**VGS: Annual Corporate Governance Report 2023**

On January 26, 2024, Vietnam Germany Steel Pipe JSC announced Report No. 02.2023/BCQT-VGS on the corporate governance

NAME OF LISTED COMPANY

* Vietnamese name: Công ty Cổ Phần Ống thép Việt Đức VGPIPE
* English name: Vietnam Germany Steel Pipe JSC
* Abbreviated name: VG PIPE
* Securities code: VGS
* Address: Binh Xuyen Industrial Park, Binh Xuyen District, Vinh Phuc Province
* Tel: 02113 887 863 Fax: 02113 888 562
* Website: vgpipe.com.vn
* Charter capital: VND 532,696,700,000
* Corporate governance model: The General Meeting of Shareholders, the Board of Directors, the Supervisory Board and the Board of Management.
* Internal audit execution: Not executed.
1. ACTIVITIES OF THE GENERAL MEETING OF SHAREHOLDERS
	1. The Annual General Meeting of Shareholders 2023:

In 2023, Vietnam Germany Steel Pipe JSC organized the Annual General Meeting of Shareholder on Apri; 15, 2023. According to the reports, proposals, and the discussion process, The General Meeting of Shareholders of Vietnam Germany Steel Pipe JSC unanimously approved a number of contents in the Annual General Mandate No. 01/2023/NQ-DHĐCĐ-VGS as follows:

* + 1. Approve reports including:

Report of the Board of Management on the results of production and business activities in 2022 and the direction of tasks in 2023.

Report on activities of the Board of Directors in 2022 and tasks in 2023.

Report of the Supervisory Board on implementation in 2022 and operational plan in 2023.

* + 1. Approve the Financial Statements 2020

Report of the Supervisory Board on implementation in 2022 and operational plan in 2023. Approve the holding company's the financial statements and the consolidated financial statements 2022 of the Board of Management, which were audited by AASC Auditing Firm Company Limited

* On Business results of 2022:
* Total revenue: Holding company reached VND 4,955.74 billion and Consolidation reached VND 8,490.9 billion
* Profit before tax: Holding company reached VND 53.32 billion and Consolidation reached VND 116.84 billion.
* Profit before tax: Holding company reached VND 42.66 billion and Consolidation reached VND 100.12 billion.
* On the Company's assets as of December 31, 2022

|  |  |  |  |
| --- | --- | --- | --- |
| Targets | Unit | The Holding Company: | Consolidated |
| 1. Total assets:
 | Billion VND | 1,367.43 | 2,164.90 |
| * 1. Short-term assets:
 | Billion VND | 742.43 | 1,499.10 |
| * 1. Long-term assets:
 | Billion VND | 625.00 | 665.80 |
| 1. Total capital:
 | Billion VND | 1,367.43 | 2,164.90 |
| * 1. Liabilities
 | Billion VND | 684.52 | 1,238.30 |
| * 1. Owners’ equity:
 | Billion VND | 682.91 | 926.60 |

* + 1. Approve the production and business plan for 2023 as follows

Revenue: Holding company reached VND 4.000 billion and Consolidation reached VND 7.000 billion

Profit before tax: Holding company reached VND 50 billion and Consolidation reached VND 90 billion

* + 1. Approve the appropriation for funds from the profit after tax in 2023
* On the Investment and Development Fund: Authorize the Board of Management to review and decide whether or not to appropriate with a specific amount but not exceeding 10% of Profit after tax and decide a specific level of fund expenditure.
* On the bonus and welfare fund: The maximum appropriation level of 5% of profit after tax, authorizes the Board of Management to decide the specific rate of deduction and fund expenditure.
	+ 1. Approve the remuneration rate of the Board of Directors and the Supervisory Board in 2023:

The remuneration of the Board of Directors and the Supervisory Board shall not exceed 3% of the profit after tax of the consolidated financial statements. Authorize the Chair of the Board of Directors and the Board of Management of the Company to decide the form and the specific remuneration rate for members of the Board of Directors and the Supervisory Board based on the functions and tasks to distribute appropriately.

* + 1. Approve the dividend payment 2022 as follows:
* Total number of outstanding shares: 48,427,921 shares.
* Par value: VND 10.000
* Dividend payment rate in 2022: 10%/par value of share
* Dividend payment method: By share
* Dividend payment source: From profit after tax in 2022
* Expected dividend payment date: Q2-Q4/2023
	+ 1. Approve the plan on share issuance to pay dividends in 2022 as follows:
* Approve the share issuance plan
* Share name: Vietnam Germany Steel Pipe JSC
* Securities code: VGS
* Share type: Common share
* Charter capital: VND 484,279,210,000
* Par value: VND 10,000/share
* Number of issued shares: 48,427,921 shares
* Number of treasury shares: 0 shares
* Number of outstanding shares: 48,427,921 shares
* Number of shares expected to be issued: 4,842,792 shares
* Issuance price: VND 10,000/share
* Total value of issued shares: 48,427,921,000
* Subjects of the issuance: All existing shareholders named in the list of shareholders on the record date to exercise the rights to receive shares.
* Exercise rate of existing shareholders 100:10 (on the record date for the list of shareholders, shareholders owning 100 shares will receive 10 additional issued shares).
* Issuance purpose: Issue shares to pay dividends in 2022 for existing shareholders.
* Source of capital for the issuance: From the profit after tax as at December 31, 2022 according to the audited financial statements 2022
* Rounding and handling fractional shares: The number of shares issued will be rounded down to the unit, the fractional (if any) arising will be canceled.
* For example: Shareholder A owns 549 shares, with the rights exercising rate of 20%, the number of shares that shareholder A will receive: 543/100x10 = 54.3 shares. According to the above rounding principle, the number of new shares that shareholder A will receive is 54 shares, the fractional shares (0.3 shares) will be disposed.
* Regulations on transfer restrictions: No restriction
* Expected time of issuance: After being approved by the competent State agency; expected from Q2 to Q4/2023
* Distribution method:

For deposited securities: Shareholders carry out procedures to receive dividends by shares at the Depository members where their accounts were opened.

For undeposited securities: Securities owners carry out procedures to receive dividends by shares at the Headquarters of Vietnam Germany Steel Pipe JSC, Binh Xuyen Industrial Park, Dao Duc Town, Binh Xuyen District, Vinh Phuc Province

* Approve on changing the company's charter capital in the company's charter and adjusting the Business Registration Certificate at the Department of Planning and Investment of Vinh Phuc province after obtaining approval of the results report from the State Securities Commission.
* Approve on authorizing the company's the Board of Directors to perform tasks related to share issuance to pay dividends in 2022 as follows:
* Decide to amend, supplement, complete, and specify the details of the plan to issue shares mentioned above and/or amend, supplement, and change the issuance plan as necessary or as required by the competent authority to ensure a successful issuance;
* Choose the timing of issuance, building, completing, amending, and supplementing (if any) the share issuance dossier to submit to the competent authority;
* Decide the timing of recording the list of shareholders to exercise rights, other related timelines for implementing the issuance, and performing procedures for recording the list of shareholders as regulated.
* Amend and supplement relevant provisions in the Company's Charter to record the newly increased charter capital after completing the issuance;
* Approve on increasing the charter capital and carrying out necessary legal procedures to change the charter capital in the corresponding Business Registration Certificate to the actual total par value of shares issued after completing the issuance;
* Carry out procedures related to the State Securities Commission; Vietnam Securities Depository (VSD); Hanoi Stock Exchange (HNX); and Vinh Phuc Department of Planning and Investment.
* Decide on other related issues arising during the process of issuing shares to pay dividends for shareholders in 2022 as requested by competent state agencies.
	+ 1. Approve on adjusting the Viet Duc Legend City Urban Area Project plan
* Adjusting the project scale: The total land area for implementing the project is 620,798m2, divided into 2 phases with the investment and construction scale for each phase as follows:
* Phase No.1: Implemented on an area of ​​275,159 m2, including the following construction items: Commercial townhouse area; Villa area; Commercial apartment area; Social housing land; Service commercial area; Public works area including cultural houses, kindergartens, healthcare facilities and other items including greenery, sports, transportation, technical facilities, parking lots.
* Phase No.2: Implemented on an area of ​​345,639m2, including the following construction items: Commercial townhouse area; Villa area; Social apartment area; Service commercial area; Public works area including kindergartens, primary schools, high schools and other items: greenery, sports, transportation, technical facilities.
* The detailed contents and summary table of the construction scale and population of the project are detailed in the proposal and project documents.
* Adjustment of total project investment:
* Total investment value: VND 6,686.5 (VAT included). In which:
* Phase 1: VND 3,537.3 billion
* Phase 2: VND 3,149.2 billion

The above total investment is determined at the time based on the regulations of the State. However, it is subject to change due to design changes and State regulations.

* Structure of capital sources to implement the project investment

Total investment is VND 6,686.5 billion, the investor's contributed capital is VND 1,148.6 billion and loans from banks, credit institutions and other mobilized is VND 5,537.9 billion. In which:

* Phase 1 The total investment capital for the project is VND 3,537.3 billion, with the investor's contributed capital being VND 648.6 billion (currently, the contributed capital of the investor that has been put in to carry out the project is VND 382 billion) and the remaining amount of VND 2,888.7 billion coming from bank loans, credit institutions, and other sources of capital.
* Phase 2 The total investment capital for this phase is VND 3,149.2 billion, with the investor's contributed capital being VND 500 billion and the remaining amount of VND 2,649.2 billion coming from bank loans, credit institutions, and other sources of capital.
* The status of the investor's contributed capital for the project is as follows:
* Charter capital in phase 1: According to the consolidated financial statements as of December 31, 2022, the owners' equity to contribute VND 648.6 billion is sufficient (currently, the investor has spent VND 382 billion on land, site clearance, and infrastructure; the remaining VND 266.6 billion will be invested according to the project schedule).
* Charter capital in phase 2: It is expected to be carried out from Q2/2023 to the end of 2027, and the capital for this phase will be taken from: The profits from the company's business operations and the profit after tax from the sale of the project's products from phase 1. The company will use VND 500 billion from profit after tax to invest in phase 2 as committed. In case the profit is not sufficient to meet this capital amount, the company will issue shares to existing shareholders or offer them to increase the contributed capital for the project.
* Adjustment of project implementation schedule:
	+ 1. Approve and authorize the Board of Directors to carry out the following tasks related to the Viet Duc Legend City urban area project:
* Approve the adjustment of the Viet Duc Legend City project to align with the approved investment schedule.
* Approve the adjustment of the overall project and its components (in case of changes in planning, investment capital structure, or cost fluctuations, if any); Organize the implementation procedures of the adjustment of investment policies when changing the planning and total investment capital according to the state's regulations.
* Approve investment projects for architectural works on land according to planning approved by competent authorities.
* Make investment cooperation decisions with partners who have the capacity and experience to implement the entire or partial project (including technical infrastructure and architectural works) if they ensure economic efficiency and comply with the provisions of the law and the company.
* Actively mobilize capital sources such as borrowing from credit organizations, banks, issuing bonds, issuing stocks to increase capital for investment, and mobilizing from other sources not prohibited by law... based on the actual needs of the project, ensuring the project's effectiveness.
* Agree to use the existing owner's capital as of December 31, 2022, to contribute to the investment in Phase I of the Project and use the profit after tax from subsequent years from production and business activities and the sale of Phase I products to contribute to the investment in Phase II to ensure participation capital according to State regulations. In case the company's profit is insufficient, agree to issue shares to existing shareholders or public offering to increase capital for the company's investment in the Project.
* Proactively seek experienced partners in the real estate field to cooperate in implementing the project or be allowed to transfer the project to other partners under Vietnamese Law and effective for the company.
* Proactively select contractors, be authorized to approve other documents and procedures related to the project.
* Decide on investment/sale/cooperation/transfer of the project/establishment of a sales plan for the urban area. Have the rights to decide on construction costs, investment rates, and the selling price of apartments/transfer price of a part or the entire project based on efficiency for the company and shareholders, while complying with the regulations of the law.
* In case of issuing bonds or shares, have the rights to decide on the issuance plan and use the capital raised from bonds, shares (if any) to obtain investment capital for the project.
* Decide on other content related to project investment within the authority of the General Meeting of Shareholders and organizations, implement and carry out the project to ensure that it progresses according to the plan and is effective.
	+ 1. Approve the selection of the audit company for the Financial Statements

Selection of audit company for the semi-annual financial statements and the financial statements for 2023: Authorize the Board of Directors and the Board of Management to actively select and approve an audit company on the basis that the audit company is qualified and reputable and must be approved by the State Securities Commission.

* + 1. Approve the amendments and supplements

Approve the supplement and amendment of the Charter and Regulations on internal organization; Regulations on organization of the Board of Directors in compliance with the regulations and with the actual operation situation.

* + 1. Approve the General Mandate
* The General Mandate consists of 5 pages and was approved at the Annual General Meeting of Shareholders of Vietnam Germany Steel Pipe JSC, held on April 15, 2023.
* The General Mandate is effective from April 15, 2023, and the Board of Directors of Vietnam Germany Steel Pipe JSC is responsible for organizing and leading the implementation of the contents of this General Mandate.
* The General Mandate will be sent to all shareholders of Vietnam Germany Steel Pipe JSC via the website: vgpipe.com.vn
1. BOARD OF DIRECTORS
	1. Information about members of the Board of Directors

The Board of Directors in the period of 2022-2026 elected by the General Meeting of Shareholders at the Annual General Meeting of Shareholders 2022, specifically as follows:

* The number of members of the Board of Directors in the term is 6.
* The structure of non-executive members of the Board of Directors, independent members of the Board of Directors meets the standards in Article 155 of the Law on Enterprises 2020, specifically:
* Executive member of the Board of Directors: 03 members:
* The number of non-executive members of the Board of Directors is 3 members. In which: The number of independent members of the Board of Directors is 02.
* The composition and titles of each member of the Board of Directors for the 2022-2026 term are as follows:

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| --- | --- | --- | --- |
| No. | Member of the Board of Directors | Position | Date of appointment/dismissal as member/independent member of the Board of Directors |
| Appointment date | Dismissal date |
| 1 | Le Minh Hai | Chair of the Board of Directors | April 16, 2022 |  |
| 2 | Nguyen Huu The | Executive member of the Board of Directors | April 16, 2022 |  |
| 3 | Nguyen Thi Nhi | Executive member of the Board of Directors | April 16, 2022 |  |
| 4 | Le Quoc Khanh | Member of the Board of Directors | April 16, 2022 |  |
| 5 | Nguyen Trong Dac | Independent member of the Board of Directors | April 16, 2022 |  |
| 6 | Bui Van Hieu | Independent member of the Board of Directors | April 16, 2022 |  |

* 1. Board Resolutions/Board Decisions:

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| --- | --- | --- | --- |
| No. | Board Resolution No. | Date | Contents |
| 1 | 01/2023-NQ-HDQT | February 10, 2023 | Approve the use of profit after tax from 2023-2026 to in invest in the Viet Duc Legend City Urban Area Project in Dao Duc Town, Binh Xuyen District, Vinh Phuc Province |
| 2 | 02/2023-NQ-HDQT | February 10, 2023 | Approve the adjustment of Viet Duc Legend City Urban Area Project in Dao Duc Town, Binh Xuyen District, Vinh Phuc Province: Project scale; Capital for project implementation; Project implementation schedule. |
| 3 | 03/2023-NQ-HDQT | March 23, 2022 | Approve working capital loans for the Company in 2023 - 2024 at Vietnam International Commercial Joint Stock Bank - Ly Thuong Kiet Branch, Hanoi. |
| 4 | 04/2023-NQ-HDQT | May 10, 2023 | Approve working capital loans for the Company in 2023 - 2024 at Joint Stock Commercial Bank for Investment and Development of Vietnam - Phuc Yen Branch. |
| 5 | 05/2023-NQ-HDQT | July 31, 2023 | Approve the implementation of the share issuance plan for dividend payment to shareholders and Approve the handling plan for the fractional shares (if any)  |
| 6 | 06/2023-NQ-HDQT | October 10, 2023 | Approve working capital loans for the Company in 2023 - 2024 at Vietnam Joint Stock Commercial Bank For Industry And Trade - Binh Xuyen Branch |

1. THE SUPERVISORY BOARD
	1. Information of members of the Supervisory Board:

The Supervisory Board of the Company operates within the regulations of the Law and the Company’s Charter. The number of members of the Supervisory Board for the year is 3 people.

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| --- | --- | --- | --- | --- |
| No. | Member of the Supervisory Board | Position | Date of appointment as member of the Supervisory Board. | Qualification |
| 1 | Ngo Vi Anh Tu | Chief | April 16, 2022 | Bachelor of Economics |
| 2 | Le Anh Chung | Member | April 16, 2022 | Bachelor of Laws |
| 3 | Nguyen Thi Hoa | Member | April 16, 2022 | Bachelor of Informatics |

1. THE EXECUTIVE BOARD

Member of the Executive Board:

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| --- | --- | --- | --- | --- | --- |
| No. | Member of the Executive Board | Position | Date of birth | Appointment date | Qualification |
| 1 | Nguyen Huu The | General Manager | May 19, 1970 | April 27, 2019 | Engineer of Technology and Machinery Manufacturing |
| 2 | Nguyen Thi Nhi | Vice General Manager | December 01, 1978 | July 01, 2014 | Bachelor of Accounting |

1. THE CHIEF ACCOUNTANT:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| No. | Full name | Date of birth | Appointment date | Qualification |
| 1 | Nguyen Thi Thuy | August 10, 1980 | March 11, 2015 | Bachelor of Accounting |

1. TRAINING ON CORPORATE GOVERNANCE
2. LIST OF AFFILIATED PERSONS OF THE PUBLIC COMPANY AND TRANSACTIONS BETWEEN THE AFFILIATED PERSONS OF THE COMPANY AND THE COMPANY ITSELF.
	1. Transactions between the Company and affiliated persons of the Company; or between the Company and major shareholders, PDMR, or affiliated persons of PDMR:

None

* 1. Transactions between the Company’s PDMR, affiliated persons of PDMR and subsidiaries, companies controlled by the Company:

None

* 1. Transactions between the Company and other entities/

Transactions between the Company and the companies where members of the Board of Directors, members of the Supervisory Board, the Manager (General Manager) and other managers have been and are founding members or members of the Board of Directors, Executive Manager (General Manager) for the past three (03) years (as at the time of reporting).

None

Transactions between the Company and companies executed by the affiliated people of members of the Board of Directors, members of the Supervisory Board, the Manager (the General Manager) and other managers who are members of the Board of Directors, the Executive Manager (the General Manager).

None

Other transactions of the Company (if any) which can bring about material or non-material benefits to members of the Board of Directors, members of the Supervisory Board, the Manager (General Manager) and other managers.

None

1. Share transactions of PDMR and affiliated persons of PDMR:
	1. Transactions between PDMR and affiliated persons related to the Company’s shares: None.
2. OTHER SIGNIFICANT ISSUES: None.