**LCC: General Mandate 2020**

On 30 Jul 2020, Hong Phong Cement Joint Stock Company announced the General Mandate 2020 as follows:

Article 1: Approve the contents of the Reports:

- Summary report on production and business activities in 2019, Report on the Board of Directors in 2019 and direction and target in 2020

- Report on the activities of the Supervisory Board in 2019 and the direction and task in 2020

- The 2019 financial statement audited by hang Long - T.D.K Auditing And Valuation Company Limited on December 31, 2019 at the rate of 95.73% of the total number of representative shares of shareholders. present at the annual General Meeting of Shareholders

1. The main targets in 2019 are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No | Indicator | Unit | Plan | Realization | Comparison |
| Realization/ plan | Same period in 2018 |
| 1 | Charter capital: | VND million | 58,389.99 | 58,389.99 | 100 | 100 |
|  | - State capital | VND million | 0 | 0 | - | - |
|  | -Capital of shareholders | VND million | 58,389.99 | 58,389.99 | 100 | 100 |
| 2 | Revenue | VND million | 180,000 | 125,535 | 69.7 | 80.7 |
| 3 | Products |  |  |  |  |  |
|  | - Cement production | Ton | 180,000 | 126,796 | 70.4 | 78.7 |
|  | - Cement sales | Ton | 180,000 | 124,977 | 69.4 | 76.8 |
|  | - Production of precast concrete | M3 | 1,000 | 513 | 51.3 | 78.8 |
|  | -Sales of precast concrete | M3  | 1,000 | 668 | 66.8 | 72.5 |
| 4 | Profit | VND million | (22,250) | (28,008) | (125.8) | (115.8) |
| 5 | Contributing to the State’s budget | VND million | 2,000 | 2,758 | 137.9 | 128.2 |
| 6 | Number of employees | Person | 160 | 151 | 94.3 | 75.1 |
| 7 | Average income | VND/person/month | 5,500,000 | 6,013,000 | 109.3 | 122 |

2. Review and evaluate the overall situation of production and business activities in 2019

- In 2019, the production of cement nationwide was still in the state of supply exceeding demand, cement products of units outside the province flooded the market. The market was a narrow mountain area so consumption was very difficult. The competition in the cement market was increasingly fierce. In order to sell products, it was necessary to apply the policy of deferred sales, so there was a lack of working capital for production

- Production cost was subject to the high volatility of raw materials and input materials plus bank loan interest expense and large depreciation cost, so cost was always 25-30% higher than the product selling price, leading to inefficient business results

- The system of machinery, production lines was often broken, needing to be replaced gradually; the repair cost was high; the production output in 2019 was just over 33% of the designed capacity. Therefore, production and business results were very low

- The company's current quarry is licensed to exploit with very low output, only meeting about 1/10 of production demand, so it could not take the initiative in production

- Due to the production ground of precast concrete production line in the area of ​​Lang Son factory being withdrawn under the Decision 848/QD-UBND dated May 27, 2016 of the People's Committee of Lang Son Province, so the production activities of all kinds of precast concrete piles was broken. Currently, the Company has not found a reasonable ground to reinstall this line, so the Company's business products were narrowed. The revenue was largely reduced, only 80.6% of the previous year

On October 31, 2019, BIDV Bank requested the Company to hand over the land plot attached to office building to carry out the sale for principal recovery. The auction was conducted through the property auction service center of Lang Son Department of Justice in accordance with Announcement No. 298/TB-TTDVGTS dated November 29, 2019. The auctioned amount was VND 29,100,000,000 which was fully recovered by BIDV bank into the long-term loan

Therefore, within 2 years of 2018 and 2019, the Company had to hand over 2 key areas of the Company to the Provincial People's Committee and BIDV Lang Son, which greatly affected the business situation of the Company: no longer a favorable location as a place of sales, so the Company gradually lost market share of product consumption in the market

Despite many difficulties and obstacles, the Management Board of the Company and all employees still always tried with the spirit of solidarity and unity to maintain stability for production and business activities of the Company

3. Evaluation of implementation situation, shortcomings, causes

3.1. Achievements:

- The entire staff, employees of the whole company tried their best and tried to strive to complete the assigned tasks. Employees' jobs remain stable

- Carry out production in a safe and lawful manner. The production environment is greatly improved; Ensuring business in accordance with the law

- Doing well the work of social security; The security and order situation within the factory is ensured, fulfilling the political tasks assigned

3.2 Limitations and shortcomings:

- The huge payables, on December 31, 2019, were VND 889.5 billion. In which, the long-term bank loan principal was VND 361.5 billion; short-term bank loan was VND 9.5 billion, long-term loan interest + short-term accumulated was VND 292 billion; Personal loan was VND 114.6 billion; Contributed capital when investing in the construction of the Hong Phong rotary kiln of construction units was VND 9.98 billion; Payables to suppliers was VND 99.6 billion (including debts of construction units installing equipment for Hong Phong rotary kiln line project of VND 20.5 billion)

Settlement of basic construction for Hong Phong rotary kiln line project was not implemented. The reason was that the compilation of the bidding packages' records met many difficulties and the audit unit liquidated the audit contract on February 9, 2017. Currently, the Company was still in the process of gathering dossiers to make gradual settlement for bidding packages eligible for settlement

- The final settlement of basic construction of Hong Phong stone crushing line and Hong Phong cement mill line and other auxiliary works was finalized. Asset recognition was from September 1, 2019 and depreciation commenced from 01 Jan 2020

Article 2: Approve the tasks and objectives in 2019 with a rate of 100% of the total number of representative shares of voting shareholders present at the annual General Meeting of Shareholders for approval

1. The production plan

- Cement: 120,000 tons

- Revenue: VND 120,000,000,000

- Profit: Reducing loss from 7 -10%

- Paying the budget: Pay off the debt and full amount arising

- Average labor: 120 people

- Average income: VND 5,000,000/person/month

2. Implementation solution: Focusing on directing and implementing the General Mandate, the detailed Board resolutions. The production workshops strive to fulfill the monthly tasks assigned by the Company. Conducting weekly briefings so that the coordination among the departments is smooth, uninterrupted, timely handling of necessary issues

- Strengthen the management of material norms, continue training to improve skills of workers to use and operate equipment effectively, avoid wasting electricity

- To attach importance to technology and technical supervision in order to improve product quality, build product brands and maintain prestige with customers. Flexibility in marketing and market expansion

- All employees in the Company also unite, stick, strive to fulfill the targets set in 2020

Article 3: Approving the change in the location of the Company's head office: From Phai Ve Street - Dong Kinh Ward - Lang Son City to Hong Phong Cement Factory - Hong Phong Commune - Cao Loc District - Lang Son Province. At the rate of 100% of the total number of representative shares of voting shareholders present at the annual General Meeting of Shareholders

Article 4: Approve the change in title: General Manager into Manager of the Company, concurrently Manager cum Chairman of the Board of Directors

Article 5: Approve the report on remuneration of members of the Board of Directors and the Supervisory Board in 2019 and the proposed rate of the Board of Directors and the Supervisory Board in 2020, specifically:

The remuneration for the Board of Directors and the Supervisory Board in 2020 will depend on the results of production and business activities by the end of 2020

Article 6: Approving list of selected auditing companies in 2020

Article 7: Implementing provisions

- The General Mandate was read to all Shareholders attending the annual General Meeting of Shareholders on July 30, 2020 and got 100% of the total representative shares of the shareholders with voting rights present at the annual General Meeting of Shareholders

- The General Mandate takes effect from the signing date

- Relevant units, individuals are responsible for implementing it