. All recommendations from the Inspection Committee were thoroughly considered in all decisions of the BOM.
- The BOM, through numerous meetings, discussed and approved decisions regarding: next quarter's plans and relevant matters to provide a basis on which the General Director and the BOM can act.

2.2. Supervision results

- Under the leadership of the General Director and BOD, the Company has achieved business targets set out in 2016: (i) continuously diversifying product portfolio; (ii) maintaining and increasing market share of key products; (iii) expanding and reinforcing the distribution networks; (iii) increasing the diversity of foreign subsidiaries' and international business activities.
- Systems of organization, control and management continue to be enhanced. Vinamilk's reputation and image proved our position as a market leader and a pioneer in applying advanced standards and sustainable development.
- According to assessments from the BOM, the General Director and the BOD have successfully achieved targets assigned in 2016 in compliance with current legislations and the Company's internal regulations, ready for the next 5-year term.

3. Activities of the Board of Management' committees

- Risk management activities were concerned by the BOM, oriented and monitored by Sub-committee for Risk Management (SCRM). In 2016, SCRM has conducted four meetings to consider and evaluate the Company corporate governance. SCRM discussed directly with BOD about the implementation and management of risks. Besides, the interaction between SCRM and Inspection Committee, the interaction between Risk Management and Internal Audit also has been strengthened to increase the effectiveness of the protective layers of the company and ensure the implementation promptly of appropriate action plans.
- The Sub-committee for Salary and Bonuses proposed to the BOM the long-term reward scheme for managers, tying ESOP with meeting or exceeding business targets in order to align managers' interests with the long-term interests of the Company. On the basis of the assessments of the General Director and the BOD, the Sub-committee has proposed the incentive mechanism and framework for the year 2016 to the BOM for review and approval.
- The Sub-committee for Development Policy has supervised and prepared for building the 5 year strategy for the period 2017 – 2021 of the General Director and BOD.
- The Sub-committee for Personnel reviewed and made recommendation to the BOM for candidates to replace the resigning member, Mr Ng Jui Sia. The Sub-committee has monitored and periodically evaluated the General Director and BOM based on their performance.

4. Resolutions/Decisions of the Board of Management:

No.	Resolution/Decision No.	Date	Content
1.	01/NQ-CTS.HĐQT/2016	15/01/2016	Restructuring Driftwood's long-term loans.
2.	02/NQ-CTS.HĐQT/2016	29/1/2016	Establishing Representative Office in the Russian Federation.
3.	03/NQ-CTS.HĐQT/2016	29/1/2016	Change the Capital Representative in Angkormilk.
4.	04/ NQ-CTS.HĐQT/2016	29/1/2016	Reward the BOM, BOD, Chief Accountant.

No.	Resolution/Decision No.	Date	Content
5.	04B/ NQ-CTS.HĐQT/2016	29/1/2016	Result of the annual Meeting on 29/1/2016.
6.	05/ NQ-CTS.HĐQT/2016	15/2/2016	Collect opinion of the shareholders in the form of written comments about amendment of business areas.
7.	06/ NQ-CTS.HĐQT/2016	25/2/2016	End the operation of the Cambodian representative office at operation end date.
8.	07/ NQ-CTS.HĐQT/2016	24/3/2016	Form the vote counting committee for the collection of shareholders in the form of written comments about the amendment of business areas.
9.	08/NQ-CTS.HĐQT/2016	9/4/2016	Liquidate land property in Da Nang.
10.	09/NQ-CTS.HĐQT/2016	13/6/2016	Approve the Statute of ESOP.
11.	10/NQ-CTS.HĐQT/2016	28/6/2016	Unlimited stock holding by foreign entity.
12.	11/NQ-CTS.HĐQT/2016	12/7/2016	Approved of detailed salary of member of the BOM according to the resolution of the General Meeting of Shareholders.
13.	12/NQ-CTS.HĐQT/2016	21/7/2016	First dividend payment 2016 and the record date for issuing shares to increase capital from the owner's equity according to resolution of the General Meeting of Shareholders.
14.	13/NQ-CTS.HĐQT/2016	2/8/2016	Appointed member of the BOD of Vinamilk Europe
15.	14/NQ-CTS.HĐQT/2016	02/08/2016	Short-term loan from banks
16.	15/NQ-CTS.HĐQT/2016	20/08/2016	Appoint temporary member of the BOM – Mr. Lee Meng Tat
17.	16/NQ-CTS.HĐQT/2016	31/08/2016	Increase charter capital of Vietnam Dairy Cow One-Member Co., Ltd.
18.	17/NQ-CTS.HĐQT/2016	09/09/2016	Adjustment to the Statute of ESOP 2016
19.	18/NQ-CTS.HĐQT/2016	29/09/2016	Approve in principle of building dairy factory
20.	19/NQ-CTS.HĐQT/2016	29/09/2016	Additional investment in fixed assets
21.	20/NQ-CTS.HĐQT/2016	19/10/2016	Increase investment in subsidiaries
22.	21/NQ-CTS.HĐQT/2016	28/10/2016	Approve in principle of establishing Representative Office in Thailand

III. SUPERVISORY BOARD

1. Information about members of Supervisory Board

No.	Member of Supervisory Board	Position	Day becoming/no longer member of the Supervisory Board	Number of attendance	Percentage	Reasons for absence
1	Mr. Nguyen Trung Kien	Manager	31/3/2009	4/4	100%	
2	Madam Nguyen Thi Tuyet Mai	Member	26/4/2013	4/4	100%	
3	Mr. Vu Tri Thuc	Member	26/4/2013	4/4	100%	
4	Mr. Nguyen Dinh An	Member	7/11/2016	3/3	100%	Resigned

2. Inspection Committee's supervisory results:

In 2016, the Inspection Committee (IC) fulfilled the duties of supervising the BOM and Management in various aspects of operation which include:

- Monitoring the implementation of 2016 AGM's resolution: the IC closely monitored the execution timeline of AGM's resolution and found that Vinamilk properly and fully executed all the plans registered with AGM, including business performance, capital expenditure, profit distribution and remuneration payment to the BOM and the IC.
- Monitoring the Company's financial performance: the IC has closely cooperated with the external auditors, analyzed the financial information and data, directly discussed with the external auditors in the quarterly review and year-end audit to timely update and assess the Company's financial statements before the issuance to public. Based on the IC's assessment, Vinamilk maintained a healthy financial position in 2016 with highly qualified financial ratios and target exceeded financial results.
- Monitoring the Company's business operation: through the Internal Audit activities, the IC has instructed and closely supervise the efficiency and compliance of Vinamilk's BOM in the major business processes. Based on the Internal Audit's reports, the IC assessed that Vinamilk's internal control system has been properly designed and strictly complied by the BOM.
- Monitoring the Risk management implementation at Corporate level: The IC has actively support and impulse the development of Vinamilk's Risk management system. The IC participated in the periodic meetings organized by the BRC and BOM, fostered the connection between the Internal Audit activities and the Risk management system.

3. Collaboration among the IC, the BOM, the Management, and Shareholders:

In 2016, the IC attended all the quarterly meetings of the BOM, timely updated the actual business operation and contributed ideas to the BOM, the Management in order to achieve the business objectives approved by the AGM 2016.

4. Selection of external auditor for fiscal year 2017:

The IC notified the BoM of the procedure to get AGM's approval on the appointment of external auditor for the fiscal year 2017.

IV. TRAINING ON CORPORATE GOVERNANCE:

Corporate governance courses that members of the BOM, member of the Supervisory board, General Director, other management faculties, and company secretary have joined according to the corporate governance regulations:

As having taken the courses of corporate governance in the previous years, BOM, IC, and Company Secretaries in 2016 did not take any of them again.

BOD did take internally-organized training courses and seminars for advanced management capability.

V. LIST OF AFFILIATED PERSONS OF THE PUBLIC COMPANY AS SPECIFIED IN CLAUSE 34, ARTICLE 6 OF THE SECURITIES LAW AND TRANSACTIONS OF AFFILIATED PERSONS OF THE COMPANY WITH THE COMPANY

1. List of affiliated persons of the Company:

Please refer to Annex 2: List of internal persons and their affiliated persons 2016

2. Transactions between the company and the affiliated persons or between the company and major shareholders, internal persons and related person of internal person:

STT No.	Name of organization / individual	Relation ship	No.*, date of issue, place of issue	Address	Time of Transactions	Number of resolutions / decisions of the AGM / BOM adopted (if any, specify date of issue)	Number, ownership proportion of shares/fund hold after the transaction	Note
1	None						-	

Note: NSH: In case of individual: ID card/Passport No.; In case of organization: License of establishment and operation/Certificate of business registration/equivalent legal documents.*

3. Transaction between internal person of listed company and company's subsidiaries, or the company in which listed company takes controlling power:

No	Transaction executor	Relationship with internal person	Position at listed company	ID card/ Passport No. , date of issue, place of issue	Address	Name of subsidiaries, the company which listed company control	Time of transaction	Number, ownership proportion of shares/fund certificates hold after the transaction	Note
	None								

4. Transactions between the company and other objects

4.1. Transactions between the company and the company that members of Board of Management, members of the Supervisory Board, Director (CEO) has been a founding member or members of Board of Management, Director (CEO) in three (03) years (calculated at the time of reporting)

None

4.2. Transactions between the company and the company that related person of members of Board of Management, members of the Supervisory Board, Director (CEO) as a member of Board of Management, Director (CEO)

None (Not listing transaction between Vinamilk with Vinamilk subsidiaries)

4.3. Other transactions of the company (if any) may be beneficial material or immaterial for members of Board of Management, members of the Supervisory Board, Director (CEO)

None

VI. TRANSACTIONS OF INTERNAL PERSONS AND RELATED PERSON OF INTERNAL PERSON

1. List of internal persons and their affiliated persons

Please refer to Annex 2: List of internal persons and their affiliated persons 2016

2. Transactions of internal persons and affiliated persons on shares of the listed company

Please refer to Annex 03: Transactions of internal persons and affiliated persons on shares of the listed company

VII. OTHER SIGNIFICANT ISSUES

None

CHAIRMAN OF THE BOM

(Sign and seal)



LE THI BANG TAM

C.T.C.P.
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